

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**Amendment No. 1
to
FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934**

SYLVAMO CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

86-2596371
(I.R.S. Employer
Identification No.)

6400 Poplar Avenue
Memphis, Tennessee
(Address of Principal Executive Offices)

38197
(Zip Code)

901-419-9000
(Registrant's Telephone Number, Including Area Code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class
to be so registered
Common Stock, par value \$1.00 per share

Name of each exchange on which
each class is to be registered
New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Sylvamo Corporation
Information Required in Registration Statement
Cross-Reference Sheet Between the Items of Form 10 and the Information Statement

Certain information required to be included in this Form 10 is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1 (the “information statement”). None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference. For your convenience, we have provided below a cross-reference sheet identifying where the items required by Form 10 can be found in the information statement.

Item 1. ***Business.***

The information required by this item is contained under the sections of the information statement entitled “Summary,” “The Distribution,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

Item 1A. ***Risk Factors.***

The information required by this item is contained under the sections of the information statement entitled “Summary,” “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements and Information.” Those sections are incorporated herein by reference.

Item 2. ***Financial Information.***

The information required by this item is contained under the sections of the information statement entitled “Summary,” “Financing Arrangements,” “Capitalization,” “Unaudited Pro Forma Combined Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Those sections are incorporated herein by reference.

Item 3. ***Properties.***

The information required by this item is contained under the section of the information statement entitled “Business—Properties.” That section is incorporated herein by reference.

Item 4. ***Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

Item 5. ***Directors and Executive Officers.***

The information required by this item is contained under the section of the information statement entitled “Management.” That section is incorporated herein by reference.

Item 6. ***Executive Compensation.***

The information required by this item is contained under the sections of the information statement entitled “Management” and “Executive Compensation.” Those sections are incorporated herein by reference.

Item 7. *Certain Relationships and Related Transactions, and Director Independence.*

The information required by this item is contained under the sections of the information statement entitled “Risk Factors,” “The Distribution—Relationships Between Sylvamo and International Paper Following the Distribution,” “Management” and “Certain Relationships and Related Person Transactions.” Those sections are incorporated herein by reference.

Item 8. *Legal Proceedings.*

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

Item 9. *Market Price of and Dividends on the Registrant’s Common Equity and Related Stockholder Matters.*

The information required by this item is contained under the sections of the information statement entitled “Summary,” “The Distribution—Trading Prior to the Distribution Date” and “—Listing and Trading of the Shares of Sylvamo Common Stock,” “Security Ownership of Certain Beneficial Owners and Management,” “Executive Compensation,” “Shares Eligible for Future Sale” and “Dividend Policy.” Those sections are incorporated herein by reference.

Item 10. *Recent Sales of Unregistered Securities.*

In the three years preceding the filing of this registration statement, the registrant has not sold any securities that were not registered under the Securities Act of 1933, as amended (the “Securities Act”), except for the issuance of 100 shares of common stock, par value \$1.00 per share, of the registrant to International Paper Company for aggregate consideration of \$100 on April 13, 2021, in a transaction exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

Item 11. *Description of Registrant’s Securities to be Registered.*

The information required by this item is contained under the section of the information statement entitled “Description of Capital Stock.” That section is incorporated herein by reference.

Item 12. *Indemnification of Directors and Officers.*

The information required by this item is contained under the sections of the information statement entitled “Certain Relationships and Related Person Transactions” and “Description of Capital Stock—Limitation of Liability and Indemnification of Officers and Directors.” Those sections are incorporated herein by reference.

Item 13. *Financial Statements and Supplementary Data.*

The information required by this item is contained under the sections of the information statement entitled “Summary,” “Unaudited Pro Forma Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Index to Financial Statements” (and the financial statements referenced therein). Those sections are incorporated herein by reference.

Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

Not applicable.

Item 15. *Financial Statements and Exhibits.*

- (a) Financial Statements.

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements” (and the financial statements referenced therein). That section is incorporated herein by reference.

(b) Exhibits. The following documents are filed as exhibits hereto:

**EXHIBIT
NUMBER**

2.1#	<u>Form of Separation and Distribution Agreement between International Paper Company and Sylvamo Corporation.</u>
3.1*	<u>Form of Amended and Restated Certificate of Incorporation of Sylvamo Corporation.</u>
3.2*	<u>Form of Amended and Restated By-laws of Sylvamo Corporation.</u>
4.1*	<u>Form of Common Stock Certificate.</u>
10.1#	<u>Form of Transition Services Agreement between International Paper Company and Sylvamo Corporation.</u>
10.2*	<u>Form of Tax Matters Agreement between International Paper Company and Sylvamo Corporation.</u>
10.3*	<u>Form of Employee Matters Agreement between International Paper Company and Sylvamo Corporation.</u>
10.4#	<u>Form of Registration Rights Agreement between International Paper Company and Sylvamo Corporation.</u>
10.5#	<u>Form of Supply and Offtake Agreement (Georgetown) between International Paper Company and Sylvamo North America, LLC.</u>
10.6#	<u>Form of Supply and Offtake Agreement (Riverdale) between International Paper Company and Sylvamo North America, LLC.</u>
10.7#+	<u>Form of Corrugated Packaging Supply Agreement between International Paper Company and Sylvamo North America, LLC.</u>
10.8#+	<u>Global Sourcing Agreement between Papeteries d’Espaly and IP Belgian Services Company SRL.</u>
10.9#+	<u>Form of Recyclable Material Master Purchase Agreement between International Paper Company and Sylvamo North America, LLC.</u>
10.10#	<u>Form of Fiber Supply Agreement between International Paper Company and Sylvamo North America, LLC.</u>
10.11#	<u>Form of Tax-Exempt Bond Agreement (Eastover) between International Paper Company and Sylvamo North America, LLC.</u>
10.12#	<u>Form of Tax-Exempt Bond Agreement (Ticonderoga) (Series 2015 Bonds) between International Paper Company and Sylvamo North America, LLC.</u>
10.13#	<u>Form of Tax-Exempt Bond Agreement (Ticonderoga) (Series 2019 Bonds) between International Paper Company and Sylvamo North America, LLC.</u>
10.14#	<u>Form of Temporary Occupancy Agreement between International Paper Company and Sylvamo North America, LLC.</u>
10.15#+	<u>Form of Lease Agreement (La Mirada) between International Paper Company and Sylvamo North America, LLC.</u>
10.16#	<u>Form of Retained Intellectual Property License Agreement between International Paper Company and Global Holdings II, Inc.</u>
10.17#	<u>Form of Retained Copyright License Agreement between International Paper Company and Global Holdings II, Inc.</u>
10.18#	<u>Form of Retained Know-How and Technology License Agreement between International Paper Company and Global Holdings II, Inc.</u>
10.19#	<u>Form of Transferred IP License Agreement (to Sylvamo NA) between International Paper Company and Global Holdings II, Inc.</u>

**EXHIBIT
NUMBER**

10.20#	<u>Form of Transitional Trademark License Agreement between International Paper Company and Global Holdings II, Inc.</u>
10.21#	<u>Form of Brazil Payment Agreement between International Paper Company and Sylvamo Corporation.</u>
10.22#†	<u>Sylvamo Corporation 2021 Incentive Compensation Plan.</u>
10.23#†	<u>Sylvamo Corporation 2021 Executive Severance Plan.</u>
10.24#†	<u>Sylvamo Corporation Restricted Stock and Deferred Compensation Plan for Non-Employee Directors</u>
10.25#†	<u>Form of Director Indemnification Agreement.</u>
21.1#	<u>List of Subsidiaries.</u>
99.1*	<u>Preliminary Information Statement of Sylvamo Corporation, subject to completion, dated August 23, 2021.</u>
99.2#	<u>Form of Notice of Internet Availability of Information Statement Materials.</u>

* Filed herewith.

Previously filed on August 9, 2021.

† Identifies each management contract or compensatory plan or arrangement

+ Portions of this exhibit (indicated by asterisks) have been redacted in accordance with Item 601(b)(10) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

SYLVAMO CORPORATION

Date: August 23, 2021

By: /s/ John V. Sims

Name: John V. Sims

Title: Vice President and Treasurer

FORM OF
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
SYLVAMO CORPORATION

Sylvamo Corporation, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The present name of the corporation is Sylvamo Corporation (the “Corporation”).

2. The Corporation was originally formed by means of a Certificate of Incorporation filed with the Secretary of State of the State of Delaware on , 2021.

3. The Corporation’s Certificate of Incorporation is hereby amended and restated pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware (as amended from time to time, the “DGCL”), so as to read in its entirety in the form attached hereto as Exhibit A and incorporated herein by this reference.

4. This amendment and restatement of the Certificate of Incorporation of the Corporation has been duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the DGCL.

IN WITNESS WHEREOF, the undersigned officer of the Corporation has executed this Amended and Restated Certificate of Incorporation on the ____ day of _____, 2021.

By: _____
Name:
Title:

[Amended and Restated Certificate of Incorporation]

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
SYLVAMO CORPORATION

FIRST. Name. The name of the Corporation is Sylvamo Corporation (the “Corporation”).

SECOND. Registered Office. The Corporation’s registered office in the State of Delaware is United Agent Group Inc., 3411 Silverside Road, Suite 104 Tatnall Building, Wilmington, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. Purpose. The nature of the business of the Corporation and its purpose is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “DGCL”).

FOURTH. Capital Stock. (a) The total number of shares of stock which the Corporation shall have authority to issue is 220,000,000, consisting of: (x) 200,000,000 shares of common stock, par value \$1.00 per share (the “Common Stock”), and (y) 20,000,000 shares of preferred stock, par value \$1.00 per share (the “Preferred Stock”), issuable in one or more series as hereinafter provided. The number of authorized shares of the Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of at least a majority of the voting power of the stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the DGCL or any corresponding provision hereinafter enacted, and no vote of the holders of any of the Preferred Stock or the Common Stock voting separately as a class shall be required thereof.

(b) Reclassification of Common Stock. Upon this Amended and Restated Certificate of Incorporation of the Corporation becoming effective pursuant to the DGCL (the “Effective Time”), and without any further action of the Corporation or any stockholder, each share of Common Stock (the “Existing Common Stock”) issued and outstanding or held as treasury stock, in each case, immediately prior to the Effective Time shall be automatically reclassified as and converted into (the “Reclassification”) _____ shares of Common Stock, par value \$1.00 per share, of the Corporation (the “New Common Stock”). No fractional shares of New Common Stock shall be issued upon the Reclassification. If any fraction of a share of New Common Stock would otherwise be issuable upon the Reclassification, the Corporation shall, in lieu of issuing any fractional shares of New Common Stock, pay to each stockholder who would otherwise be entitled to receive a fractional share an amount in cash equal to such fraction multiplied by the fair market value per share of the New Common Stock, as determined by the board of directors of the Corporation,

computed to the nearest whole cent. Each stock certificate and book-entry position that, immediately prior to the Effective Time, represented shares of Existing Common Stock shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of New Common Stock into which the shares formerly represented by such certificate or book-entry position have been automatically reclassified and converted pursuant to the Reclassification.

1. Provisions Relating to the Common Stock.

(a) Except as otherwise provided in this Amended and Restated Certificate of Incorporation or by the DGCL, each holder of shares of Common Stock shall be entitled, with respect to each share of Common Stock held by such holder, to one vote in person or by proxy on all matters submitted to a vote of the holders of Common Stock, whether voting separately as a class or otherwise.

(b) Subject to the preferences and rights, if any, applicable to shares of Preferred Stock or any series thereof, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, property, stock or otherwise as may be declared thereon by the Board of Directors at any time and from time to time out of assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in such dividends and distributions.

(c) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, and subject to the preferences and rights, if any, applicable to shares of Preferred Stock or any series thereof, the holders of shares of Common Stock shall be entitled to receive all of the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them.

2. Provisions Relating to the Preferred Stock.

(a) The Preferred Stock may be issued at any time and from time to time in one or more series. The Board of Directors is hereby authorized to provide for the issuance of shares of Preferred Stock in one or more series and, by filing a certificate of designation pursuant to the applicable provisions of the DGCL (hereinafter referred to as a “Preferred Stock Certificate of Designation”), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and the relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, of shares of each such series, including, without limitation, dividend rights, dividend rates, conversion rights, voting rights, terms of redemption and liquidation preferences.

(b) The Common Stock shall be subject to the express terms of the Preferred Stock and any series thereof.

(c) Except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation or to a Preferred Stock Certificate of Designation that alters or changes the powers, preferences, rights or other terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other series of Preferred Stock, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation or a Preferred Stock Certificate of Designation or pursuant to the DGCL as currently in effect or as the same may hereafter be amended.

3. Voting in Election of Directors. Except as may be required by the DGCL or as provided in this Amended and Restated Certificate of Incorporation or in a Preferred Stock Certificate of Designation, holders of Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes, and holders of Preferred Stock shall not be entitled to vote on any matter or receive notice of any meeting of stockholders.

FIFTH. Management of Corporation. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

SIXTH. Director Indemnification. No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, provided that nothing contained in this Article SIXTH shall eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (c) under Section 174 of the DGCL or (d) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

SEVENTH. Stockholder Action by Written Consent. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken only upon the vote of the stockholders at an annual or special meeting duly called and may not be taken by written consent of the stockholders. The By-Laws may establish procedures regulating the submission by stockholders of nominations and proposals for consideration at meetings of stockholders of the Corporation.

EIGHTH. Special Meetings. Except as otherwise required by law and subject to any rights granted to holders of shares of any class or series of Preferred Stock then outstanding, special meetings of the stockholders of the Corporation for any purpose or purposes may be called only by the Chairperson of the Board of Directors or the Chief

Executive Officer or pursuant to a resolution of the Board of Directors adopted by at least a majority of the directors then in office or by the Secretary of the Corporation upon written request of one or more record holders representing ownership of 20% or more of the total outstanding shares of Common Stock entitled to vote on the business to be brought before the proposed special meeting.

NINTH. DGCL 203. The Corporation elects not to be governed by Section 203 of the DGCL ("Section 203") as permitted under and pursuant to subsection (b)(3) of Section 203, until the first date on which International Paper Company, a New York corporation, ceases to own (directly or indirectly) ten percent (10%) of the then-outstanding shares of Common Stock. From and after such date, the Corporation shall be governed by Section 203 for so long as Section 203 by its terms would apply to the Corporation.

TENTH. Amendment of the Certificate of Incorporation. The Corporation reserves the right to amend, alter or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed by the DGCL, and all rights herein conferred upon stockholders or directors are granted subject to this reservation; provided, however, that any amendment, alteration or repeal of Article SIXTH shall not adversely affect any right or protection existing under this Amended and Restated Certificate of Incorporation immediately prior to such amendment, alteration or repeal, including any right or protection of a director thereunder in respect of any act or omission occurring prior to the time of such amendment, alteration or repeal.

ELEVENTH. Amendment of the By-Laws. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to amend, alter or repeal the By-Laws of the Corporation, without the assent or vote of stockholders of the Corporation. Any amendment, alteration or repeal of the By-Laws of the Corporation by the Board of Directors shall require the affirmative vote of at least a majority of the directors then in office. In addition to any other vote otherwise required by law, the stockholders of the Corporation may amend, alter or repeal the By-Laws of the Corporation, provided that any such action will require the affirmative vote of the holders of at least a majority of the outstanding shares of Common Stock entitled to vote at any annual or special meeting of stockholders.

TWELFTH. Exclusive Jurisdiction for Certain Actions. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall to the fullest extent permitted by law be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee, stockholder or agent of the Corporation to the Corporation or the Corporation's stockholders, (c) any action or proceeding asserting a claim arising out of or pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the DGCL, or as to which the DGCL confers jurisdiction on the Court of Chancery (including, without limitation, any action asserting a claim arising out of or pursuant to this Amended and Restated Certificate of

Incorporation or the By-Laws of the Corporation) or (d) any action or proceeding asserting a claim governed by the internal affairs doctrine. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article TWELFTH.

FORM OF
SYLVAMO CORPORATION

AMENDED AND RESTATED BY-LAWS

Effective as of , 2021

SYLVAMO CORPORATION

BY-LAWS

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SYLVAMO CORPORATION

AMENDED AND RESTATED BY-LAWS

As amended and restated effective , 2021

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1.01. Annual Meetings. The annual meeting of the stockholders of Sylvamo Corporation (the “Corporation”) for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held each year either within or without the State of Delaware, on such date and at such place, if any, and time as exclusively may be fixed from time to time by resolution of the Corporation’s Board of Directors (the “Board”) and set forth in the notice or waiver of notice of the meeting. The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

Section 1.02. Special Meetings. Special meetings of the stockholders of the Corporation may be called only in the manner set forth in the certificate of incorporation of the Corporation as then in effect (as the same may be amended from time to time, the “Certificate of Incorporation”). Notice of every special meeting of the stockholders of the Corporation shall state the purpose or purposes of such meeting. Except as otherwise required by law, the business conducted at a special meeting of stockholders of the Corporation shall be limited exclusively to the business set forth in the Corporation’s notice of meeting, and the individual or group calling such meeting shall have exclusive authority to determine the business included in such notice. Any special meeting of the stockholders shall be held either within or without the State of Delaware, at such place, if any, and on such date and time, as shall be specified in the notice of such special meeting. The Board may postpone, recess, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board.

Section 1.03. Participation in Meetings by Remote Communication. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the General Corporation Law of the State of Delaware, as amended from time to time (the “DGCL”), and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication; provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to

provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 1.04. Notice of Meetings; Waiver of Notice.

(a) Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall specify (i) the place, if any, date and time of such meeting, (ii) the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, (iii) the record date for determining the stockholders entitled to vote at the meeting, if such record date is different from the record date for determining the stockholders entitled to notice of the meeting, (iv) in the case of a special meeting, the purpose or purposes for which such meeting is called, and (v) such other information as may be required by law or as may be deemed appropriate by the Chairperson of the Board, the Secretary or the Board. Unless otherwise required by law, the Certificate of Incorporation or these Amended and Restated By-Laws (the “By-Laws”), the notice of any meeting shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at the meeting as of the record date for determining the stockholders entitled to notice of the meeting. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the “householding” rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 233 of the DGCL. If the stockholder list referred to in Section 1.06 of these By-Laws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting.

(b) A written waiver of notice of meeting signed by a stockholder or a waiver by electronic transmission by a stockholder, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders need be specified in a waiver of notice. Attendance of a stockholder at a meeting is a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

(c) Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, any notice to stockholders given by the Corporation under the DGCL, the Certificate of Incorporation or these By-laws may be given in writing directed to the stockholder’s mailing address (or by electronic transmission directed to the stockholder’s electronic mail address, as applicable) as it appears on the records of the Corporation and shall be deemed given (i) if mailed, when

the notice is deposited in the United States mail, postage prepaid, (ii) if delivered by courier service, the earlier of when the notice is (x) received or (y) left at such stockholder's address or (iii) if given by electronic mail, when directed to such stockholder's electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by subsection (e) of Section 232 of the DGCL. A notice by electronic mail must include a prominent legend that the communication is an important notice regarding the Corporation. Notice given by electronic transmission (other than by electronic mail) pursuant to this subsection shall be deemed given: (1) if by facsimile telecommunication, when directed to a facsimile telecommunication number at which the stockholder has consented to receive notice; (2) if by posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (3) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 1.05. Proxies.

(a) Each stockholder entitled to vote at a meeting of stockholders or to express consent to or dissent from corporate action without a meeting (if permitted by the Certificate of Incorporation) may authorize another person or persons to act for such stockholder by proxy.

(b) No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the sole discretion of the stockholder executing it unless the proxy states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date.

Section 1.06. Voting Lists. The Corporation shall prepare, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, unless the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting, in which case the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date. This list shall be open to the examination of any stockholder at least ten (10) days prior to the meeting for any purpose germane to the meeting as required by the DGCL or other applicable law. The list may be made available on a reasonably accessible electronic network, provided the information required to gain access to such list is provided with the notice of the meeting or may be made available during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an

electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. The stock ledger shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of stockholders.

Section 1.07. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the presence in person or by proxy of the holders of record of a majority of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting, provided, however, that where a separate vote by a class or series is required, the holders of a majority in voting power of all issued and outstanding stock of such class or series entitled to vote on such matter, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. In the absence of a quorum, the presiding person of the meeting or the stockholders so present, by a majority in voting power thereof, may adjourn the meeting from time to time in the manner provided in Section 1.09 of these By-Laws until a quorum is present or represented.

Section 1.08. Voting. Except as otherwise provided in the Certificate of Incorporation or by applicable law, every holder of record of shares entitled to vote at a meeting of stockholders is entitled to one vote for each share outstanding in his, her or its name on the books of the Corporation (a) at the close of business on the record date for such meeting or (b) if no record date has been fixed, at the close of business on the day next preceding the day on which notice of the meeting is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. All matters at any meeting at which a quorum is present, except the election of directors, shall be decided by the affirmative vote of the holders of at least a majority in voting power of the outstanding shares of the Corporation's capital stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter in question, unless otherwise expressly provided by express provision of law, the Certificate of Incorporation or these By-Laws.

Section 1.09. Adjournment. Any meeting of stockholders may be adjourned from time to time, by the presiding person of the meeting or by the vote of a majority of the shares of stock present in person or represented by proxy at the meeting, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the place, if any, and date and time thereof (and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting) are announced at the meeting at which the adjournment is taken unless the adjournment is for more than thirty (30) days or a new record date is fixed for the adjourned meeting after the adjournment, in which case notice of the adjourned meeting in accordance with Section 1.04 of these By-Laws shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.10. Organization; Procedure; Inspection of Elections.

(a) At every meeting of stockholders, the presiding person shall be the Chairperson of the Board or, in the event of his or her absence or disability, the Chief Executive Officer and President, or, in the event of his or her absence or disability, a presiding person chosen by resolution of the Board. The Secretary or, in the event of his or her absence or disability, the Assistant Secretary, if any, or, if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding person, shall act as secretary of the meeting. The Board may make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to any such rules and regulations, the presiding person of any meeting shall have the right and authority to prescribe rules, regulations and procedures for such meeting and to take all such actions as in the judgment of the presiding person are appropriate for the proper conduct of such meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the presiding person of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(b) Preceding any meeting of the stockholders, the Board may, and when required by law shall, appoint one or more persons to act as inspectors of elections, and may designate one or more alternate inspectors. If no inspector or alternate so appointed by the Board is able to act, or if no inspector or alternate has been appointed and the appointment of an inspector is required by law, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No director or nominee for election to the Board shall be appointed as an inspector of elections. Each inspector, before entering upon the discharge of the duties of an inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall discharge their duties in accordance with the requirements of applicable law.

Section 1.11. Consent of Stockholders in Lieu of Meeting. Except as otherwise provided in the Certificate of Incorporation, stockholders may not take any action by consent in lieu of action at an annual or special meeting of stockholders.

Section 1.12. Notice of Stockholder Proposals and Nominations.

(a) *Annual Meetings of Stockholders.* (i) Nominations of persons for election to the Board and proposals of business to be considered by the stockholders at an annual meeting of stockholders may be made only (A) as specified in the Corporation's notice of meeting (or any notice supplemental thereto), (B) by or at the direction of the Board, or a committee appointed by the Board for such purpose, or (C) by any stockholder of the Corporation who or which (1) is entitled to vote at the meeting, (2) complies in a timely manner with all notice procedures set forth in this Section 1.12, and (3) is a stockholder of record when the required notice is delivered and at the date of the meeting.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to subclause (C) of Section 1.12(a)(i) of these By-Laws, the stockholder must have given timely notice thereof in writing to the Secretary and, in the case of business other than nominations for persons for election to the Board, such other business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of common stock are first publicly traded, be deemed to have occurred on May 16, 2021); provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days or delayed by more than seventy (70) days from such anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. The number of nominees a stockholder may nominate for election at an annual meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at an annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such annual meeting. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Exchange Act, and the rules and regulations promulgated thereunder, including such person's written consent to being named in the Corporation's proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these By-Laws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is

made (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner; (2) the class or series and number of shares of capital stock of the Corporation which are owned, directly or indirectly, beneficially and of record by such stockholder and such beneficial owner; (3) a representation that the stockholder is a holder of record of the stock of the Corporation at the time of giving the notice, will be entitled to vote at such meeting and will appear in person or by proxy at the meeting to propose such business or nomination; (4) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group which will (x) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise solicit proxies or votes from stockholders in support of such proposal or nomination; and (5) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of capital stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation. Notice of a stockholder nomination or proposal shall also set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class or series of stock of the Corporation between or among the stockholder giving notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, any of their respective affiliates or associates and/or other person or persons (including their names) acting in concert with any of the foregoing (collectively, the "proponent persons"); (B) a description of any agreement, arrangement or understanding (including, without limitation, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) to which any proponent person is a party, the effect or intent of which is to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation, to increase or decrease the voting power of any proponent person with respect to shares of any class or series of stock of the Corporation and/or to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Corporation (a "Derivative Instrument"); (C) to the extent not disclosed pursuant to the immediately preceding clause (B), the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such stockholder or by the beneficial owner, if any, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such stockholder or such beneficial owner relating to the value or payment of any indebtedness of the Corporation or any such subsidiary; and (D) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange

Act and the rules and regulations promulgated thereunder. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act, and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. A stockholder providing notice of a proposed nomination for election to the Board or other business proposed to be brought before a meeting (whether given pursuant to this paragraph (a)(ii) or paragraph (b) of this Section 1.12 of these By-Laws) shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct (x) as of the record date for determining the stockholders entitled to notice of the meeting and (y) as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof, provided that if the record date for determining the stockholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date. Any such update and supplement shall be delivered in writing to the Secretary at the principal executive offices of the Corporation not later than five (5) days after the record date for determining the stockholders entitled to notice of the meeting (in the case of any update and supplement required to be made as of the record date for determining the stockholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or adjournment or postponement thereof) and not later than five (5) days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the date prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior to the date of the meeting or any adjournment or postponement thereof). The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and the rules and regulations promulgated thereunder and applicable stock exchange rules. In addition, a stockholder seeking to bring an item of business before the annual meeting shall promptly provide any other information reasonably requested by the Corporation.

(iii) Notwithstanding anything in Section 1.12(a)(ii) of these By-Laws to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of common stock are first publicly traded, be deemed to have occurred on May 16, 2021), then a stockholder's notice under this Section 1.12(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) *Special Meetings of Stockholders.* Only such business as shall have been brought before the special meeting of the stockholders pursuant to the Corporation's notice of meeting shall be conducted at such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board or a Committee appointed by the Board for such purpose or stockholders pursuant to Article EIGHTH of the Certificate of Incorporation or (2) provided that the Board or stockholders pursuant to Article EIGHTH of the Certificate of Incorporation has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 1.12(b) and who is a stockholder of record at the time such notice is delivered to the Secretary. The number of nominees a stockholder may nominate for election at a special meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at a special meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors of the Corporation, any stockholder entitled to vote at such meeting may nominate a person or persons, as the case may be, for election to such position(s) as specified by the Corporation, if the stockholder's notice as required by Section 1.12(a)(ii) of these By-Laws shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred and twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting at which directors are to be elected.

(c) *General.*

(i) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to serve as directors and only such business shall be conducted at an annual or special meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section. Except as otherwise provided by applicable law, the Certificate of Incorporation or these By-Laws, the presiding person of a meeting of stockholders shall have the power and duty (x) to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.12 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(ii)(C)(4) of this Section 1.12), and (y) if any proposed nomination or business is not in compliance with this Section 1.12, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(ii) If the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 1.12 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and/or the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 1.12, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(A) Whenever used in these By-Laws, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(B) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.12. Nothing in this Section 1.12 shall be deemed to affect any rights of (x) stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (y) the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation or of the relevant preferred stock certificate of designation.

(C) The announcement of an adjournment or postponement of an annual or special meeting does not commence a new time period (and does not extend any time period) for the giving of notice of a stockholder nomination or a stockholder proposal as described above.

ARTICLE II

BOARD OF DIRECTORS

Section 2.01. General Powers. Except as may otherwise be provided by law or the Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board. The directors shall act only as a Board, and the individual directors shall have no power as such.

Section 2.02. Number and Term of Office. Subject to any rights of the holders of shares of any series of preferred stock to elect additional directors and any requirements of the Certificate of Incorporation, the number of directors shall be fixed, and may be altered from time to time, exclusively by resolution of the Board, but in no event may the number of directors of the Corporation be less than one (1). Each director (whenever elected) shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal.

Section 2.03. Election of Directors. Subject to the provisions of the Certificate of Incorporation, and any rights of the holders of shares of any class or series of preferred stock, if any, to elect additional directors, at each meeting of stockholders for the election of directors, provided a quorum is present, each director who is standing for election shall be elected by the vote of the majority of the votes cast with respect to that Director's election; provided, however, that directors shall be elected by the vote of a plurality of votes cast in connection with the election of directors at any meeting of stockholders with respect to which (i) a stockholder has nominated a person for election to the Board in compliance with the requirements for stockholder nominees for director set forth in Section 1.12 of these By-Laws, (ii) such nomination has not been withdrawn by such stockholder prior to the 10th day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders, and (iii) as of the record date for such meeting of stockholders, there are more nominees for election than positions on the Board to be filled by election at the meeting (a "Contested Election"). For purposes of this Section 2.03, "a majority of the votes cast" means that the number of shares voted "for" a nominee's election exceeds the number of shares voted "against" such nominee's election (with "abstentions" and "broker non-votes" not counted as a vote cast either "for" or "against" that director's election).

Any nominee who is an incumbent director and does not receive a majority of the votes cast in an election that is not a Contested Election must promptly tender his or her resignation contingent on the acceptance of that resignation by the Board to the Chairperson of the Board following certification of the election results. In the event that such a resignation is tendered, the Nominating and Corporate Governance Committee, or another duly authorized committee designated by the Board, shall recommend to the Board whether to accept or reject the tendered resignation or whether other action should be taken. The Board shall act on the resignation, considering the Nominating and Corporate Governance Committee's recommendation no later than at its first regularly scheduled meeting following certification of the election results and shall publicly disclose the Board's decision (including, if applicable, the reasons for rejecting the tendered resignation) in a periodic or current report filed with the Securities and Exchange Commission.

If one or more directors' resignations are accepted by the Board, or if a nominee for director who is not an incumbent director is not elected, the Board may fill the resulting vacancy or vacancies pursuant to Section 2.14 of these By-Laws or reduce the size of the Board pursuant to Section 2.02 of these By-Laws.

Any director who tenders his or her resignation pursuant to this provision will not participate in the Nominating and Corporate Governance Committee's recommendation or Board's decision regarding the tendered resignation. If a majority of the members of the Nominating and Corporate Governance Committee failed to receive a majority vote at the same election, the Board shall appoint a Board committee solely for the purpose of considering the tendered resignations, consisting of one or more of the directors who were not required to tender a resignation pursuant to this provision, and shall recommend to the Board whether to accept or reject them.

The stockholders do not have the right to cumulate their votes for the election of directors.

Section 2.04. Regular Meetings. Regular meetings of the Board shall be held on such dates, and at such times and places, as are determined from time to time by the Board. A notice of regular meetings of the Board shall not be required.

Section 2.05. Special Meetings. Special meetings of the Board shall be held whenever called by the Chairperson of the Board or the Chief Executive Officer or, in the event of his or her absence or disability, by the Secretary, or by a majority of the directors then in office, at such place, date and time as may be specified in the respective notices or waivers of notice of such meetings. Any business may be conducted at a special meeting.

Section 2.06. Notice of Meetings; Waiver of Notice.

(a) Notice to directors of the date, place and time of any special meeting of the Board shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. If the notice is delivered in person, by electronic mail, telephone or other means of electronic transmission, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by mail, it shall be deposited in the United States mail at least five (5) days before the time of the holding of the meeting. Except as otherwise provided herein or permitted by applicable law, notices to any director may be in writing and delivered personally or mailed to such director at such director's address appearing on the books of the Corporation, or may be given by telephone or by any means of electronic transmission (including, without limitation, electronic mail) directed to an address for receipt by such director of electronic transmissions appearing on the books of the Corporation.

(b) A written waiver of notice of meeting signed by a director or a waiver by electronic transmission by a director, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Attendance of a director at a meeting is a waiver of notice of such meeting, except when the director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 2.07. Quorum; Voting. At all meetings of the Board, the presence of a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the Certificate of Incorporation or these By-Laws, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board.

Section 2.08. Participation by Electronic Communications Equipment. Members of the Board may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.09. Adjournment. A majority of the directors present may adjourn any meeting of the Board to another date, time or place, whether or not a quorum is present. No notice need be given of any adjourned meeting unless (a) the date, time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 of these By-Laws shall be given to each director, or (b) the meeting is adjourned for more than twenty-four (24) hours, in which case the notice referred to in clause (a) shall be given to those directors not present at the announcement of the date, time and place of the adjourned meeting.

Section 2.10. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing or by electronic transmission. Thereafter, such writing or writings or electronic transmissions shall be filed with the minutes of proceedings of the Board. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.11. Regulations. To the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate.

Section 2.12. Resignations of Directors. Any director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such director, to the Chairperson of the Board or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event.

Section 2.13. Removal of Directors. Subject to any rights granted to the holders of shares of any class or series of preferred stock then outstanding to remove directors elected by such class or series of preferred stock, a director may be removed at any time, either with or without cause, upon the affirmative vote of the holders of at least a majority of the outstanding shares of common stock of the Corporation then entitled to vote in an election of directors.

Section 2.14. Vacancies and Newly Created Directorships. Subject to any rights of the holders of shares of any series of preferred stock then outstanding, and except as provided by law, any vacancies in the Board that results from the death, disability, resignation, disqualification or removal of any director or from any other cause or newly created directorships shall be filled solely by an affirmative vote of at least a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. A director elected to fill a vacancy or a newly created directorship shall hold office until his or her successor has been elected and qualified or until his or her earlier death, resignation or removal.

Section 2.15. Compensation. The amount, if any, which each director shall be entitled to receive as compensation for his or her services shall be fixed from time to

time by the Board. The Corporation will cause each director serving on the Board to be reimbursed for all reasonable out-of-pocket costs and expenses incurred by him or her in connection with such service.

Section 2.16. Reliance on Accounts and Reports, etc. A director, as such or as a member of any committee designated by the Board, shall in the performance of his or her duties be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 2.17. Chairperson of the Board. A Chairperson of the Board shall be appointed by a majority of the directors of the Board. Subject to the terms of the Certificate of Incorporation, the Chairperson of the Board shall have the power to call special meetings of stockholders. If present, the Chairperson of the Board shall preside at meetings of the stockholders and of the Board. The Chairperson of the Board shall have such other powers and duties customarily and usually associated with the office of Chairperson of the board of directors, as well as any additional powers and duties as may be from time to time assigned to him or her by the Board. The Board may also elect from among its members a one or more vice-chairpersons to perform such duties as may be designated by the Board.

ARTICLE III

COMMITTEES

Section 3.01. How Constituted. The Board shall designate such committees as may be required by applicable laws, regulations or stock exchange rules, and may designate such additional committees as it deems necessary or appropriate (collectively, the "Committees"). Each Committee shall consist of such number of directors, with such qualifications, as may be required by applicable laws, regulations or stock exchange rules, or as from time to time may be fixed by the Board, and shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation to the extent delegated to such Committee by resolution of the Board, which delegation shall include all such powers and authority as may be required by applicable laws, regulations or stock exchange rules. No Committee shall have any power or authority (a) as to approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, (b) as to adopting, amending or repealing any of these By-Laws or (c) as may otherwise be excluded by law or by the Certificate of Incorporation. Any Committee may be abolished or re-designated from time to time by the Board.

Section 3.02. Members and Alternate Members. The members of each Committee and any alternate members shall be selected by the Board. The Board may

provide that the members and alternate members serve at the pleasure of the Board. An alternate member may replace any absent or disqualified member at any meeting of the Committee. An alternate member shall be given all notices of Committee meetings, may attend any meeting of the Committee, but may count towards a quorum and vote only if a member for whom such person is an alternate is absent or disqualified. In the absence or disqualification of a member of a Committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Each member or alternate member of any Committee (whether designated at an annual meeting of the Board or to fill a vacancy or otherwise) shall hold office until his or her successor shall have been designated or until he or she shall cease to be a director, or until his or her earlier death, resignation or removal.

Section 3.03. Committee Procedures. A quorum for each Committee shall be a majority of its members, unless the Committee has only one or two members, in which case a quorum shall be one member, unless a greater quorum is established by the Board. The vote of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. Each Committee shall keep regular minutes of its meetings and report to the Board when required. The Board may adopt other rules and regulations for the government of any Committee not inconsistent with the provisions of these By-Laws, and each Committee may adopt its own rules and regulations of government, to the extent not inconsistent with these By-Laws or rules and regulations adopted by the Board.

Section 3.04. Meetings and Actions of Committees. Meetings and actions of each Committee shall be governed by, and held and taken in accordance with, the provisions of the following sections of these By-Laws, with such By-Laws being deemed to refer to the Committee and its members in lieu of the Board and its members:

- (a) Section 2.04 (relating to regular meetings);
- (b) Section 2.05 (relating to special meetings);
- (c) Section 2.06 (relating to notice and waiver of notice);
- (d) Sections 2.08 and 2.10 (relating to electronic communication);
- (e) Section 2.09 (relating to adjournment and notice of adjournment); and
- (f) Section 2.10 (relating to action without a meeting).

Special meetings of Committees may also be called by resolution of the Board.

Section 3.05. Resignations and Removals. Any member (and any alternate member) of any Committee may resign from such position at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such member, to the Chairperson of the Board or the Secretary. Such resignation shall take

effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event. Any member (and any alternate member) of any Committee may be removed from such position by the Board at any time, either for or without cause.

Section 3.06. Vacancies. If a vacancy occurs in any Committee for any reason, the remaining members (and any alternate members) may continue to act if a quorum is present. A Committee vacancy may be filled only by the Board.

ARTICLE IV

OFFICERS

Section 4.01. Officers. The Board shall elect a Chief Executive Officer and President (which offices may be held by the same person) and a Secretary as officers of the Corporation. The Board may also elect a Treasurer, one or more Senior Vice Presidents, Vice Presidents, Assistant Secretaries and Assistant Treasurers and such other officers and agents as the Board may determine (including a Chief Financial Officer). The Board from time to time may also delegate to any officer the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any action by an appointing officer may be superseded by action by the Board. Any number of offices may be held by the same person, except that one person may not hold both the office of Chief Executive Officer and President and the office of Secretary. No officer need be a director of the Corporation.

Section 4.02. Election. The officers of the Corporation elected by the Board shall serve at the pleasure of the Board. Officers and agents appointed pursuant to delegated authority as provided in Section 4.01 (or, in the case of agents, as provided in Section 4.06) shall hold their offices for such terms as may be determined from time to time by the appointing officer. Each officer shall hold office until his or her successor has been elected or appointed and qualified, or until his or her earlier death, resignation or removal.

Section 4.03. Compensation. The salaries and other compensation of all executive officers of the Corporation shall be fixed by the Board or in the manner established by the Board, including by any committee established by the Board for such purpose.

Section 4.04. Removal and Resignation; Vacancies. Any officer may be removed for or without cause at any time by the Board. Any officer granted the power to appoint subordinate officers and agents as provided in Section 4.01 may remove any subordinate officer or agent appointed by such officer, for or without cause. Any officer or agent may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board or the Chief Executive Officer and President. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation, by death, resignation, removal or otherwise, may be filled by the Board or by the officer, if any, who appointed the person formerly holding such office.

Section 4.05. Authority and Duties of Officers. An officer of the Corporation shall have such authority and shall exercise such powers and perform such duties (a) as may be required by law, (b) to the extent not inconsistent with law, as are specified in these By-Laws, (c) to the extent not inconsistent with law or these By-Laws, as may be specified by resolution of the Board and (d) to the extent not inconsistent with any of the foregoing, as may be specified by the appointing officer with respect to a subordinate officer appointed pursuant to delegated authority under Section 4.01.

Section 4.06. Chief Executive Officer; President. The Chief Executive Officer and President shall be the chief executive officer of the Corporation, shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. Unless otherwise provided by the Board, he or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer of a corporation. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation. He or she shall have the authority to cause the employment or appointment of such employees or agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend any employee or any agent employed or appointed by any officer or to suspend any agent appointed by the Board. The Chief Executive Officer and President shall have the duties and powers of the Treasurer if no Treasurer is elected and shall have such other duties and powers as the Board may from time to time prescribe. The Board may determine to bifurcate the role of Chief Executive Officer and President, in each case with such duties and powers as may be assigned to him or her from time to time by the Board. In the event the role of Chief Executive Officer and President are bifurcated as described in the foregoing sentence, references in these Bylaws to Chief Executive Officer and President shall refer only to the Chief Executive Officer.

Section 4.07. Vice Presidents. If one or more Senior Vice Presidents or Vice Presidents have been elected, each Senior Vice President or Vice President shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board or the Chief Executive Officer and President. In the event of absence or disability of the Chief Executive Officer and President, the duties of the Chief Executive Officer and President shall be performed, and his or her powers may be exercised, by such Senior Vice President or Vice President as shall be designated by the Board or, failing such designation, by the Senior Vice President or Vice President in order of seniority of election to that office.

Section 4.08. Secretary. Unless otherwise determined by the Board, the Secretary shall have the following powers and duties:

(a) The Secretary shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders, the Board and any Committees thereof in books provided for that purpose.

(b) The Secretary shall cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by law.

(c) Whenever any Committee shall be appointed pursuant to a resolution of the Board, upon request, the Secretary shall furnish a copy of such resolution to the members of such Committee.

(d) The Secretary shall be the custodian of the records and of the seal of the Corporation, if any, and cause such seal (or a facsimile thereof), if any, to be affixed to all certificates representing shares of the Corporation prior to the issuance thereof and to all documents and instruments that the Board or any officer of the Corporation has determined should be executed under seal, may sign (together with any other authorized officer) any such document or instrument, and when the seal is so affixed he or she may attest the same.

(e) The Secretary shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the Certificate of Incorporation or these By-Laws.

(f) The Secretary shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the number of shares held by each holder and the date as of which each such holder became a holder of record.

(g) The Secretary shall sign (unless the Treasurer, an Assistant Treasurer or an Assistant Secretary shall have signed) certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board.

(h) The Secretary shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these By-Laws or as may be assigned to the Secretary from time to time by the Board or the Chief Executive Officer and President.

Section 4.09. Treasurer. Unless otherwise determined by the Board, the Treasurer, if there be one, shall be the chief financial officer of the Corporation and shall have the following powers and duties:

(a) The Treasurer shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records thereof.

(b) The Treasurer shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be determined by the Board or the Chief Executive Officer and President, or by such other officers of the Corporation as may be authorized by the Board or the Chief Executive Officer and President to make such determinations.

(c) The Treasurer shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board or the Chief Executive Officer and President may determine from time to time) upon the authorized depositaries of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(d) The Treasurer shall render to the Board or the Chief Executive Officer and President, whenever requested, a statement of the financial condition of the Corporation and of the transactions of the Corporation, and render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(e) The Treasurer shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation.

(f) The Treasurer may sign (unless an Assistant Treasurer or the Secretary or an Assistant Secretary shall have signed) certificates representing shares of stock of the Corporation the issuance of which shall have been authorized by the Board.

(g) The Treasurer shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these By-Laws or as may be assigned to the Treasurer from time to time by the Board or the Chief Executive Officer and President.

ARTICLE V

CAPITAL STOCK

Section 5.01. Certificates of Stock; Uncertificated Shares. The shares of the Corporation shall be represented by certificates, except to the extent that the Board has provided by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have a certificate signed by any two authorized officers of the Corporation, certifying the number and class of shares owned by such holder. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws.

Section 5.02. Facsimile Signatures. Any or all signatures on the certificates referred to in Section 5.01 of these By-Laws may be in any form permitted under the DGCL. If any officer, transfer agent or registrar who has signed, or whose signature has been placed upon, a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 5.03. Lost, Stolen or Destroyed Certificates. A new certificate may be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed only upon delivery to the Corporation of an affidavit of the owner or owners (or their legal representatives) of such certificate, setting forth such allegation, and a bond or other undertaking as may be satisfactory to a financial officer of the Corporation designated by the Board to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 5.04. Transfer of Stock.

(a) Transfer of shares represented by certificates shall be made on the books of the Corporation upon surrender to the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, and otherwise in compliance with applicable law. Shares that are not represented by a certificate shall be transferred in accordance with applicable law. Subject to applicable law, the provisions of the Certificate of Incorporation and these By-Laws, the Board may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

(b) The Corporation may enter into agreements with stockholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

Section 5.05. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests except as required by applicable law. If a transfer of shares is made for collateral security, and not absolutely, this fact shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

Section 5.06. Transfer Agent and Registrar. The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

INDEMNIFICATION

Section 6.01. Indemnification.

(a) In General. The Corporation shall indemnify, to the fullest extent permitted by the DGCL and other applicable law (including as it presently exists or may hereafter be amended, but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (each, a “proceeding”) by reason of the fact that (x) such person is or was serving or has agreed to serve as a director or officer of the Corporation, or (y) such person, while serving as a director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee, manager or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise or (z) at the request of the Corporation, such person is or was serving or has agreed to serve as a director, officer, employee, manager or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted by such person in such capacity, and who satisfies the applicable standard of conduct set forth in the DGCL or other applicable law:

(i) in a proceeding other than a proceeding by or in the right of the Corporation, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or on such person’s behalf in connection with such proceeding and any appeal therefrom, or

(ii) in a proceeding by or in the right of the Corporation to procure a judgment in its favor, against expenses (including attorneys’ fees) actually and reasonably incurred by such person or on such person’s behalf in connection with the defense or settlement of such proceeding and any appeal therefrom.

(b) Indemnification in Respect of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any proceeding referred to in Section 6.01(a) or in defense of any claim, issue or matter therein, such person shall be indemnified by the Corporation against expenses (including attorneys’ fees) actually and reasonably incurred by such person in connection therewith.

(c) Indemnification in Respect of Proceedings Instituted by Indemnitee. Section 6.01(a) does not require the Corporation to indemnify a person in respect of a proceeding (or part thereof) instituted by such person on his or her own behalf, unless such proceeding (or part thereof) has been authorized by the Board or the indemnification requested is pursuant to the last sentence of Section 6.03 of these By-Laws.

Section 6.02. Advance of Expenses. The Corporation shall to the fullest extent permitted by the DGCL advance all expenses (including reasonable attorneys' fees) incurred by a person in defending any proceeding referred to in Section 6.01(a) prior to the final disposition of such proceeding upon written request of such person and delivery of an undertaking by such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The Corporation may authorize any counsel for the Corporation to represent (subject to applicable conflict of interest considerations) such person in any proceeding, whether or not the Corporation is a party to such proceeding.

Section 6.03. Procedure for Indemnification. Any indemnification under Section 6.01 of these By-Laws or any advance of expenses under Section 6.02 of these By-Laws shall be made only against a written request therefor (together with supporting documentation) submitted by or on behalf of the person seeking indemnification or advance. Indemnification may be sought by a person under Section 6.01 of these By-Laws in respect of a proceeding only to the extent that both the liabilities for which indemnification is sought and all portions of the proceeding relevant to the determination of whether the person has satisfied any appropriate standard of conduct have become final. A person seeking indemnification or advance of expenses may seek to enforce such person's rights to indemnification or advance of expenses (as the case may be) in the Delaware Court of Chancery to the extent all or any portion of a requested indemnification has not been granted within ninety (90) days of, or to the extent all or any portion of a requested advance of expenses has not been granted within twenty (20) days of, the submission of such request. All expenses (including reasonable attorneys' fees) incurred by such person in connection with successfully establishing such person's right to indemnification or advancement of expenses under this Article, in whole or in part, shall also be indemnified by the Corporation.

Section 6.04. Burden of Proof.

(a) In any proceeding brought to enforce the right of a person to receive indemnification to which such person is entitled under Section 6.01 of these By-Laws, the Corporation has the burden of demonstrating that the standard of conduct applicable under the DGCL or other applicable law was not met. A prior determination by the Corporation (including its Board or any Committee thereof, its independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct does not itself constitute evidence that the claimant has not met the applicable standard of conduct.

(b) In any proceeding brought to enforce a claim for advances to which a person is entitled under Section 6.02 of these By-Laws, the person seeking an advance need only show that he or she has satisfied the requirements expressly set forth in Section 6.02 of these By-Laws.

Section 6.05. Contract Right; Non-Exclusivity; Survival.

(a) The rights to indemnification and advancement of expenses provided by this Article VI shall be deemed to be separate contract rights between the Corporation and each person referred to in Section 6.01(a) who serves in any such capacity at any time while these provisions as well as the relevant provisions of the DGCL are in effect, and no repeal or modification of any of these provisions or any relevant provisions of the DGCL shall adversely affect any right or obligation of such person existing at the time of such repeal or modification with respect to any state of facts then or previously existing or any proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such “contract rights” may not be modified retroactively as to any such person without the consent of such person.

(b) The rights to indemnification and advancement of expenses provided by this Article VI shall not be deemed exclusive of any other indemnification or advancement of expenses to which a person seeking indemnification or advancement of expenses may be entitled by any agreement, vote of stockholders or disinterested directors, or otherwise.

(c) The rights to indemnification and advancement of expenses provided by this Article VI to any person referred to in Section 6.01(a) shall inure to the benefit of the heirs, executors and administrators of such person.

Section 6.06. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, manager or agent of another Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against such person and incurred by such person or on such person’s behalf in any such capacity, or arising out of such person’s status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article.

Section 6.07. Employees and Agents. The Board, or any officer authorized by the Board generally or in the specific case to make indemnification decisions, may cause the Corporation to indemnify any present or former employee or agent of the Corporation in such manner and for such liabilities as the Board may determine, up to the fullest extent permitted by the DGCL and other applicable law.

Section 6.08. Interpretation; Severability. Terms defined in Sections 145(h) or 145(i) of the DGCL have the meanings set forth in such sections when used in this Article VI. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each person referred to in Section 6.01(a) as to costs, charges and expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII

OFFICES

Section 7.01. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at the location provided in the Certificate of Incorporation.

Section 7.02. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01. Dividends.

(a) Subject to any applicable provisions of law and the Certificate of Incorporation, dividends upon the shares of stock of the Corporation may be declared by the Board and any such dividend may be paid in cash, property or shares of the Corporation's stock out of its surplus, as defined in the DGCL, or, in the case there shall be no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, or as otherwise permitted under the DGCL.

(b) A member of the Board, or a member of any Committee designated by the Board, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or Committees of the Board, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 8.02. Reserves. There may be set apart out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time may determine proper as a reserve or reserves for meeting contingencies, equalizing dividends, repairing or maintaining any property of the Corporation or for such other purpose or purposes as the Board may determine conducive to the interests of the Corporation, and the Board may similarly modify or abolish any such reserve.

Section 8.03. Execution of Instruments. Except as otherwise required by law or the Certificate of Incorporation, the Board or any officer of the Corporation authorized by the Board may authorize any other officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 8.04. Voting as Stockholder or Securityholder. Unless otherwise determined by resolution of the Board, the Chief Executive Officer and President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders or securityholders of any corporation or other entity in which the Corporation may hold stock or other securities, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such securities at any such meeting, or through action without a meeting. The Board may by resolution from time to time confer such power and authority (in general or confined to specific instances) upon any other person or persons.

Section 8.05. Fiscal Year. The fiscal year of the Corporation shall be as determined by the Board of Directors. In the absence of such determination, the fiscal year of the Corporation shall commence on the first day of January and shall terminate on December 31.

Section 8.06. Seal. The seal of the Corporation, if any, shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The form of such seal, if any, shall be subject to alteration by the Board. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced or may be used in any other lawful manner.

Section 8.07. Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board.

Section 8.08. Electronic Transmission. "Electronic transmission", as used in these By-Laws, means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 8.09. Facsimile and Electronic Signatures. In addition to the provisions for use of facsimile or electronic signatures elsewhere specifically authorized in these By-Laws, facsimile or electronic signatures of any officer or officers of the corporation may be used whenever and as authorized by the Board or a committee thereof.

ARTICLE IX

AMENDMENT OF BY-LAWS

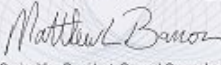
Section 9.01. Amendment. Subject to the provisions of the Certificate of Incorporation, these By-Laws may be amended, altered or repealed (a) by resolution adopted by a majority of the Board, so long as a quorum is present or (b) by the stockholders at any regular or special meeting of the stockholders upon the affirmative vote of at least a majority of the shares of the Corporation entitled to vote thereon.

Notwithstanding the foregoing, no amendment, alteration or repeal of Article VI shall adversely affect any right or protection existing under By-Laws immediately prior to such amendment, alteration or repeal, including any right or protection of a director, officer or other person thereunder in respect of any act or omission occurring prior to the time of such amendment.

ZQ|CERT#|COY|CLS|RGSTRY|ACCT#|TRANSTY|RUN#|TRANS#

SYLVAMO CORPORATION
PO BOX 50000, Las Vegas, NV 89255-0000
MR. SAMPLE
DESIGNATION (if any)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP IDENTIFIER
Holder ID
Insurance Value
Number of Shares
DTC
Certificate Numbers
Num/No. Denom. Total
12345678901234567890
12345678901234567890
12345678901234567890
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Total Transaction
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123456
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1 1
2 2
3 3
4 4
5 5
6 6
7 7

COMMON STOCK		COMMON STOCK	
PAR VALUE \$1.00		Shares	
Certificate Number ZQ00000000		*****000000***** *****000000***** *****000000***** *****000000***** *****000000*****	
SYLVAMO CORPORATION INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE			
THIS CERTIFIES THAT		SEE REVERSE FOR CERTAIN DEFINITIONS	
		CUSIP 871332 10 2	
is the owner of		THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT, AVAILABLE ONLINE AT www.computershare.com	
ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO			
FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF			
Sylvamo Corporation (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.			
Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.			
 Chief Executive Officer			
 Senior Vice President, General Counsel and Corporate Secretary		DATED DD-MMM-YYYY COUNTERSIGNED AND REGISTERED: COMPUTERSHARE TRUST COMPANY, N.A. TRANSFER AGENT AND REGISTRAR	
		By _____ AUTHORIZED SIGNATURE	

1234567

[FORM OF]

TAX MATTERS AGREEMENT

INTERNATIONAL PAPER COMPANY

AND

SYLVAMO CORPORATION

DATED AS OF [], 2021

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[FORM OF] TAX MATTERS AGREEMENT

This Tax Matters Agreement, dated as of [], 2021 (this “Agreement”), is by and between, International Paper Company, a New York corporation (“Parent”), and Sylvamo Corporation, a Delaware corporation (“SpinCo”).

RECITALS

WHEREAS, Parent and SpinCo have entered into a Separation and Distribution Agreement, dated as of the date hereof (as it may be amended from time to time, the “Separation and Distribution Agreement”), providing for the separation of the SpinCo Business from the Parent Business (the “Separation”) and, following the Separation, for the distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of eighty and one tenth of a percent (80.1%) of the outstanding SpinCo Shares owned by Parent (the “Distribution”);

WHEREAS, Parent plans to dispose of the SpinCo Shares that it retains following the Distribution through sales of shares for cash;

WHEREAS, pursuant to the Separation and Distribution Agreement, among other things, Parent will contribute the SpinCo Assets and the SpinCo Liabilities to SpinCo in exchange for (i) the actual or deemed issuance by SpinCo to Parent of SpinCo Shares and (ii) the distribution by SpinCo to Parent of the Cash Transfer (the “Contribution”);

WHEREAS, for U.S. federal income tax purposes, it is intended that each of the Contribution and the Distribution, taken together, and the Internal Distributions (as defined below) qualify as a transaction that is tax-free under Sections 355(a) and 368(a)(1)(D) of the Code;

WHEREAS, as of the date hereof, Parent is the common parent of an affiliated group of domestic corporations, including SpinCo, that has elected to file consolidated U.S. federal Income Tax Returns and, as a result of the Distribution, neither SpinCo nor any of its Affiliates will be a member of such group after the close of the Distribution Date; and

WHEREAS, in contemplation of the Separation and Distribution, Parent and SpinCo desire to set forth their agreement on the rights and obligations of Parent and SpinCo and their respective Affiliates with respect to the responsibility, handling and allocation of federal, state, local and non-U.S. Taxes, and various other Tax matters;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as set forth herein.

ARTICLE I
DEFINITIONS

For purposes of this Agreement (including the recitals hereof), the following terms have the following meaning, and capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings assigned to them in the Separation and Distribution Agreement:

“Accounting Firm” has the meaning set forth in Section 8.4.

“Active Trade or Business” means the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by Parent or SpinCo, as applicable, and its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of the trade or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the Distribution (as described in the IRS Ruling Request and the Representation Letters), as conducted immediately prior to the Distribution.

“Adjustment Request” means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for refund or credit of Taxes previously paid.

“Agreement” has the meaning set forth in the Preamble.

“Ancillary Agreements” has the meaning set forth in the Separation and Distribution Agreement, *provided* that, for purposes of this Agreement, “Ancillary Agreements” shall not include the Intellectual Property Agreements, the Commercial Agreements or the Leases (as each term is defined in the Separation and Distribution Agreement).

“Capital Stock” means, with respect to any Party, all classes or series of capital stock of such Party, including (a) common stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock in such Party for U.S. federal income tax purposes.

“CFO Certificate” has the meaning set forth in Section 7.2(d).

“Code” means the Internal Revenue Code of 1986, as amended.

“Combined Return” means any Tax Return that actually includes, by election or otherwise, one or more members of the Parent Group together with one or more members of the SpinCo Group, including (a) any consolidated, combined or unitary Tax Return, and (b) any Tax Return with respect to any profit and/or loss sharing group, group payment or similar group or fiscal unit.

“Distribution” has the meaning set forth in the Recitals.

“Distribution Date” means the date of the consummation of the Distribution, which shall be determined by the Parent Board in its sole and absolute discretion.

“Employee Matters Agreement” means the Employee Matters Agreement entered into by and between Parent and SpinCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by the Separation and Distribution Agreement, as it may be amended from time to time.

“Employment Taxes” means (i) any Tax, the liability or responsibility for which is allocated pursuant to Section 2.6 of the Employee Matters Agreement and (ii) any employment, payroll, social security, disability, unemployment, workers’ compensation or other similar Taxes, tax withholding or similar obligations in respect of Transferred Employees (as defined in the Employee Matters Agreement) employed in jurisdictions outside of the United States, the liability or responsibility for which is allocated pursuant to any agreement entered into in connection with the Separation outside of the United States.

“Fifty-Percent or Greater Interest” has the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code.

“Final Determination” means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a state, local, or non-U.S. taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the applicable Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the laws of a state, local, or non-U.S. taxing jurisdiction; (d) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all Tax Periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a treaty-based competent authority determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

“Group” means either the SpinCo Group or the Parent Group, as the context requires.

“Income Tax” means any Tax which is based upon, measured by, or calculated with respect to income, capital, net receipts or net worth and any other franchise or similar Taxes.

“Income Tax Return” means any Tax Return relating to Income Taxes.

“Indemnifying Party” means a Party that has an obligation to make an Indemnity Payment.

“Indemnatee” means a Party that is entitled to receive an Indemnity Payment.

“Indemnity Payment” means an indemnity payment required by this Agreement from an Indemnifying Party in respect of any Liability.

“Intended Tax Treatment” means (a) the Contribution and the Distribution, the Internal Distributions and the Internal Contributions effected as part of the Separation will qualify for Tax-Free Status and (b) the Non-U.S. Separation Transactions will qualify in accordance with the treatment set forth in the applicable Tax Opinion/Ruling.

“Internal Contribution” means any internal separation of the SpinCo Assets and SpinCo Liabilities from the Parent Assets and Parent Liabilities (a) held by certain subsidiaries of Parent and (b) in a transaction intended to qualify, for U.S. federal income Tax purposes, as a contribution that is generally tax-free pursuant to Section 351(a) of the Code.

“Internal Distribution” means any internal separation of the SpinCo Assets and SpinCo Liabilities from the Parent Assets and Parent Liabilities (a) held by certain subsidiaries of Parent and (b) in a transaction intended to qualify, for U.S. federal income Tax purposes, as a distribution that is generally tax-free pursuant to Section 355(a) (or Sections 355(a) and 368(a)(1)(D)) of the Code).

“IRS” means the U.S. Internal Revenue Service.

“IRS Ruling Request” means the request for private letter rulings filed by Parent on February 16, 2021 with the IRS (including all attachments, exhibits, and other materials submitted with such ruling request and any amendments or supplemental submissions related thereto).

“Liability Event” has the meaning set forth in Section 7.5(c).

“Non-U.S. Separation Transaction” shall mean each of (a) the transfer of certain assets and employees by International Paper Polska Sp. z o.o to Sylvamo Polska Sp. Zo.o in a partial demerger, in exchange for the issuance of shares of Sylvamo Polska Sp. Zo.o to International Paper (Poland) Holding sp. z. o.o. and (b) the transfer of certain assets and employees by IP Belgian Services Company SPRL to International Paper Benelux SRL in a partial demerger in exchange for the issuance of membership interests of International Paper Benelux SRL to International Paper Investments (Luxembourg) S.à.r.l.

“Notified Action” has the meaning set forth in Section 7.4(a).

“Ordinary Taxes” means any Taxes other than Taxes described in Sections 2.3, 2.4 or 2.5.

“Parent” has the meaning set forth in the Preamble.

“Parent Affiliated Group” means the affiliated group (as such term is defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which Parent is the common parent.

“Parent Federal Consolidated Income Tax Return” means any U.S. federal Income Tax Return for the Parent Affiliated Group.

“Parent Final Determination Adjustment” has the meaning set forth in Section 6.1(b).

“Parent Group” means Parent and each Subsidiary of Parent (other than SpinCo and any other member of the SpinCo Group).

“Parent Non-Qualified Liabilities” means the “Parent Non-Qualified Pension Plan Liabilities” and the “Parent Non-Qualified Savings Plan Liabilities”, as each term is defined in the Employee Matters Agreement.

“Parent Non-U.S. Combined Income Tax Return” means any consolidated, combined or unitary or other similar Tax Return with respect to non-U.S. Income Taxes or any non-U.S. Income Tax Return with respect to any profit and/or loss sharing group, group payment or similar group or fiscal unity that actually includes, by election or otherwise, one or more members of the Parent Group together with one or more members of the SpinCo Group.

“Parent Separate Return” means any Tax Return of or including any member of the Parent Group (including any consolidated, combined or unitary return) that is not a Combined Return.

“Parent State Combined Income Tax Returns” means any consolidated, combined or unitary Tax Return with respect to state Income Taxes that actually includes, by election or otherwise, one or more members of the Parent Group and one or more members of the SpinCo Group.

“Past Practices” has the meaning set forth in Section 4.2(a).

“Parties” means the parties to this Agreement.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal income tax purposes.

“Plan of Reorganization” means the plan of reorganization (within the meaning of Treasury Regulations Section 1.368-2(g)) that includes the Separation and the Distribution.

“Post-Distribution Tax Opinion” means an unqualified “will” opinion of a Tax Advisor, which Tax Advisor is reasonably acceptable to Parent, on which Parent may rely to the effect that a transaction will not affect the applicable Intended Tax Treatment, *provided* that any such opinion obtained in connection with a proposed acquisition of SpinCo’s Capital Stock or the Capital Stock of any entity that was a “controlled corporation” in any Internal Distribution entered into on or before the two-year anniversary of the Distribution Date shall not qualify as a Post-Distribution Tax Opinion unless such opinion also concludes that such proposed acquisition will not be treated as “part of a plan (or series of related transactions),” within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes the Distribution or any Internal Distribution. Any such opinion must be consistent with the assumption that the Transactions would have qualified for the applicable Intended Tax Treatment if the transaction in question did not occur.

“Post-Distribution Tax Period” means any Tax Period beginning after the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Distribution Date.

“Pre-Distribution Tax Period” means any Tax Period ending on or before the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Distribution Date

“Prime Rate” means the rate that Bloomberg displays as “Prime Rate by Country United States” or “Prime Rate by Country US-BB Comp” at <http://www.bloomberg.com/quote/PRIME:IND> or on a Bloomberg terminal at PRIMBB Index.

“Proposed Acquisition Transaction” means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), as a result of which SpinCo would merge or consolidate with any other Person or as a result of which one or more Persons would (directly or indirectly) acquire, or have the right to acquire, from SpinCo and/or one or more holders of outstanding shares of SpinCo’s Capital Stock, a number of shares of such Capital Stock that would, when combined with any other changes in ownership of such SpinCo’s Capital Stock pertinent for purposes of Section 355(e) of the Code, including for the avoidance of doubt, the Retention and the Subsequent Sale Transactions, comprise 45% or more of (a) the value of all outstanding shares of stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding shares of voting stock of SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by SpinCo of a shareholder rights plan or (ii) issuances by SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

“Records” has the meaning set forth in Section 8.1(a)(i).

“Refund Recipient” has the meaning set forth in Section 6.1(a).

“Representation Letters” means the representation letters and any other materials (including a Ruling Request and any related supplemental submissions to the IRS or other Tax Authority) delivered or deliverable by or on behalf of Parent, SpinCo and others to a Tax Advisor (or Tax Authority) in connection with the issuance by such Tax Advisor (or Tax Authority) of a Tax Opinion/Ruling, as amended prior to the issuance of such Tax Opinion/Ruling.

“Retained Stock” means the outstanding SpinCo Shares, up to 19.9% of the aggregate outstanding SpinCo Shares, that Parent may retain after the Distribution.

“Retention” means Parent’s retention of the Retained Stock after the Distribution.

“Ruling Request” means any letter filed by Parent with the IRS or any other Tax Authority requesting a ruling (including the IRS Ruling Request) regarding certain Tax consequences of the Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

“Section 7.2(d) Transaction” means any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 45%.

“Separate Affiliated Group” has the meaning set forth in Section 355(b)(3)(B) of the Code.

“Separation” has the meaning set forth in the Recitals.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“SpinCo” has the meaning set forth in the Preamble.

“SpinCo Group” means SpinCo and each Person that is a Subsidiary of SpinCo, as determined immediately after the Distribution.

“SpinCo Separate Return” means any Tax Return of or including any member of the SpinCo Group (including any consolidated, combined or unitary return) that is not a Combined Return.

“Subsequent Sale Transactions” means Parent’s sales of Retained Stock to third parties no later than five years after the Distribution.

“Tax” or “Taxes” means any federal, state, local or non-U.S. income, alternative minimum, accumulated earnings, capital gains, net receipts, personal holding company, franchise, capital stock, profits, windfall profits, gross receipts, escheat, unclaimed property, sales, use, value-added, transfer, registration, stamp, premium, excise, customs duties, severance, environmental, real property, personal property, ad valorem, occupancy, license, occupation, employment, payroll, social security, disability, unemployment, workers’ compensation, withholding, estimated or other similar tax, duty, fee, assessment or other governmental charge or deficiencies thereof (including all interest and penalties thereon and additions thereto).

“Tax Advisor” means any law or accounting firm that is nationally recognized as being expert in tax matters.

“Tax Attribute” means a net operating loss, earnings and profits, net capital loss, overall foreign loss, unused investment credit, unused foreign tax credit, excess charitable contribution, alternative minimum tax credit, general business credit, research and development credit or any other Tax Item that could reduce a Tax or create a Tax Benefit.

“Tax Authority” means, with respect to any Tax, the governmental authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

“Tax Benefit” means any reduction in liability for Tax as a result of any loss, deduction, refund, credit, or other item reducing Taxes otherwise payable.

“Tax Contest” means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of determining or redetermining any Tax (including any administrative or judicial review of any claim for refund).

“Tax-Free Status” means, with respect to the Contribution and the Distribution taken together (but excluding, for the avoidance of doubt, the Subsequent Sale Transactions) and each Internal Distribution and Internal Contribution, the qualification thereof (a) other than with respect to the Internal Contributions, as a reorganization described in Sections 355(a) and 368(a)(1)(D) of the Code, (b) with respect to the Internal Contributions, as a contribution described in Section 351 of the Code, (c) other than with respect to the Internal Contributions, as a transaction in which the stock distributed thereby is “qualified property” for purposes of Sections 355(c)(2) and 361(c)(2) of the Code, (d) a transaction in which Parent, SpinCo and the members of their respective Groups (as relevant) recognize no income or gain for U.S. federal income tax purposes pursuant to Sections 355, 361, and 1032 of the Code or, in the case of the Internal Contributions, Section 351 of the Code, other than, (i) income or gain recognized pursuant to 367(a), 367(b) and/or Section 1248 of the Code and the Treasury Regulations promulgated under such provisions (assuming, for this purpose, that any available elections to avoid the recognition of income or gain for U.S. federal Income Tax purposes under such provisions have been duly and timely made), (ii) intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code, (iii) in the case of Parent, income or gain in connection with Subsequent Sale Transactions and (iv) in the case of shareholders of Parent, any receipt of cash in lieu of fractional shares.

“Tax Item” means, with respect to any Income Tax, any item of income, gain, loss, deduction or credit.

“Tax Law” means the law of any governmental entity or political subdivision thereof relating to any Tax.

“Tax Opinions/Rulings” means each opinion of a Tax Advisor or ruling by the IRS or another Tax Authority delivered or issued to Parent or any of its subsidiaries in connection with, and regarding the tax treatment of the Contribution and Distribution, any Internal Distribution, Internal Contribution or any Non-U.S. Separation Transaction.

“Tax Period” means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

“Tax-Related Losses” means (a) all Taxes imposed pursuant to any settlement, Final Determination, judgment or otherwise (including Taxes required to be reflected on any Tax Return prepared in accordance with Section 4.2(b)), (b) all accounting, legal and other professional fees, and court costs, incurred in connection with such Taxes and (c) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by Parent (or any Affiliate of Parent) or SpinCo (or any Affiliate of SpinCo) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Tax Authority, in each case, resulting from the failure of the Transactions to have the Intended Tax Treatment.

“Tax Return” means any federal, state, local or non-U.S. tax return, declaration, statement, report, schedule, form or information return or any amendment to any of the foregoing relating to Taxes.

“Tax Return Preparer” means (a) with respect to any Tax Return that Parent is responsible for preparing under Section 4.1(a), Parent and (b) with respect to any Tax Return that SpinCo is responsible for preparing under Section 4.1(b), SpinCo.

“Transactions” means the Contribution and Distribution and the other transactions contemplated by the Separation and Distribution Agreement (including the Internal Distributions, the Internal Contributions, the Non-U.S. Separation Transactions and other transactions contemplated by the Plan of Reorganization).

“Transaction Tax Contest” means a Tax Contest with the purpose or effect of determining or redetermining Taxes that could give rise to Tax-Related Losses.

“Treasury Regulations” means the regulations prescribed under the Code.

ARTICLE II
ALLOCATION OF TAX LIABILITIES

2.1 General Rule.

(a) *Parent Liability.* Parent shall be liable for, and shall indemnify and hold harmless the SpinCo Group from and against any liability for, Taxes that are allocated to Parent under this Article II.

(b) *SpinCo Liability.* SpinCo shall be liable for, and shall indemnify and hold harmless the Parent Group from and against any liability for, Taxes which are allocated to SpinCo under this Article II.

2.2 Ordinary Taxes. Subject to Section 2.3, all Ordinary Taxes of the Parent Group and SpinCo Group shall be allocated as follows:

(a) *Parent Liability.* Parent shall be responsible for any and all Ordinary Taxes imposed on or payable by a member of the Parent Group for any Tax Period (including Ordinary Taxes due or required to be reported on any Combined Return that is required to be filed by any member of the Parent Group), including any increase in such Tax as a result of a Final Determination. For the avoidance of doubt, Parent shall be responsible for the amount of any installment payment that is required to be paid by Parent pursuant to Section 965(h) of the Code (including any increase in such amount as a result of a Final Determination).

(b) *SpinCo Liability.* SpinCo shall be responsible for any and all Ordinary Taxes imposed on or payable by a member of the SpinCo Group for any Tax Period, (other than Ordinary Taxes due or required to be reported on a Combined Return for which Parent is responsible under Section 2.2(a)), including any increase in such Tax as a result of a Final Determination.

2.3 Scheduled Tax Allocations. Notwithstanding anything to the contrary herein, all Taxes arising out of the matters described in Schedule 2.3 shall be allocated as described in Schedule 2.3.

2.4 Employment Taxes. The Parties acknowledge and agree that this Agreement, including Article II, shall not apply with respect to any and all Employment Taxes, for which the Employee Matters Agreement shall govern.

2.5 Certain Transaction and Other Taxes.

(a) *SpinCo Liability.* SpinCo shall be responsible for, and shall indemnify and hold harmless the Parent Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, real property transfer or gains, or other transfer Taxes imposed by any Tax Authority on any member of the SpinCo Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any member of the SpinCo Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(iii) any Tax (other than Tax-Related Losses) resulting from a breach by any member of the SpinCo Group of any covenant in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iv) any Tax-Related Losses for which SpinCo is responsible pursuant to Section 7.5.

The amounts for which SpinCo is liable pursuant to Section 2.5(a)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes and in connection with enforcing this indemnity.

(b) *Parent Liability*. Parent shall be responsible for, and shall indemnify and hold harmless the SpinCo Group from and against any liability for:

(i) any stamp, sales and use, gross receipts, real property transfer or gains, or other transfer Taxes imposed by any Tax Authority on any member of the Parent Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(ii) any value-added or goods and services Tax imposed by any Tax Authority on any member of the Parent Group (if such member is primarily liable for such Tax) on the transfers occurring pursuant to the Transactions;

(iii) any Tax (other than Tax-Related Losses) resulting from a breach by any member of the Parent Group of any covenant in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iv) any Tax-Related Losses for which Parent is responsible pursuant to Section 7.5.

The amounts for which Parent is liable pursuant to Section 2.5(b)(i), (ii), and (iii) shall include all accounting, legal, and other professional fees and court costs incurred in connection with the relevant Taxes and in connection with enforcing this indemnity.

ARTICLE III
CLOSING OF TAXABLE YEARS

3.1 Closing of Taxable Years. For U.S. federal income tax purposes, the Parties acknowledge and agree that the Tax Period of each member of the SpinCo Group that joined in the filing of the Parent Federal Consolidated Income Tax Return will close as of the end of the Distribution Date. Parent and SpinCo shall take all commercially reasonable actions necessary or appropriate to close the taxable year of each member of the SpinCo Group for any material U.S. state Tax purposes as of the end of the Distribution Date to the extent permitted by applicable Law; *provided*, for the avoidance of doubt, that (a) SpinCo shall not and shall not permit any member of the SpinCo Group to take any action that would change any Tax Period of a non-U.S. member of the SpinCo Group that begins before the end of the Distribution Date and (b) this Section 3.1(a) shall not be construed to require any member of the Parent Group, or to require Parent to cause any member of the SpinCo Group, to change any of its Tax Periods. Notwithstanding anything in this Section 3.1 to the contrary, if Parent determines to elect, or cause an election to be made, under Treasury Regulation Section 1.245A-5(e)(3)(i) to close the taxable year of any non-U.S. member of the SpinCo Group as of the Distribution Date or any prior date on which an extraordinary reduction transaction occurs as defined under Treasury Regulation Section 1.245A-5(e)(2)(i), SpinCo shall, and shall cause any relevant member of the SpinCo Group to, cooperate with Parent in the making of such election and shall take any action reasonably requested by Parent or that is otherwise necessary to give effect to such election (e.g., entering into a binding agreement as per Treasury Regulation Section 1.245A-5(e)(3)(i)(C)(2)). Moreover, if an election is made under Treasury Regulation Section 1.245A-5(e)(3)(i) to close the U.S. taxable year of any non-U.S. member of the SpinCo Group and such non-U.S. member's taxable year under non-U.S. law does not close as a result of the election, Parent shall be responsible for determining the allocation of taxable income (determined under non-U.S. law), under the principles of Treasury Regulation Section 1.1502-76(b), between the portion of the non-U.S. taxable year that ends with, and the portion of the non-U.S. taxable year that begins after, the date on which such non-U.S. member's U.S. taxable year closes as a result of the election under Treasury Regulation Section 1.245A-5(e)(3)(i), which allocation shall have the effect of determining the amount of non-U.S. Taxes paid or accrued that are allocated to such periods solely for U.S. Tax purposes.

ARTICLE IV
PREPARATION AND FILING OF TAX RETURNS

4.1 Responsibility of Preparing Tax Returns.

- (a) *Parent's Responsibility*. Parent shall timely prepare any Combined Returns or Parent Separate Returns, including any Adjustment Request with respect thereto.
- (b) *SpinCo's Responsibility*. SpinCo shall timely prepare any SpinCo Separate Returns, including any Adjustment Request with respect thereto.
- (c) *Right to Review Tax Returns*. The Tax Return Preparer with respect to any Tax Return shall make such Tax Return (or the relevant portions thereof) and related workpapers available for review by the other Party to the extent (i) such Tax Return relates to Taxes for which the requesting party is or could reasonably be expected to be liable, (ii) the requesting party would reasonably be expected to be liable in whole or in part for any additional Taxes owing as a result of material adjustments to the amount of Taxes reported on such Tax Return, (iii) such Tax Return relates to Taxes for which the

requesting party would reasonably be expected to have a claim for material Tax Benefits under this Agreement or (iv) reasonably necessary for the requesting party to confirm compliance with the terms of this Agreement, *provided, however*, that notwithstanding anything in this Agreement to the contrary, Parent shall not be required to make any Parent Federal Consolidated Income Tax Return available for review by any member of the SpinCo Group. The Tax Return Preparer shall provide a draft of any such Tax Return to the other Party for its review and comment at least 30 days prior to the due date for filing of such Tax Return (with extensions), or in the case of any such Tax Return filed on a monthly basis or property Tax Return, at least five Business Days prior to the due date for filing of such Tax Return (with extensions). Parent and SpinCo shall attempt in good faith to resolve any material disagreement arising out of the review of such Tax Return and, failing such resolution, any material disagreement shall be resolved in accordance with the provisions of Section 8.4 as promptly as practicable, *provided, however*, (x) nothing in this Section 4.1(c) or Section 8.4 shall prevent SpinCo or Parent, respectively, from timely filing a Tax Return (with extensions) and (y) if a payment is made to a Tax Authority in connection with the filing of a Tax Return during the pendency of a disagreement described in this sentence, the Parties shall make any further payments necessary to reflect the ultimate resolution of such disagreement within ten Business Days of such resolution.

(d) *Execution of Returns Prepared by Other Party*. In the case of any Tax Return which is required to be prepared and filed by one Party under this Agreement and which is required by law to be signed by the other Party (or by its authorized representative), the Party which is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement if there is no reasonable basis for the Tax treatment of any item reported on the Tax Return.

4.2 Tax Accounting Practices.

(a) *General Rule*. Except as otherwise provided in Section 4.2(b), with respect to any Tax Return that SpinCo has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.1, for any Pre-Distribution Tax Period or any Straddle Period (or any Tax Period beginning after the Distribution Date to the extent items reported on such Tax Return could reasonably be expected to affect items reported on any Tax Return that Parent has the obligation or right to prepare and file for any Pre-Distribution Period or any Straddle Period), such Tax Return shall be prepared in accordance with past practices, accounting methods, elections or conventions (“Past Practices”) used with respect to the Tax Returns in question (unless there is no reasonable basis for the use of such Past Practices or unless there is no adverse effect to Parent), and, to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices or there is no adverse effect to Parent), in accordance with reasonable Tax accounting practices selected by SpinCo. Except as otherwise provided in Section 4.2(b), Parent shall prepare any Tax Return which it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 4.1, in accordance with reasonable Tax accounting practices selected by Parent.

(b) *Reporting of Transactions.* Except to the extent otherwise required (i) by a change in applicable law or (ii) as a result of a Final Determination, (x) neither Parent nor SpinCo shall (and shall not permit or cause any member of its respective Group to) take any position that is inconsistent with the treatment of the Contribution and Distribution, taken together, any Internal Distribution, any Internal Contribution or any Non-U.S. Separation Transaction, in each case, as having the Intended Tax Treatment and (y) neither Parent nor SpinCo shall (and shall not permit or cause any member of its respective Group to) take any position with respect to any material item of income, deduction, gain, loss, or credit on a Tax Return, or otherwise treat such item in a manner that is inconsistent with the manner such item is reported on a Tax Return with respect to a Pre-Distribution Tax Period, if such other Party is or would reasonably be expected to be liable, in whole or in part, for any related increase in Tax liability resulting from a Final Determination (including the claiming of a deduction previously claimed on any such Tax Return or a change in transfer pricing methodology which is different from what was utilized by Parent and SpinCo prior to the Distribution).

(c) *Combined Returns.* SpinCo will elect and join, and will cause its respective Affiliates to elect and join, in filing the Parent Federal Consolidated Income Tax Return and any Parent State Combined Income Tax Returns, Parent Non-U.S. Combined Income Tax Returns or any other Combined Returns that Parent determines are required to be filed or that Parent chooses to file pursuant to Section 4.1(a). With respect to any Pre-Distribution Tax Period, SpinCo will elect and join, and will cause its respective Affiliates to elect and join, in filing consolidated, unitary, combined, or other similar Tax Returns, to the extent each entity is eligible to join in such Tax Returns, if Parent reasonably determines that the filing of such Tax Returns is consistent with past reporting practices, or, in the absence of applicable past practices, will result in the minimization of the net present value of the aggregate Tax to the entities eligible to join in such Tax Returns.

4.3 Carrybacks and Claims for Refund. SpinCo hereby agrees that if a Tax Return of a member of the SpinCo Group for a Post-Distribution Tax Period reflects any Tax Attribute, then no Adjustment Request with respect to any Combined Return shall be filed and the applicable member of the SpinCo Group shall elect to relinquish, waive or otherwise forgo the right to carry back any such Tax Attribute to a Pre-Distribution Tax Period to the extent permissible under applicable Law. If, notwithstanding the preceding sentence, SpinCo is required to carryback a Tax Attribute under applicable Law, then SpinCo shall notify Parent in writing that such Tax Attribute must be carried back, which notification shall include a description in reasonable detail of the basis for any Tax Benefit and the amount thereof, including supporting analysis that the Tax treatment of such Tax Attribute is correct.

4.4 Allocation of Tax Attributes. All Tax Attributes determined on a consolidated or combined basis for Pre-Distribution Tax Periods shall be allocated to the Parent Group and SpinCo Group in accordance with the Code and the Treasury Regulations (and any applicable state, local, or non-U.S. law or regulation). Parent shall reasonably determine the amounts and proper allocation of such Tax Attributes as of the Distribution Date and shall provide written notice of the calculation thereof to SpinCo as soon as reasonably practicable after

Parent or its designee prepares such calculation. Such determination and allocation shall not be subject to dispute resolution. Parent and SpinCo agree to compute their Tax liabilities for Post-Distribution Tax Periods consistent with such determination and allocation. Notwithstanding anything in this Agreement to the contrary, Parent shall not be liable to SpinCo or any member of the SpinCo Group for any failure of (a) any determination under this Section 4.4 to be accurate or sustained under applicable Law, including as the result of any Final Determination or (b) any Tax Attribute (including tax basis) to be available, in whole or in part, for any Tax Period. The allocations made under this Section 4.4 shall be revised by Parent to reflect any subsequent Final Determination that affects any Tax Attributes determined on a consolidated or combined basis for Pre-Distribution Tax Periods.

4.5 Transfer Pricing. If, as the result of any Final Determination relating to intercompany transfer pricing with respect to any item or items reflected on any Income Tax Return of a member of the Parent Group or the SpinCo Group for a Pre-Distribution Date Tax Period, there is an increase in Income Taxes payable for such Tax Period by any member of the Parent Group or SpinCo Group, then, upon the reasonable written request of, and at the expense of, the relevant member, the other members, as relevant, shall (and shall cause their respective Affiliates to) amend any Tax Returns of any member of such Parent Group or SpinCo Group, as applicable, to the extent such amendment would result in a corresponding or correlative reduction in Taxes otherwise payable by a member of such other Group and shall promptly pay over any Tax Benefit actually realized in cash as a result of such amendment (determined on a “with or without” basis); *provided, however*, that no Party (or any Affiliates of any Party) shall (a) have any obligation to amend any Tax Return pursuant to this Section 4.5 to the extent doing so would have an adverse effect on such Party or any of its Affiliates that is material, (b) be obligated to amend any Tax Return unless the amount of such Tax Benefit realized in cash exceeds \$500,000 or (c) be obligated to make a payment otherwise required pursuant to this Section 4.5 to the extent making such payment would place such Party (or any of its Affiliates) in a less favorable net after-Tax position than such Party (or such Affiliate) would have been in if the relevant Tax Benefit had not been realized. If a Party or one of its Affiliates pays over any amount pursuant to the preceding sentence and such Tax Benefit is subsequently disallowed or adjusted, the Parties shall promptly make appropriate payments (including in respect of any interest paid or imposed by any Tax Authority) to reflect such disallowance or adjustment.

ARTICLE V TAX PAYMENTS

5.1 Filing of Tax Returns and Payment of Taxes. Subject to Section 5.2, each Party shall execute and timely file each Tax Return that it is responsible for filing under applicable Law and shall timely pay to the relevant Taxing Authority any amount shown as due on each such Tax Return. In the case of any adjustment pursuant to a Final Determination with respect to any Tax Return, the Party that is responsible for filing such Tax Return under applicable Law shall pay to the applicable Tax Authority when due (taking into account any automatic or validly elected extensions, deferral or postponements), any additional Tax due with respect to such Tax Return required to be paid as a result of such adjustment pursuant to a Final Determination.

5.2 Indemnification Payments.

(a) *Claims for Indemnification.* Except as provided in Article IX, an Indemnitee shall be entitled to make a claim for payment with respect to Taxes (or Tax-Related Losses) under this Agreement only after such Indemnitee is required under applicable Tax Law to pay to a Tax Authority a Tax for which the Indemnifying Party would be liable, in whole or in part, under this Agreement (including, for the avoidance of doubt, any administrative or judicial deposit required to be paid by to a Tax Authority or other Governmental Authority to pursue any Tax Contest, to the extent the Indemnifying Party would be liable under this Agreement for any Tax resulting from such Tax Contest). The Indemnitee shall provide to the Indemnifying Party notice of such claim within 30 Business Days of the first date on which it so becomes entitled to make such claim (which, for the avoidance of doubt shall not be prior to the due date for payment of such Tax to the applicable Tax Authority, taking into account any automatic or validly elected extensions, deferrals or postponements). Such notice shall include evidence of payment, a description of such claim and a detailed calculation of the amount claimed. A failure by an Indemnitee to give notice as provided in this Section 5.2(a) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure. However, a failure by Indemnitee to give the notice required by this Agreement shall

extend the Indemnifying Party's time for payment, without application of interest, until conforming notice is provided.

(b) *Timing for Indemnification Payments.* The Indemnifying Party shall make the claimed payment to the Indemnitee within 30 Business Days after receiving such notice, unless the Indemnifying Party reasonably disputes its liability for, or the amount of, such payment.

(c) *Payment Recipients.* All indemnification payments under this Agreement shall be made by Parent directly to SpinCo or by SpinCo directly to Parent, as applicable; *provided, however*, that if the Parties mutually agree with respect to any such indemnification payment, (i) any member of the Parent Group, on the one hand, may make such indemnification payment to any member of the relevant SpinCo Group, on the other hand and (ii) any member of the SpinCo Group, on the one hand, may make such indemnification payment to any member of the Parent Group, on the other hand.

ARTICLE VI TAX BENEFITS

6.1 Tax Benefits.

(a) *Refunds Generally.* Subject to Section 4.3, if Parent, SpinCo or any of their respective Affiliates receives any refund of any Taxes for which the other Party is liable hereunder (a "Refund Recipient"), such Refund Recipient shall pay to the other Party the entire amount of the refund (including interest received from the relevant Tax Authority, but net of any Taxes imposed with respect to such refund and any other

reasonable costs) within 30 Business Days of receipt thereof; *provided, however*, that the other Party, upon the request of such Refund Recipient, shall repay the amount paid to the other Party (plus any penalties, interest or other charges imposed by the relevant Tax Authority) in the event such Refund Recipient is required by applicable law to repay such refund. In the event a Party would be a Refund Recipient but for the fact it elected to apply a refund to which it would otherwise have been entitled against a Tax liability arising in a subsequent Tax Period, then such Party shall be treated as a Refund Recipient and the economic benefit of so applying the refund shall be treated as a refund for purposes of this Section 6.1.

(b) *Adjustment Tax Benefits*. If a member of the SpinCo Group actually realizes in cash any Tax Benefit exceeding \$500,000 as a result of an adjustment pursuant to a Final Determination that increases Taxes for which a member of the Parent Group is liable hereunder (or reduces any Tax Attribute of a member of the Parent Group) (a “Parent Final Determination Adjustment”) and such Tax Benefit would not have arisen but for such adjustment (determined on a “with and without” basis), or if a member of the Parent Group actually realizes in cash any Tax Benefit exceeding \$500,000 as a result of an adjustment pursuant to a Final Determination that increases Taxes for which a member of the SpinCo Group is liable hereunder (or reduces any Tax Attribute of a member of the SpinCo Group) and such Tax Benefit would not have arisen but for such adjustment (determined on a “with and without” basis), SpinCo or Parent, as the case may be, shall make a payment to either Parent or SpinCo, as appropriate, within 30 days following such actual realization of the Tax Benefit, in an amount equal to such Tax Benefit actually realized in cash exceeding \$500,000, *provided, however*, that no Party (or any Affiliates of any Party) shall be obligated to make a payment otherwise required pursuant to this Section 6.1(b) to the extent making such payment would place such Party (or any of its Affiliates) in a less favorable net after-Tax position than such Party (or such Affiliate) would have been in if the relevant Tax Benefit had not been realized. If a Party or one of its Affiliates pays over any amount pursuant to the preceding sentence and such Tax Benefit is subsequently disallowed or adjusted, the Parties shall promptly make appropriate payments (including in respect of any interest paid or imposed by any Tax Authority) to reflect such disallowance or adjustment. In the case of a Parent Final Determination Adjustment, then, upon the written request of and at the expense of Parent, SpinCo shall (and, if applicable, shall cause the relevant member of the SpinCo Group to) amend any Tax Return thereof to the extent such amendment would result in a corresponding or correlative Tax Benefit (which shall include any step-up in tax basis).

(c) *Timing for Tax Benefit Payments*. No later than 30 days after a Tax Benefit described in Section 6.1(b) is actually realized in cash by a member of the Parent Group or a member of the SpinCo Group, Parent (if a member of the Parent Group actually realizes such Tax Benefit) or SpinCo (if a member of the SpinCo Group actually realizes such Tax Benefit) shall provide the other Party with a written calculation of the amount payable to such other Party by Parent or SpinCo pursuant to this Section 6.1. In the event that Parent or SpinCo disagrees with any such calculation described in this Section 6.1(c), Parent or SpinCo shall so notify the other Party in writing within 30 days of receiving the written calculation set forth above in this Section 6.1(c). Parent and SpinCo shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Section 6.1 shall be determined in accordance with the disagreement resolution provisions of Section 8.4 as promptly as practicable.

(d) *SpinCo Carryback Refunds*. SpinCo shall be entitled to any refund that is attributable to, and would not have arisen but for, a carryback by SpinCo pursuant to Section 4.3, *provided, however*, that SpinCo shall indemnify and hold the members of the Parent Group harmless from and against any and all collateral Tax consequences resulting from or caused by any such carryback, including the loss or postponement of any benefit from the use of Tax Attributes generated by a member of the Parent Group or an Affiliate thereof if (i) such Tax Attributes expire unutilized, but would have been utilized but for such carryback, or (ii) the use of such Tax Attributes is postponed to a later Tax Period than the Tax Period in which such Tax Attributes would have been utilized but for such carryback. Any such payment of such refund made by Parent to SpinCo pursuant to this Section 6.1(d) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a Parent Group Tax Attribute to a Tax Period in respect of which such refund is received) that would affect the amount to which SpinCo is entitled, and an appropriate adjusting payment shall be made by SpinCo to Parent such that the aggregate amounts paid pursuant to this Section 6.1(d) equals such recalculated amount.

ARTICLE VII INTENDED TAX TREATMENT

7.1 Representations.

(a) Each of SpinCo and Parent hereby represents and warrants that (i) it has reviewed the Representation Letters and (ii) subject to any qualifications therein, all information, representations and covenants contained in such Representation Letters that concern or relate to such Party or any member of its Group are true, correct and complete.

(b) SpinCo hereby represents and warrants that it has no plan or intention to take any action or to fail to take any action (or to cause or permit any member of the SpinCo Group to take or fail to take any action), in each case, from and after the Distribution Date, that could reasonably be expected to cause any representation or statement made in this Agreement, the Separation and Distribution Agreement, the Representation Letters, the Tax Opinions/Rulings or any of the Ancillary Agreements to be untrue.

(c) SpinCo hereby represents and warrants that, during the period beginning two years before the date of the consummation of the Internal Distributions and ending on the Distribution Date, there was no “agreement,” “understanding,” “arrangement,” “substantial negotiations” or “discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the SpinCo Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding an acquisition, directly

or indirectly, of all or a significant portion of SpinCo's Capital Stock (or any predecessor); *provided, however*, that no representation is made regarding any "agreement," "understanding," "arrangement," "substantial negotiations" or "discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of Parent.

7.2 Restrictions on SpinCo.

(a) SpinCo agrees that it will not take or fail to take, or permit any member of the SpinCo Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, the Representation Letters or the Tax Opinions/Rulings. SpinCo agrees that it will not take or fail to take, or permit any member of the SpinCo Group to take or fail to take, any action that jeopardizes or is reasonably likely to jeopardize the Intended Tax Treatment.

(b) During the two-year period following the Distribution Date, (i) SpinCo, directly or indirectly through one or more members of SpinCo's Separate Affiliated Group, shall continue the Active Trade or Business and (ii) SpinCo shall not engage in any transaction that would result in it ceasing to be engaged in such Active Trade or Business for purposes of Section 355(b)(2) of the Code. SpinCo further agrees that, from the date hereof until the two-year period following the date of the consummation of the Internal Distributions, SpinCo will cause each member of the SpinCo Group that was a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution (and such member's Separate Affiliated Group) (x) to directly or indirectly through one or more members of SpinCo's Separate Affiliated Group continue the active trade or business used by such member to satisfy Section 355(b) of the Code with respect to the relevant Internal Distribution (as described in the Tax Opinions/Ruling), as conducted immediately prior to the relevant Internal Distribution and (y) not engage in any transaction that would result in such member ceasing to be engaged in such active trade or business for purposes of Section 355(b)(2) of the Code.

(c) SpinCo agrees that, from the date hereof until the first day after the two-year anniversary of the Distribution Date, it shall not (and shall not cause or permit any of its Affiliates to), in a single transaction or series of transactions:

(i) enter into any Proposed Acquisition Transaction or, to the extent SpinCo has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur (whether by (1) redeeming rights under a shareholder rights plan, (2) finding a tender offer to be a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Proposed Acquisition Transaction, or (3) approving any Proposed Acquisition Transaction, whether for purposes of Section 203 of the DGCL or any similar corporate statute, any "fair price" or other provision of SpinCo's charter or bylaws or otherwise);

(ii) liquidate or partially liquidate, merge or consolidate with any other Person (whether that other Person or such Affiliate is the survivor);

(iii) subject to Schedule 7.2(c)(iii), sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred to SpinCo as part of the Separation or sell or transfer (or cause or permit to be transferred) 30% or more of the gross assets of the Active Trade or Business or 30% or more of the consolidated gross assets of SpinCo and its Affiliates;

(iv) redeem or otherwise repurchase (directly or through an Affiliate) any of SpinCo's Capital Stock, or rights to acquire SpinCo's Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48);

(v) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the

voting rights of SpinCo's Capital Stock (including through the conversion of one class of SpinCo's Capital Stock into another class of SpinCo's Capital Stock);

(vi) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Representation Letters, any Ruling Request or any Tax Opinions/Rulings) that, in the aggregate (and taking into account any other transactions described in this subparagraph (c)) would be reasonably likely to have the effect of causing or permitting one or more persons (whether or not acting in concert) to acquire directly or indirectly Capital Stock representing a Fifty-Percent or Greater Interest in SpinCo or otherwise jeopardize the Intended Tax Treatment; or

(vii) cause or permit any member of the SpinCo Group that was a "controlled corporation" (within the meaning of Section 355(b) of the Code) in any Internal Distribution to take any action or enter into any transaction described in the preceding clauses (ii), (iii), (iv), (v) or (vi) (substituting references therein to "SpinCo", the "Separation," "Active Trade or Business" and "SpinCo's Capital Stock" with references to the relevant corporation, the transfer of assets to such corporation pursuant to the Transactions, the active conduct of the trade or business relied upon with respect to such Internal Distribution (as described in the relevant Representation Letters, and/or relevant Tax Opinion/Ruling) for purposes of Section 355(b) (2) of the Code, and the Capital Stock of such corporation),

unless, in each case, prior to taking any such action set forth in the foregoing clauses (i) through (vii), (A) SpinCo shall have requested that Parent obtain a Ruling in accordance with Section 7.4 of this Agreement to the effect that such transaction will not negatively affect the applicable Intended Tax Treatment and Parent shall have received such a Ruling in form and substance reasonably satisfactory to Parent in its discretion, which discretion shall be exercised in good faith solely to preserve the Intended Tax Treatment (and, in determining whether a Ruling is satisfactory, Parent may consider, among other factors, the appropriateness of any underlying

assumptions and management's representations made in connection with such Ruling), (B) SpinCo shall provide Parent with a Post-Distribution Tax Opinion in form and substance reasonably satisfactory to Parent in its discretion, which discretion shall be exercised in good faith solely to preserve the Intended Tax Treatment (and in determining whether a Post-Distribution Tax Opinion is satisfactory, Parent may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such Post-Distribution Tax Opinion) or (C) Parent shall have waived the requirement to obtain such Ruling or Post-Distribution Tax Opinion.

(d) If SpinCo proposes to enter into any Section 7.2(d) Acquisition Transaction or, to the extent SpinCo has the right to prohibit (or cause to be prohibited) any Section 7.2(d) Acquisition Transaction, SpinCo proposes to permit any Section 7.2(d) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the two-year anniversary of the Distribution Date, SpinCo shall provide Parent, no later than 10 Business Days following the signing of any written agreement with respect to the Section 7.2(d) Acquisition Transaction, with a written description of such transaction (including the type and amount of SpinCo's Capital Stock to be issued in such transaction) and a certificate of the Chief Financial Officer of SpinCo to the effect that the Section 7.2(d) Acquisition Transaction is not a Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.2(c) apply (a "CFO Certificate").

7.3 Restrictions on Parent. Parent agrees that it will not take or fail to take, or permit any member of the Parent Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements, the Representation Letters or the Tax Opinions/Rulings. Parent agrees that it will not take or fail to take, or permit any member of the Parent Group to take or fail to take, any action that jeopardizes or is reasonably likely to jeopardize the Intended Tax Treatment, *provided, however*, that this Section 7.3 shall not be construed as obligating Parent to consummate the Distribution and shall not be construed as preventing Parent from terminating the Separation and Distribution Agreement pursuant to the terms of the Separation and Distribution Agreement.

7.4 Procedures Regarding Opinions and Rulings.

(a) If SpinCo notifies Parent that it desires to take one of the actions described in clauses (i) through (vii) of Section 7.2(c) (a "Notified Action"), Parent and SpinCo shall reasonably cooperate to attempt to obtain the Ruling or Post-Distribution Tax Opinion referred to in Section 7.2(c), unless Parent shall have waived the requirement to obtain such Ruling or Post-Distribution Tax Opinion. SpinCo shall reimburse Parent for all reasonable costs and expenses incurred by the Parent Group in obtaining any such Ruling or Post-Distribution Tax Opinion within 10 Business Days after receiving an invoice from Parent therefor.

(b) Parent agrees that at the reasonable request of SpinCo pursuant to Section 7.2(c), Parent shall cooperate with SpinCo and use its reasonable efforts to seek to obtain or assist in obtaining, as expeditiously as reasonably practicable, a Ruling from the IRS or other applicable Tax Authority or a Post-Distribution Tax Opinion for the purpose of permitting SpinCo to take the Notified Action. Further, in no event shall Parent be required to file any Ruling Request under this Section 7.4(b) unless SpinCo represents that (i) it has read the Ruling Request, and (ii) all information and representations, if any, relating to any member of the SpinCo Group, contained in the Ruling Request documents are (subject to any qualifications therein) true, correct and complete. SpinCo shall reimburse Parent for all reasonable costs and expenses incurred by the Parent Group in obtaining a Ruling or Post-Distribution Tax Opinion requested by SpinCo within 10 Business Days after receiving an invoice from Parent therefor.

(c) Parent shall have the right to obtain a Ruling or a Post-Distribution Tax Opinion at any time in its sole and absolute discretion. If Parent determines to obtain a Ruling or a Post-Distribution Tax Opinion, SpinCo shall (and shall cause each Affiliate of SpinCo to) cooperate with Parent and take any and all actions reasonably requested by Parent in connection with obtaining the Ruling or Post-Distribution Tax Opinion (including by making any representation or covenant or providing any materials or information requested by the IRS or a Tax Advisor); *provided* that SpinCo shall not be required to make (or cause any Affiliate of SpinCo to make) any representation that is untrue or to provide (or cause any Affiliate of SpinCo to provide) any covenant as to future matters or events over which it has no control. Parent and SpinCo shall each bear its own costs and expenses in obtaining a Ruling or a Post-Distribution Tax Opinion requested by Parent.

(d) SpinCo hereby agrees that Parent shall have sole and exclusive control over the process of obtaining any Ruling described in Section 7.2, and that only Parent shall apply for a Ruling. In connection with obtaining a Ruling pursuant to Section 7.4(b), (i) Parent shall keep SpinCo informed in a timely manner of all material actions taken or proposed to be taken by Parent in connection therewith; (ii) Parent shall (A) reasonably in advance of the submission of any Ruling Request documents provide SpinCo with a draft copy thereof, (B) reasonably consider SpinCo's comments on such draft copy and (C) provide SpinCo with a final copy; and (iii) Parent shall provide SpinCo with notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such Ruling. Neither SpinCo nor any Affiliates of SpinCo shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the tax consequences of the Transactions.

7.5 Liability for Tax-Related Losses.

(a) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.5(c), SpinCo shall be responsible for, and shall indemnify and hold harmless Parent and each of its Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are attributable to or result from any one or more of the following: (i) the acquisition (other than pursuant to the Transactions) of all or a portion of the Capital Stock and/or assets of SpinCo and/or its subsidiaries by any means whatsoever by any Person, (ii) any “agreement,” “understanding,” “arrangement,” “substantial negotiations” or “discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the SpinCo Group or by any person or persons with the implicit or explicit permission of one or more of such officers or directors with respect to transactions or events (including stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Contribution and Distribution or any Internal Distributions to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly SpinCo’s Capital Stock or any member of the SpinCo Group that was a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution, in each case representing a Fifty-Percent or Greater Interest therein, (iii) any action or failure to act by SpinCo or a member of the SpinCo Group after the Contribution and Distribution (including any amendment to SpinCo’s certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of SpinCo’s Capital Stock (including through the conversion of one class of SpinCo’s Capital Stock into another class of SpinCo’s Capital Stock), (iv) any act or failure to act by SpinCo or any Affiliate of SpinCo described in Section 7.2 (regardless of whether such act or failure to act is covered by a Ruling, Post-Distribution Tax Opinion or waiver described in clause (A), (B) or (C) of Section 7.2(c)) or (v) any breach by SpinCo of its agreement and representation set forth in Section 7.1.

(b) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.5(c), Parent shall be responsible for, and shall indemnify and hold harmless SpinCo and its Affiliates and each of their respective officers, directors and employees from and against, 100% of any Tax-Related Losses that are attributable to, or result from any one or more of the following: (i) the acquisition (other than pursuant to the Transactions) of all or a portion of the Capital Stock and/or assets of Parent and/or its subsidiaries by any means whatsoever by any Person, (ii) any “agreement,” “understanding,” “arrangement,” “substantial negotiations” or “discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Parent Group or by any person or persons with the implicit or explicit permission of one or more of such officers or directors with respect to transactions or events (including stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Contribution and Distribution or any Internal Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly Capital Stock of Parent or any member of the Parent Group that was a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(b) of the Code) in any Internal Distribution representing a Fifty-Percent or Greater Interest therein or (iii) any act or failure to act by Parent or any Affiliate of Parent described in Section 7.3.

(c) To the extent that any Tax-Related Loss is subject to indemnity under both Section 7.5(a) and Section 7.5(b) responsibility for such Tax-Related Loss shall be shared by Parent and SpinCo, as applicable, according to relative fault. The relative fault of Parent and SpinCo shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the applicable act, failure to act, statement or omission that is the basis for the Tax-Related Loss (the "Liability Event"), and whether the Liability Event occurred because of one Party's reasonable reliance on the other.

(d) Notwithstanding anything in Sections 7.5(b) or 7.5(c) to the contrary, SpinCo shall be responsible for, and shall indemnify and hold harmless Parent and its Affiliates and each of their respective officers, directors and employees from and against, 100% of (i) any Tax-Related Losses resulting from the application of Section 355(e) or Section 355(f) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in Parent or any member of the Parent Group) and (ii) any other Tax-Related Losses, in each case resulting (for the absence of doubt, in whole or in part) from an acquisition after the Contribution and Distribution of any Capital Stock or assets of SpinCo or any Affiliate of SpinCo by any means whatsoever by any Person or any action or failure to act by SpinCo affecting the voting rights of SpinCo's Capital Stock or the Capital Stock of any Affiliate of SpinCo.

7.6 Section 336(e) Election. If Parent determines, in its sole discretion, that a protective election under Section 336(e) of the Code (a "Section 336(e) Election") shall be made with respect to the Distribution (or any Internal Distribution), SpinCo shall (and shall cause any relevant member of the SpinCo Group to) join with Parent (or any relevant member of the Parent Group) in the making of such election and shall take any action reasonably requested by Parent or that is otherwise necessary to give effect to such election (including making any other related election). If a Section 336(e) Election is made with respect to the Distribution (or any Internal Distribution), then this Agreement shall be amended in such a manner as is determined by Parent in good faith to take into account such Section 336(e) Election, including by requiring that, in the event (a) the Contribution and the Distribution (or any Internal Distribution) fails to have Tax-Free Status and (b) a Party that does not have exclusive responsibility pursuant to this Agreement for Tax-Related Losses arising from such failure actually realizes in cash a Tax Benefit from the step-up in Tax basis resulting from the Section 336(e) Election, such Party shall pay over to the Party that has exclusive responsibility pursuant to this Agreement for such Tax-Related Losses any such Tax Benefits realized (*provided that*, if such Tax-Related Losses are Taxes for which more than one Party is liable under Section 7.5(c), the Party that actually realizes in cash the Tax Benefit resulting from the relevant Section 336(e) Election shall pay over to each the other Party the percentage of any such Tax Benefits realized that corresponds to each such Party's percentage share of such Taxes).]

ARTICLE VIII
PROCEDURAL MATTERS

8.1 Cooperation.

(a) Each Party shall cooperate with reasonable requests from the other Party in matters covered by this Agreement, including in connection with the preparation and filing of Tax Returns, determining the liability for and amount of any Taxes or the right to and amount of any refunds of Taxes, the determination of the proper financial accounting treatment of Tax Items, the conduct and settlement of Tax Contests, mitigating or reducing the amount of losses (or potential losses) arising from potential indemnity claims hereunder, and waivers of legal requirements under this Agreement, in each case without prejudice to any Party's rights under this Agreement. Such cooperation shall include, but is not limited to:

(i) retaining until the expiration of the relevant statute of limitations (including extensions) plus one year, any and all records, documents, accounting data, computer data, actuarial data, investment data and other information "Records") necessary for the preparation, filing, review, audit or defense of all Tax Returns relevant to an obligation, right or liability of either Party under this Agreement;

(ii) providing the other Party reasonable access to Records (in the format reasonably determined by the other Party) and to its personnel, including employees and agents of the Parties or their respective affiliates (ensuring their cooperation and reasonable assistance), and premises during normal business hours to the extent relevant to an obligation, right or liability of the other Party under this Agreement or otherwise reasonably required by the other Party to complete Tax Returns, comply with audit requirements, participate in any audit or examination of Tax Returns or to compute the amount of any payment contemplated by this Agreement; and

(iii) after the period of time described in Section 8.1(a)(i) has expired, notifying the other Party prior to disposing of any Records and affording the other Party the opportunity to take possession or make copies of such Records at its discretion and at its own cost and expense.

(b) Additionally, each Party shall (and shall cause its Affiliates to) provide to the other Party with such cooperation, information and assistance reasonably requested by the other Party in connection with:

(i) preparing and filing any Tax Return described in Section 4.1(a) or (b);

(ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes;

(iii) timely responding to any Tax Contest;

(iv) obtaining an opinion from an outside Tax Advisor with respect to matters described in (i), (ii) and (iii) above; and

(v) timely complying with auditor requests with respect to matters (i), (ii) and (iii) above.

Any such request shall be fulfilled as soon as practicable after receipt of a written notice describing the information required and, with respect to any request pursuant to Section 8.1(b)(i), no later than 60 days prior to the due date for filing such Tax Return (with extensions), or in the case of any such Tax Return filed on a monthly basis or property Tax Return, at least 10 Business Days prior to the due date for such Tax Return.

(c) Any information or documents provided under this Section 8.1 shall be kept confidential by the Party or Parties receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any Tax Contest. Notwithstanding any other provision of this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement, in no event shall either Party be required to provide the other Party or any of its respective Affiliates or their respective representatives access to or copies of any information or documents if such action could reasonably be expected to be commercially detrimental, violate any law or obligation to a third party or result in the waiver of any privilege under applicable Law, *provided* that each of the Parties shall use its reasonable best efforts to provide such information or documents in accordance with its obligations under Sections 8.1(a) and (b) in a manner that avoids any such harm or consequence.

8.2 Interest. Any payments required pursuant to this Agreement that are not made within the time period specified in this Agreement shall bear interest from the end of that period at the Prime Rate plus two percent, compounded semiannually, from the due date of the payment to the date paid. To the extent interest required to be paid under this Section 8.2 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Section 8.2 or the interest rate provided under such other provision.

8.3 Treatment of Payments: Tax Gross Up.

(a) Except to the extent otherwise required by a change in Tax treatment under the Code or other applicable Tax law, SpinCo and Parent agree that, for all Income Tax purposes, (i) any indemnity payment payable pursuant to this Agreement or by the Separation and Distribution Agreement or the Employee Matters Agreement (not including, for the avoidance of doubt, any payment to fund the Parent Non-Qualified Liabilities) shall be treated as if it occurred immediately prior to the Distribution and shall be treated as being distributed or contributed, as appropriate, pursuant to the Plan of Reorganization that includes the Distribution and (ii) any payment of interest or state Income Taxes by or to a Tax Authority, as taxable or deductible, as the case may be, to the Party entitled under this Agreement to retain such payment or required under this Agreement to make such payment. The Parties shall cooperate in good faith (including,

where relevant, by using commercially reasonable efforts to establish local payment arrangements between each Party's Subsidiaries) to minimize or eliminate, to the extent permissible under applicable law, any Tax that would otherwise be imposed with respect to any payment required by this Agreement or by the Separation and Distribution Agreement (or maximize the ability to obtain a credit for, or refund of, any such Tax).

(b) If, notwithstanding the manner in which payments described in Section 8.3(a) were reported, there is an adjustment to the Tax liability of a Party as a result of its receipt or payment pursuant to this Agreement or the Separation or Distribution Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Party receiving such payment would otherwise be entitled to receive.

(c) Notwithstanding anything in this Agreement to the contrary, to the extent a Party makes a payment of interest to another Party under this Agreement with respect to the period from (i) the date that the payor was required to make a payment to the payee to (ii) the date that the payor actually made such payment, the interest payment shall be treated as interest expense to the payor (deductible to the extent provided by law) and as interest income by the payee (includible in income to the extent provided by law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the payor or increase in Tax to the payee.

8.4 Dispute Resolution. In the event of any dispute between the Parties as to any matter covered by this Agreement, including any amendments thereto, the parties shall appoint a nationally recognized independent public accounting firm (the "Accounting Firm") to resolve such dispute. In this regard, the Accounting Firm shall make determinations with respect to the disputed items based solely on representations made by Parent and SpinCo and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination in favor of one Party only. The Parties shall require the Accounting Firm to resolve all disputes no later than 30 days after the submission of such dispute to the Accounting Firm and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all disputes in a manner consistent with this Agreement. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The fees and expenses of the Accounting Firm shall be borne equally by the Parties.

ARTICLE IX
TAX CONTESTS

9.1 Tax Contests.

(a) Parent or SpinCo, as applicable, shall, within 10 Business Days of becoming aware of any Tax Contest (including a Transaction Tax Contest) that could reasonably be expected to cause the other Party to have an indemnification obligation under this Agreement, notify the other Party of such Tax Contest and thereafter promptly forward or make available to the Indemnifying Party copies of notices and communications relating to the relevant portions of such Tax Contest. Any such notice shall contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail. A failure by an Indemnitee to give notice as provided in this Section 9.1(a) (or to promptly forward any such notices or communications) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure; *provided, however*, that such Indemnitee shall make all commercially reasonable efforts to mitigate such failure, including by seeking an extension of any relevant time limitations or deadlines for response.

(b) Parent shall, subject to Section 9.1(d), have the exclusive right to control the conduct and settlement of any Tax Contest (i) that relates solely or primarily to Taxes that are the responsibility of Parent pursuant to Article II or (ii) at Parent's election, that may reasonably be expected to materially affect amounts for which both Parent and SpinCo are liable under Article II, *provided* that SpinCo shall have the right, at its sole expense, to participate in and advise on all aspects of any Tax Contest Parent elects to control under clause (ii) above, but only in connection with matters relating to potential material liability of a member of the SpinCo Group. If the conduct or settlement of any portion or aspect of such Tax Contest could reasonably be expected to cause SpinCo to have an indemnification obligation or a Tax Benefit entitlement under this Agreement, then Parent shall not accept or enter into any settlement without the consent of SpinCo, which shall not be unreasonably withheld or delayed. If, as result of a Tax Contest which Parent elects to control described in clause (ii) above, SpinCo could reasonably be expected to have an indemnification obligation or Tax Benefit entitlement under this Agreement, (1) Parent shall consult with SpinCo reasonably in advance of taking any material proposed course of action, (2) Parent shall consult with SpinCo and offer SpinCo a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Consent, (3) Parent shall conduct such Tax Contest with reasonable diligence and in good faith as if it were the only party in interest in connection with such Tax Contest, (4) SpinCo shall be entitled to participate in all formally scheduled meetings with any Tax Authority relating to such Tax Contest and receive copies of any written materials received by Parent from the relevant Tax Authority and (5) Parent shall keep SpinCo promptly informed of all material developments in relation to the Tax Contest. Parent shall notify SpinCo within 10 Business Days of becoming aware of a Tax Contest under Section 9.1(b)(ii) if Parent does not elect to control such Tax Contest; *provided* that Parent shall have the right to assume control of any such Tax Contest and to settle, compromise and/or concede such Tax Contest, if Parent reasonably determines that (x) as a result of subsequent developments the expected Tax liability exposure of any member of the Parent Group resulting from such Tax Contest has materially increased; (y) SpinCo has failed to adequately and properly manage the conduct of such Tax Contest or (z) an event has occurred during such Tax Contest that could adversely affect Parent in any material respect.

(c) SpinCo shall, subject to Section 9.1(d), have the exclusive right to control the conduct and settlement of any Tax Contest (i) that relates solely to Taxes that are the responsibility of SpinCo pursuant to Article II, (ii) that could not reasonably be expected to materially affect amounts for which Parent is liable under Article II, or (iii) that Parent does not elect to control under Section 9.1(b)(ii); *provided* that Parent shall have the right, at its sole expense, to participate in and advise on all aspects of such Tax Contests and may coordinate discussions with the relevant Taxing Authority with respect thereto, and, with respect to any Tax Contest that could reasonably be expected to cause Parent to have an indemnification obligation or a Tax Benefit entitlement under this Agreement, SpinCo shall not accept or enter into any settlement without the consent of Parent, which shall not be unreasonably withheld or delayed.

(d) Notwithstanding anything in this Section 9.1 to the contrary, with respect to any Transaction Tax Contest as a result of which SpinCo could reasonably be expected to become liable for any Tax or Tax-Related Losses which Parent has the right to administer and control pursuant to Section 9.1(b), (i) Parent shall solely control the resolution of such Tax Contest, (ii) Parent shall consult with SpinCo reasonably in advance of taking any material proposed course of action, (iii) Parent shall consult with SpinCo and offer SpinCo a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (iv) Parent shall conduct such Tax Contest with reasonable diligence and in good faith as if it were the only party in interest in connection with such Tax Contest and (v) Parent shall provide SpinCo with any written materials relating to such Tax Contest received from the relevant Tax Authority.

(e) With respect to any Transaction Tax Contest as a result of which Parent could reasonably be expected to become liable for any Tax or Tax-Related Losses which SpinCo has the right to administer and control pursuant to Section 9.1(c), (i) SpinCo shall consult with Parent reasonably in advance of taking any material proposed course of action, (ii) SpinCo shall consult with Parent and offer Parent a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest, (iii) SpinCo shall conduct such Tax Contest with reasonable diligence and in good faith as if it were the only party in interest in connection with such Tax Contest, (iv) Parent shall be entitled to participate in such Tax Contest and receive copies of any written materials relating to such Tax Contest received from the relevant Tax Authority and (v) SpinCo shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of Parent, which consent shall not be unreasonably withheld, *provided* that Parent shall have right to assume control of such Tax Contest as described in Section 9.1(b).

(f) SpinCo shall (and shall cause each member of the SpinCo Group to) execute and deliver to Parent (or such member of the Parent Group as Parent shall designate) any power of attorney or similar document reasonably requested by Parent (or such designee) in connection with any Tax Contest controlled by Parent described in this Section 9.1. Parent shall (and shall cause each member of the Parent Group to) execute and deliver to SpinCo (or such member of the SpinCo Group as SpinCo shall designate) any power of attorney or similar document reasonably requested by SpinCo (or such designee) in connection with any Tax Contest controlled by SpinCo described in this Section 9.1.

9.2 Expenses and Applicability. Subject to Section 7.5, after the Contribution and Distribution, each Party shall bear its own expenses in the course of any Tax Contest.

9.3 Scheduled Tax Contests. Notwithstanding anything in Sections 5.2, 9.1 and 9.2 to the contrary, all Tax Contests relating to the matter described in Schedule 9.3 shall be subject to the procedures described in Schedule 9.3.

ARTICLE X MISCELLANEOUS

10.1 Effective Date; Termination of Prior Intercompany Tax Allocation Agreements. This Agreement shall be effective as of the Effective Time. As of the Effective Time, (i) all prior intercompany Tax allocation agreements or arrangements solely between or among Parent and/or any of its Subsidiaries, on the one hand, and SpinCo and/or any of its Subsidiaries, on the other hand, shall be terminated, and (ii) amounts due under such agreements as of the date on which the Effective Time occurs shall be settled. Upon such termination and settlement, no further payments by or to Parent or any of its Subsidiaries or by or to SpinCo or any of its Subsidiaries, with respect to such agreements shall be made, and all other rights and obligations resulting from such agreements between the Parties and their Affiliates shall cease at such time. Any payments pursuant to such agreements shall be disregarded for purposes of computing amounts due under this Agreement; *provided* that, to the extent appropriate, payments made pursuant to such agreements shall be credited to Parent or SpinCo, respectively, in computing their respective obligations pursuant to this Agreement, in the event that such payments relate to a Tax liability that is the subject matter of this Agreement for a Tax Period that is the subject matter of this Agreement.

10.2 Coordination of Agreements. The Parties agree that, in the event of a conflict between the terms of this Agreement and the Separation and Distribution Agreement or any of the Ancillary Agreements, with respect to the matters addressed herein, the terms of this Agreement shall govern (it being understood that the terms pursuant to which any transition services related to Tax matters shall be provided under the Transition Services Agreement shall be governed by the Transition Services Agreement).

10.3 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties hereto and delivered to the other Party hereto.

(b) This Agreement and the Exhibits, Schedules and appendices hereto contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and SpinCo represents on behalf of itself and each other member of the SpinCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(d) Each Party acknowledges that it and each other Party is executing this Agreement by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp, electronic or mechanical signature) by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

10.4 Governing Law; Waiver of Jury Trial.

(a) This Agreement (and any Disputes arising out of or related or to the transactions contemplated hereby or to the inducement of any party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

(b) Subject to the provisions of Section 8.4, each of the Parties hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the federal court of the United States of America sitting in Delaware, and appellate courts thereof, in any action or proceeding arising out of or relating to this Agreement for recognition or enforcement of any

judgment relating hereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such action or proceeding except in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the federal court of the United States of America sitting in Delaware, and appellate courts thereof, (ii) agrees that any claim in respect of any such action or proceeding may be heard and determined in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the federal court of the United States of America sitting in Delaware, and appellate courts thereof, (iii) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in such courts and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such courts.

(c) EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.4(c).

10.5 Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns; *provided, however*, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement in whole in connection with a Change of Control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any member of its Group from being party to or undertaking a Change of Control.

10.6 Third-Party Beneficiaries. Except for any Parent Indemnitee or SpinCo Indemnitee (in their respective capacities as such) expressly entitled to indemnification rights under this Agreement, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and are not intended to confer upon any other Person any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

10.7 Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by e-mail with receipt confirmed (followed by delivery of an original via overnight courier service or by registered or certified mail postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.7):

If to Parent, to:

International Paper Company
6400 Poplar Avenue
Memphis, Tennessee 38197
Attention: []
E-mail: []

with a copy (which shall not constitute notice) to:

[]
[]
[]
Attention: []
E-mail: []

If to SpinCo, to:

[]
[]
[]
Attention: []
E-mail: []

with a copy (which shall not constitute notice) to:

[]
[]
[]
Attention: []
E-mail: []

A Party may, by notice to the other Party, change the address to which such notices are to be given.

10.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.9 Force Majeure. No Party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement, as applicable, as soon as reasonably practicable.

10.10 Headings. The Article, Section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.11 Survival. Except as expressly set forth in this Agreement, the covenants, representations and warranties contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect without limitation as to time.

10.12 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement must be in writing and shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

10.13 Specific Performance. Subject to the provisions of Section 8.4, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party hereto that is, or is to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its rights under this Agreement in addition to any other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

10.14 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.15 Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto and thereto) and not to any particular provision of this Agreement; (c) article, section, schedule, exhibit and appendix references are to the articles, sections, schedules, exhibits and appendices to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement) shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in (x) Memphis, Tennessee or (y) New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; (j) the word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”; (k) unless otherwise specified, all dollar amounts, including the symbol “\$”, refer to the lawful currency of the United States of America; and (l) all references to “the date hereof” or “the date of this Agreement” and words of similar import shall all be references to [], 2021.

10.16 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither SpinCo or any member of the SpinCo Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

10.17 Performance. Parent shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the Parent Group. SpinCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the SpinCo Group. Each Party (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party’s obligations under this Agreement or the transactions contemplated hereby.

10.18 Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Tax Matters Agreement to be executed by their duly authorized representatives as of the date first written above.

INTERNATIONAL PAPER COMPANY

By: _____
Name:
Title:

SYLVAMO CORPORATION

By: _____
Name:
Title:

[Signature Page to Tax Matters Agreement]

Schedule 2.3

For purposes of this Schedule 2.3, “Brazil Goodwill Taxes” means any and all Taxes or legal charges imposed by any Brazilian Governmental Authority, resulting directly from the Brazilian Federal Revenue Service’s challenge of goodwill amortization deductions taken by International Paper do Brasil Ltda. (“IP do Brasil”) on its Tax Returns for its 2007-2017 Tax Periods relating to the merger of LA Celulose and IP do Brasil.

(a) *Pre-Distribution Date Liability.* If, prior to the Distribution Date, (i) a Brazilian Governmental Authority enacts an amnesty program and (ii) Parent determines in its sole discretion to become a party to such amnesty program and settle all or a portion of IP do Brasil’s liability relating to the Brazil Goodwill Taxes, Parent shall notify SpinCo of such determination on or prior to the Distribution Date, Parent shall be responsible for and shall pay to SpinCo or to the relevant Brazilian Governmental Authority for the account of IP do Brasil an amount equal to 100% of such settlement up to \$180 million. To the extent that the amount of such settlement exceeds \$180 million, SpinCo shall be responsible for and shall pay to the relevant Brazilian Governmental Authority for the account of IP do Brasil an amount equal to 100% of such excess, up to \$60 million, and Parent shall be responsible for and shall pay to the relevant Brazilian Governmental Authority for the account of IP do Brasil 100% of any amount of such settlement above \$240 million.

(b) *Post-Distribution Date Liability.*

(i) Parent shall pay to SpinCo or to the relevant Brazilian Governmental Authority for the account of IP do Brasil an amount equal to (1) 60% of the first \$300 million (up to \$180 million) of any Brazil Goodwill Taxes imposed on or payable by IP do Brasil following the Distribution Date as a result of a Final Determination, whether pursuant to a final, non-appealable determination by a federal court in Brazil, the terms of an amnesty program to which IP do Brasil has become a party or other settlement or otherwise, other than any Brazil Goodwill Taxes pursuant to a settlement described in clause (a) and (2) 100% of any such Brazil Goodwill Taxes above \$300 million.

(ii) Parent shall pay to SpinCo an amount equal to (1) 60% of any premium and other costs and expenses paid by SpinCo for any period following the Distribution Date to the providers of the Surety Bonds (as defined below) to maintain, renew or replace the Surety Bonds with a face amount of up to \$300 million and (2) 100% of any incremental premium and other costs and expenses (as determined by Parent in good faith) attributable to the portion of such Surety Bonds that exceeds \$300 million.

(c) *Reimbursement of Payments by Parent.* If any amount with respect to the Brazil Goodwill Taxes is either (1) (x) drawn on one or more surety bonds issued in favor of [the Federal courts in Brazil] with respect to the Brazil Goodwill Taxes (the “Surety Bonds”) and (y) reimbursed by Parent or a member of the Parent Group to the providers of the Surety Bonds pursuant to the terms of the Surety Bonds and indemnity agreements entered into in connection therewith, or (2) paid by Parent to the relevant Brazilian Governmental Authority for the account of IP do Brasil, SpinCo shall pay to Parent an amount equal to the excess, if any, of (i) the aggregate amount reimbursed by Parent to the providers of the Surety Bonds or paid by Parent to the relevant Brazilian Governmental Authority for the account of IP do Brasil, as applicable, over (ii) the amount for which Parent has payment responsibility under clause (a) or (b) of this Schedule 2.3.

(d) *Timing; Currency.*

(i) Any payment required to be made by Parent pursuant to clauses (a) or (b)(i) of this Schedule 2.3 as a result of a settlement pursuant to an amnesty program shall be made on or prior to the date such settlement payment is required to be made by IP do Brasil (taking into account any available extensions for making such payment) pursuant to such amnesty program.

(ii) Any payment (x) required to be made by Parent pursuant to clause (b)(i) of this Schedule 2.3 and (y) not described in clause (d)(i) shall be made on or prior to the date a payment is required to be made by IP do Brasil (taking into account any available extensions for making such payment) following a Final Determination that is non-appealable or for which Parent has determined not to pursue an available appeal.

(iii) Any payment required to be made by Parent pursuant to clause (b)(ii) of this Schedule 2.3 shall be made within 5 Business Days after SpinCo provides Parent with a request for reimbursement with respect to the relevant amount.

(iv) Any payment required to be made by SpinCo pursuant to clause (c) of this Schedule 2.3 shall be made within 5 Business Days after the date Parent provides SpinCo with notice that an applicable amount has been drawn with respect to the Surety Bonds or has been paid by Parent to the relevant Brazilian Governmental Authority. Without prejudice to Parent's other rights and remedies, in the event any payment required to be made to Parent by SpinCo pursuant to clause (c) of this Schedule 2.3 is not paid when due, interest shall accrue from such date until the date of actual payment, at an annual interest rate equal to the Prime Rate plus 2.5%, which interest shall be payable quarterly in arrears on the last Business Day of each quarter and shall be computed on the basis of a year of 360 days and the actual number of days elapsed.

(v) Any payment required to be made by SpinCo to Parent pursuant this Schedule 2.3 shall be made in U.S. dollars. The U.S. dollar amount of any payment required to be made by SpinCo to Parent pursuant to clause (c) of this Schedule 2.3 to reimburse a payment in Brazilian real by Parent or a member of the Parent Group, and any U.S. dollar threshold in clause (a) or (b), shall be determined based the U.S. dollar cost that is incurred by Parent or such member of the Parent Group in making such payment (including the cost of any related currency hedging), as determined by Parent in good faith. Any payment required to be made by Parent to SpinCo or the relevant Brazilian Governmental Authority pursuant to clause (a) or clause (b) of this Schedule 2.3 shall be made in Brazilian real.

(e) *Replacement or Renewal of Surety Bonds.* Parent shall use its commercially reasonable efforts with the cooperation of SpinCo to procure the replacement, renewal or the issuance of additional Surety Bonds as the applicable Brazilian Governmental Authority may reasonably request for IP do Brasil to continue the Tax Contest relating to the Brazil Goodwill Taxes, by agreeing to indemnify or guarantee the provider or providers of such Surety Bonds (which arrangements may require Parent to post collateral to secure its obligations to the provider or providers of the Surety Bonds), or if such Surety Bonds cannot be replaced, renewed or obtained, to make other collateral arrangements as the applicable Brazilian Governmental Authority may reasonably request for IP do Brasil to continue the Tax Contest

relating to the Brazil Goodwill Taxes. SpinCo shall not permit IP do Brazil or any other member of the SpinCo Group to, without Parent's prior written consent, (1) renew or extend, or fail to renew or extend, the term of, (2) increase its obligations under, (3) transfer to another third party or (4) amend in any manner adverse to Parent, except as contemplated by the first sentence of this paragraph (e) or Schedule 9.3, the Surety Bonds or any obligation for which Parent is, or would reasonably be expected to be, liable relating to the Brazil Goodwill Taxes.

(f) Guarantee Fee; Collateral Fee.

(i) In consideration for the indemnity agreement or any other guarantee entered into by Parent in connection with the Surety Bonds, SpinCo shall pay to Parent in cash a guarantee fee calculated at an annual rate of 1.5% based on 40% of up to \$300 million of the face amount of the Surety Bonds (the "Guarantee Fee") for so long as the Surety Bonds remain outstanding. The Guarantee Fee shall be payable quarterly in advance, with the first quarterly installment of the Guarantee Fee payable with respect to the period beginning on October 1, 2021 and ending on December 31, 2021. Each quarterly installment of the Guarantee Fee shall be payable in advance within fifteen (15) days following the beginning of the relevant quarter and shall be calculated based on the U.S. dollar equivalent of the face amount of the Surety Bonds outstanding on the last Business Day of the previous quarter, using the applicable spot exchange rate on such day with a true up payment to be made at the end of the relevant quarter if the face amount of the Surety Bonds outstanding is increased during such quarter.

(ii) From and following any posting of collateral by the Parent to secure its obligations under the Surety Bonds pursuant to a demand therefor by the provider or providers thereof, or from and following any making by Parent of other collateral arrangements as requested by the applicable Brazilian Governmental Authority as contemplated in clause (e) of this Schedule 2.3, for so long as such collateral remains posted, (x) the Guarantee Fee shall terminate and (y) SpinCo shall instead pay to Parent in cash a collateral fee calculated at an annual rate equal to LIBOR plus 3% based on 40% of up to \$300 million of the fair market value of such collateral (the "Collateral Fee"), provided that, if Sylvamo elects to post collateral in respect of 40% of up to \$300 million of the liability, the collateral fee shall be zero. The Collateral Fee shall be payable in quarterly installments pursuant to the same schedule described in clause (i) with respect to the Guarantee Fee, and shall be calculated based on the amount of collateral posted on the last Business Day of the quarter preceding the period with respect to which such Collateral Fee accrues, with a true up payment to be made at the end of such period if the amount of collateral posted is increased during such period. If such collateral is cash other than U.S. dollars, the fair market value of such collateral shall be converted into U.S. dollars using the spot exchange rate on the last Business Day of the quarter preceding the period which respect to which such Collateral Fee accrues. For purposes of this clause (f)(ii) "LIBOR" means the "Benchmark" for U.S. dollar borrowings with a three month interest period under the revolving credit facility of Parent as in effect from time to time.

For the avoidance of doubt, (i) Sections 5.2 and 8.3(b) of this Agreement shall not apply to payments required under this Schedule 2.3 and (ii) Parent shall not be required to make any payment in respect of Brazil Goodwill Taxes to SpinCo or any of its Affiliates to the extent that the relevant Brazilian Governmental Authority irrevocably abandons and relinquishes, or otherwise irrevocably ceases to pursue, the Brazilian Federal Revenue Service's challenge relating to the Brazil Goodwill Taxes or such challenge is resolved in favor of IP do Brasil.

Schedule 9.3

Brazil Goodwill Tax Contests.

(a) Parent shall administer and control the conduct and resolution of any Tax Contest relating to the Brazil Goodwill Taxes (the “Brazil Goodwill Tax Contests”), *provided* that, other than in the case of any settlement described in clause (a) of Schedule 2.3, (i) SpinCo shall have the right, at its sole expense, to participate in any Brazil Goodwill Tax Contest (ii) Parent shall consult with SpinCo reasonably in advance of taking any material proposed course of action with respect to the Brazil Goodwill Tax Contests, (iii) Parent shall consult with SpinCo and offer SpinCo a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with the Brazil Goodwill Tax Contests, (iv) SpinCo shall be entitled to participate in all formally scheduled meetings with any Tax Authority relating to the Brazil Goodwill Tax Contests and (v) Parent shall conduct the Brazil Goodwill Tax Contests with reasonable diligence and in good faith as if it were the only party in interest in connection with the Brazil Goodwill Tax Contests. Without limiting the generality of the foregoing, Parent shall have the right to (1) determine in its sole discretion, which discretion shall be exercised in good faith, whether to appeal or to resolve any Brazil Tax Goodwill Contest (whether pursuant to participation in an amnesty program or other settlement or otherwise) and (2) select the counsel that will represent IP do Brasil in connection with the Brazil Tax Goodwill Contests.

(b) SpinCo shall (and shall cause each member of the SpinCo Group to) execute and deliver to Parent (or such member of the Parent Group as Parent shall designate) any power of attorney or similar document reasonably requested by Parent (or such designee) in connection with any Brazil Goodwill Tax Contest.

(c) Each Party shall bear its own expenses in the course of any Brazil Goodwill Tax Contest.

FORM OF EMPLOYEE MATTERS AGREEMENT

by and between

INTERNATIONAL PAPER COMPANY

(“Parent”)

and

SYLVAMO CORPORATION

(“SpinCo”)

dated as of [•], 2021

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FORM OF EMPLOYEE MATTERS AGREEMENT

This Employee Matters Agreement (together with all exhibits, schedules, appendices and annexes hereto, this “Agreement”), dated as of [•], 2021 is by and between International Paper Company, a New York corporation (“Parent”), and Sylvamo Corporation, a Delaware corporation (“SpinCo”) (each a “Party” and collectively, the “Parties”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in ARTICLE I.

WHEREAS, SpinCo is a wholly-owned, direct Subsidiary of Parent;

WHEREAS, the board of directors of Parent (the “Parent Board”) has determined that it is in the best interests of Parent and its shareholders to create a new publicly traded company that will operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to effect the Separation and the Distribution (as each such term is defined in the Separation Agreement);

WHEREAS, to effectuate the Separation and Distribution, Parent and SpinCo have entered into a Separation and Distribution Agreement, dated as of [•], 2021 (the “Separation Agreement”);

WHEREAS, in addition to the matters addressed by the Separation Agreement, the Parties desire to enter into this Agreement that is an “Ancillary Agreement” under the Separation Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters; and

WHEREAS, the Parties acknowledge that this Agreement, the Separation Agreement and the other Ancillary Agreements under the Separation Agreement represent the integrated agreement of Parent and SpinCo relating to the Separation and Distributions, are being entered into together and would not have been entered into independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I. DEFINITIONS

Section 1.1. Definitions.

“Actuarial Assumptions” means the actuarial assumptions used in connection with the most recently completed actuarial report of the accounting liabilities under the applicable Parent Pension Plan, except that, any actuarial assumption changes regarding accounting liabilities to the applicable Parent Pension Plan as a result of Parent’s actuary’s 2021 experience study will be utilized to the extent different, and the discount rate applied in determining such liabilities shall be determined as of the Interim Transfer Date.

“Affiliate” has the meaning ascribed to it in the Separation Agreement.

“Agreement” has the meaning ascribed to it in the Recitals to this Agreement

“Applicable CBA” means the Labor Agreement between International Paper Company (Ticonderoga Mill) and the United Steel Workers, Local 4-0005 and Local 4-0497, effective June 1, 2017, and incorporates, as applicable, any language required by the IP Mill Master Agreement Memorandum dated September 1, 2015 and expiring on August 31, 2023.

“Assumption Date” means the date as of which SpinCo [assumes][assumed] the obligations of the Parent under the Applicable CBA[, which shall in all events be no later than immediately prior to the Effective Time][which was September 1, 2021].

“Bargaining Units” means the bargaining units under the Applicable CBA immediately prior to the Assumption Date.

“Benefit Payments” has the meaning ascribed to it in Section 5.2(d)(ii).

“Business Day” has the meaning ascribed to it in Section 11.4.

“Business Employee” means each individual employee of Parent or a Subsidiary of Parent who (i) as of the day immediately prior to the Interim Transfer Date, was assigned to a position in which at least two-thirds of his or her services as an employee of the Parent or a Subsidiary of the Parent were devoted to or for the benefit of the SpinCo Business (including any such individual assigned to such a position who is not actively working as of the Effective Time as a result of an illness, injury or leave of absence approved by Parent’s Human Resources department or otherwise taken in accordance with applicable Law) or (ii) is identified by Parent or pursuant to Parent’s job posting process as the person to fulfill a position unassigned as of the day immediately prior to the Interim Transfer Date in which the person would be expected to devote at least two-thirds of his or her services as an employee of the Parent or a Subsidiary of the Parent to or for the benefit of the SpinCo Business.

“Cancelled Parent PSP Shares” has the meaning ascribed to in Section 8.1.

“Cancelled Parent Restricted Shares” has the meaning ascribed to in Section 8.2.

“COBRA” has the meaning ascribed to it in Section 6.3.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Effective Time” has the meaning ascribed to it in the Separation Agreement.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Excluded Employees” has the meaning set forth in Section 2.5(a)(iv).

“Final Asset Transfer” has the meaning ascribed to it in Section 5.2(d)(ii).

“Former Business Employee” means any individual who had at any time provided services in respect of the SpinCo Business or the SpinCo Assets, but (i) as of the Interim Transfer Date, is no longer actively employed by Parent or any Subsidiary or (ii) is employed by Parent or a Subsidiary, but as of the day immediately prior to the Interim Transfer Date no longer qualified as a Business Employee (and does not otherwise thereafter again become a Business Employee prior to the Effective Time).

“FSA Participants” has the meaning ascribed to it in Section 6.2(c).

“Governmental Authority” has the meaning ascribed to it in the Separation Agreement.

“Group” means either of the Parent Group or the SpinCo Group, as the context requires.

“Hourly Incentive Plans” means the Ticonderoga Gain Sharing Plan, the Sumter Sheeting Facility Gain Sharing Plan, and the Eastover Gain Sharing Plan.

“Indemnifiable Losses” means all Losses, Liabilities, damages, claims, demands, judgments or settlements of any nature or kind, including, but not limited to, all costs and expenses (legal, accounting or otherwise) that are reasonably incurred relating thereto, suffered by an Indemnified Party, including, but not limited to, any costs or expenses of enforcing any indemnity hereunder that are reasonably incurred.

“Indemnified Parties” has the meaning ascribed to it in Section 10.3(b).

“Indemnifying Party” means a Person that is obligated under this Agreement to provide indemnification.

“Initial Asset Transfer” has the meaning ascribed to it in Section 5.2(d)(i).

“Insured WC Claims” has the meaning ascribed to it in Section 6.4.

“Interim Transfer Date” means September 1, 2021.

“Internal Reorganization” has the meaning ascribed to it in the Separation Agreement.

“Law” has the meaning ascribed to it in the Separation Agreement.

“Layoff with Right of Recall” means any Represented Employee who has been formally laid off by any member of the Parent Group, the SpinCo Group or a Transferred Entity under circumstances that entitle such Represented Employee to a right of recall by his or her employer and whose period of eligibility for recall pursuant to the Applicable CBA has not expired, or whose right to recall has not been forfeited pursuant to the Applicable CBA, as of the Effective Time.

“Leave Employee” means any Business Employee who, as of the Effective Time, (i) is on a Leave of Absence or receiving long-term disability benefits under a Parent Plan or a SpinCo Plan and (ii) is not a Retained Employee.

“Leave Employee Commencement Date” has the meaning ascribed to it in Section 2.3(a).

“Leave of Absence” means a leave from active employment that is expected to continue following the Effective Time and that (i) was granted in accordance with the applicable policies and procedures (including, but not limited to, any policy or procedures implemented to comply with the United Services Employment and Reemployment Rights Act, the Americans with Disabilities Act, the Family and Medical Leave Act or similar state or other Law or with the Applicable CBA) of a member of the Parent Group, the SpinCo Group or a Transferred Entity or (ii) arose due to an illness or injury that results in the individual being eligible for short-term disability benefits, sickness and accident benefits or workers’ compensation under the Parent’s or SpinCo’s (as applicable) short-term disability or sickness and accident plan or state or other Law. For the avoidance of doubt, any employee who is not at work on the day of the Effective Time due to vacation, sickness or accident that has not qualified the individual for short-term disability or accident benefits, workers’ compensation or other temporary absence, but whose employment continues in accordance with the Parent Group’s or SpinCo Group’s employment policies (such as due to the use of personal days), shall be considered to be actively at work on the day of the Effective Time. Any individual who is receiving long-term disability benefits at the Effective Time shall not be considered to be on a “Leave of Absence” for purposes of this definition.

“Liabilities” means any and all obligations, benefit entitlements, losses, claims, charges, debts, demands, actions, costs and expenses (including, but not limited to, those arising under any contract, collective bargaining agreement, or plan, and administrative and related costs and expenses of any plan, program, or arrangement), of any nature whatsoever, whether absolute or contingent, vested or unvested, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising.

“Liability Event” has the meaning ascribed to it in Section 10.6(b).

“Losses” has the meaning ascribed to it in the Separation Agreement.

“Management Incentive Plan” means the International Paper Company 2021 Management Incentive Plan, as amended.

“Parent” has the meaning ascribed to it in the preamble to this Agreement.

“Parent Board” has the meaning ascribed to it in the Recitals to this Agreement.

“Parent Cancelled Share Value” shall mean the closing price of a share of the common stock of the Parent on the New York Stock Exchange on the last trading day immediately preceding the Effective Time.

“Parent FSAs” means the International Paper Company EBRA and Tax-Free Health Care Contributions Plan and the International Paper Company Tax-Free Health Care Contributions for Hourly Employees Plan.

“Parent Group” has the meaning ascribed to it in the Separation Agreement.

“Parent Hourly Savings Plan” means the International Paper Company Hourly Savings Plan.

“Parent Indemnified Parties” has the meaning ascribed to it in Section 10.3(a).

“Parent Liabilities” means all Liabilities of Parent and the Parent Subsidiaries. In no event shall the term Parent Liabilities include any Liabilities that are transferred from or otherwise cease to be Liabilities of any of Parent or any other member of the Parent Group pursuant to this Agreement, or that have, or will become, SpinCo Employee Liabilities.

“Parent Non-Qualified Pension Plan” means the International Paper Company Pension Restoration Plan for Salaried Employees.

“Parent Non-Qualified Pension Plan Liabilities” has the meaning ascribed to it in Section 5.3(b).

“Parent Non-Qualified Savings Plan” means the International Paper Company Deferred Compensation Savings Plan.

“Parent Non-Qualified Savings Plan Liabilities” has the meaning ascribed to it in Section 7.3(b).

“Parent PBO Funding Percentage” has the meaning ascribed to it in Section 5.2(g).

“Parent Pension Plans” mean the Parent Qualified Pension Plan and the Parent Non-Qualified Pension Plan.

“Parent Plan” means any plan, policy, program, payroll practice, on-going arrangement, contract, trust, insurance policy or other agreement or funding vehicle, whether written or unwritten, maintained or sponsored by Parent or any of its Subsidiaries or Affiliates (or any of their respective predecessors) at any time on or prior to the Effective Time for the purpose of providing compensation or benefits to any current or former employee of any such person.

“Parent Qualified Pension Plan” means the Retirement Plan of International Paper Company.

“Parent Qualified Plan Net Assets” has the meaning ascribed to it in Section 5.2(g).

“Parent Qualified Savings Plans” mean the Parent Hourly Savings Plan and the Parent Salaried Savings Plan.

“Parent Salaried Savings Plan” means the International Paper Company Salaried Savings Plan.

“Parent Savings Plans” means the Parent Qualified Savings Plans and the Parent Non-Qualified Savings Plan.

“Parent Severance Plan” means the (i) International Paper Company Salaried Employee Severance Plan and (ii) any other severance plan or policy of any member of the Parent Group applicable to Business Employees.

“Parent Subsidiaries” mean all direct and indirect Subsidiaries that are, or continue to be, Subsidiaries of Parent immediately after the Effective Time. For the avoidance of doubt, for purposes of this Agreement none of the Transferred Entities, nor any other member of the SpinCo Group, shall be a Parent Subsidiary.

“Parent Trust” has the meaning ascribed to it in Section 5.2(d)(i).

“Parent Welfare Plans” has the meaning ascribed to it in Section 6.1(a).

“Party” and “Parties” have the respective meanings ascribed to them in the preamble to this Agreement.

“Pension Plan Asset Transfer Amount” has the meaning ascribed to it in Section 5.2(b).

“Person” has the meaning ascribed to it in the Separation Agreement.

“Pro-Rated Fraction” has the meaning ascribed to it in Section 9.1.

“Pro-Rated Parent Award” has the meaning ascribed to it in Section 8.1.

“Representative” means, with respect to any Person, any of such Person’s directors, managers or persons acting in a similar capacity, officers, employees, agents, consultants, financial and other advisors, accountants, attorneys and other representatives.

“Represented Employee” means any Business Employee who is a member of the Bargaining Unit.

“Restricted Employees” has the meaning ascribed to it in Section 2.5(a).

“Retained Employee” means any individual (a) who, as of the Effective Time, (i) is actively employed by, or on an approved Leave of Absence or Layoff with Right of Recall from a member of the Parent Group, or (ii) had been primarily employed in the SpinCo Business or with respect to the SpinCo Assets and (b) whose employment Parent has determined not to transfer to SpinCo or a member of the SpinCo Group.

“Sales Commission Programs” means the programs listed on Exhibit A of this Agreement.

“Separation Agreement” has the meaning ascribed to it in the fourth recital to this Agreement.

“SpinCo” has the meaning ascribed to it in the preamble to this Agreement.

“SpinCo Assets” has the meaning ascribed to it in the Separation Agreement.

“SpinCo Business” has the meaning ascribed to it in the Separation Agreement.

“SpinCo Dependents” means, with respect to any Transferred Employee, any individual who, by virtue of a relationship with the Transferred Employee, was eligible to receive benefits under the terms of any applicable Parent Pension Plan, Parent Savings Plan, or Parent Welfare Plan immediately prior to the Interim Transfer Date. For the avoidance of doubt, a SpinCo Dependent includes only those persons who then actually met the relevant plan’s requirements for eligibility for benefits (i) as a beneficiary or alternate payee, in the case of any applicable Parent Pension Plan or Parent Savings Plan, or (ii) as a dependent, in the case of any applicable Parent Welfare Plans as of the time eligibility for benefits must be determined.

“SpinCo Employee Liabilities” means the liabilities assumed by SpinCo pursuant to Section 10.1 hereof.

“SpinCo FSA” has the meaning ascribed to it in Section 6.2(c)(i).

“SpinCo Group” has the meaning ascribed to it in the Separation Agreement.

“SpinCo Indemnified Parties” has the meaning ascribed to it in Section 10.3(b).

“SpinCo Mirror Plans” means the SpinCo Qualified Pension Plan, the SpinCo Non-Qualified Pension Plan, the SpinCo Qualified Savings Plan and the SpinCo Non-Qualified Savings Plan.

“SpinCo Non-Qualified Pension Plan” has the meaning ascribed to it in Section 5.1.

“SpinCo Non-Qualified Savings Plan” has the meaning ascribed to it in Section 7.1(b).

“SpinCo PBO Funding Percentage” has the meaning ascribed to it in Section 5.2(g).

“SpinCo PBO Liabilities” has the meaning ascribed to it in Section 5.2(f).

“SpinCo Pension Plans” means the SpinCo Qualified Pension Plan and the SpinCo Non-Qualified Pension Plans.

“SpinCo Plan” means any plan, policy, program, payroll practice, on-going arrangement, contract, trust, insurance policy or other agreement or funding vehicle, whether written or unwritten, maintained or sponsored by any member of the SpinCo Group, including without limitation each SpinCo Mirror Plan, that provides or will provide compensation or benefits to any Transferred Employee or SpinCo Dependent.

“SpinCo Qualified Pension Plan” has the meaning ascribed to it in Section 5.1.

“SpinCo Qualified Savings Plan” has the meaning ascribed to it in Section 7.1(a).

“SpinCo Replacement Share Value” shall be an amount equal to the average of the closing prices of the SpinCo common stock on the principal exchange or national quotation system upon which such common stock is traded or listed for each of the 10 trading days commencing with and next following the Effective Time.

“SpinCo Subsidiary” means each Subsidiary of SpinCo, including with respect to periods after the Effective Time, each of the Transferred Entities.

“SpinCo Trust” has the meaning ascribed to it in Section 5.2(d)(i).

“SpinCo Welfare Plans” has the meaning ascribed to it in Section 6.2(a).

“Subsidiary” has the meaning ascribed to it in the Separation Agreement.

“Successorship Provisions” means the successorship provisions set forth in Clause F of Part II of the IP Mill Master Agreement Memorandum which forms a part of the Applicable CBA.

“Suitable Position” means, in respect of a Business Employee other than a Represented Employee, terms of employment that provide for a position which would not entitle such Business Employee to any severance benefits under the Parent Severance Plan if such Business Employee were terminated in connection with the consummation of the transactions contemplated by the Separation Agreement, or solely in the case of a Represented Employee, such terms as may be required pursuant to the terms of the Applicable CBA.

“Tax” has the meaning ascribed to it in the Tax Matters Agreement.

“Tax Matters Agreement” has the meaning ascribed to it in the Separation Agreement.

“Third-Party Claim” has the meaning ascribed to it in the Separation Agreement.

“Time-Off Benefits” has the meaning ascribed to it in Section 6.6.

“Total PBO Liabilities” has the meaning ascribed to it in Section 5.2(f).

“Transferred Employees” means (i) each Business Employee who has accepted an offer of employment with, and has become an employee of, a member of the SpinCo Group or (ii) whose employment otherwise transfers to a member of the SpinCo Group by operation of law or otherwise.

“Transferred Entities” has the meaning ascribed to it in the Separation Agreement.

“Union” means the United Steel Workers, Local 4-0005 and Local 4-0497, which represent the employees of the Bargaining Unit.

“Workers’ Compensation Claims” has the meaning ascribed to it in Section 6.4.

Section 1.2. Capitalized Terms. Any other capitalized term used and not defined herein, but defined in the Separation Agreement, shall have the meaning ascribed thereto in the Separation Agreement.

ARTICLE II. EMPLOYEES

Section 2.1. Employees.

Prior to the Effective Time, except for (i) Retained Employees, (ii) Business Employees who are Leave Employees at the Interim Transfer Date and (iii) those Business Employees (including, where applicable, Leave Employees) whose employment transfers to a member of the SpinCo Group automatically by operation of Law, SpinCo has caused or shall cause the applicable member of the SpinCo Group to offer employment to each Business Employee in a Suitable Position. At or prior to the Effective Time, the employment of each Transferred Employee has or shall be transferred to, and each such employee has or shall become an employee of, a member of the SpinCo Group, without any interruption or cessation of employment or break in service. Except with respect to Represented Employees, an individual’s acceptance of an offer of employment from a member of the SpinCo Group shall be conclusive evidence that such offer constituted a Suitable Position. If a member of the SpinCo Group fails to offer a Business Employee (other than Retained Employee) a Suitable Position prior to the Effective Time and such Business Employee’s employment does not otherwise transfer to a member of the SpinCo Group by operation of law, such Business Employee shall be entitled to receive severance under the Parent Severance Plan applicable to such Business Employee and SpinCo shall reimburse Parent for the aggregate amount of the severance benefits payable, regardless of when payable to the affected employee, within 30 days following the Effective Time. Each Business Employee who receives and who declines an offer of a Suitable Position with a member of the SpinCo Group shall be deemed to have voluntarily resigned employment with the member of the Parent Group by which such Business Employee was employed, effective as of the Effective Time (or such earlier date as of which such Business Employee ceases to provide services to such member of the Parent Group), and for the avoidance of doubt shall not be entitled to any severance benefits from any member of the Parent Group under any Parent Severance Plan or otherwise, unless otherwise required by Law. All individuals employed by the

Parent Group at the Effective Time who are not Business Employees shall remain employees of Parent or another member of the Parent Group immediately following the Effective Time, except in the case of such an individual who accepts an offer of employment from SpinCo or an Affiliate prior to the Effective Time. Nothing in this Agreement shall, or shall be construed to, modify, alter, diminish or otherwise interfere with or supersede or override any right afforded to any Transferred Employee or any obligation imposed on any member of the SpinCo Group at or by operation of applicable Law.

Section 2.2. Termination of Employment or Benefits.

Except as otherwise expressly and specifically provided herein, (i) no provision of this Agreement or the Separation Agreement, and (ii) no actions by the Parent Group or the SpinCo Group taken in contemplation of, or in connection with, this Agreement, the Internal Reorganization or the Separation Agreement shall be construed to create any right, or accelerate any entitlement, to any compensation or benefit whatsoever on the part of any Business Employee (including any Business Employee who becomes a Transferred Employee), or to limit the ability of the SpinCo Group or the Parent Group, respectively, to administer any SpinCo Plan or Parent Plan, as applicable, in accordance with its terms and as may be expressly provided in this Agreement. Without limiting the generality of the foregoing, nothing described above in Section 2.1 or elsewhere in this Agreement shall cause any Transferred Employee to be deemed to have incurred a termination of employment or to have created any entitlement to any severance benefits or the commencement of any other benefits under any Parent Plan or the Applicable CBA, unless otherwise required by Law.

Section 2.3. Employees With Right to Return.

(a) Leave Employees. With respect to all Leave Employees receiving short-term disability benefits as of the Interim Transfer Date, except as otherwise required by applicable Law, Parent Group shall retain all obligations to provide such short-term disability benefits and other benefits for such Leave Employees while the Leave Employees continue to be eligible for short-term disability benefits under the short-term disability plans maintained by the Parent Group. The foregoing sentence shall not apply to any Leave Employee who is employed by a member of the SpinCo Group as of immediately prior to the Interim Transfer Date or whose employment automatically transfers to a member of the SpinCo Group by operation of Law, in which case the appropriate member of the SpinCo Group shall be responsible for providing such Leave Employee disability benefits and any other rights conveyed to such Transferred

Employee at applicable law. Any Business Employee who becomes a Leave Employee on or after the Interim Transfer Date shall be treated as a Transferred Employee for all purposes of this Agreement. SpinCo Group shall honor any reinstatement rights that exist for Leave Employees under applicable Law, the Applicable CBA or otherwise under the policies and practices of the Parent Group (including Business Employees who become Leave Employees on or after the Interim Transfer Date). In the event that any Leave Employee who becomes a Leave Employee prior to the Interim Transfer Date later becomes an employee of the SpinCo Group by reason of the exercise of any such reinstatement rights, from and after the date such Leave Employee commences employment with the SpinCo Group (the "Leave Employee Commencement Date") such Leave Employee shall be afforded the same rights afforded to a Transferred Employee hereof, except that such rights shall extend solely from such Leave Employee Commencement Date and not the Effective Time. Parent and SpinCo shall in good faith take such actions as shall be necessary or appropriate to implement the provisions of this Section 2.3(a) and of the other applicable provisions of this Agreement with regard to such newly characterized Transferred Employee. Unless otherwise required by applicable law, the Applicable CBA or otherwise under the policies and practices of the Parent Group, SpinCo and its Affiliates shall have no obligation hereunder to employ or offer employment to any Leave Employee who becomes a Leave Employee prior to the Interim Transfer Date later and who is not cleared to return to work or who otherwise fails to present himself or herself for active work within twelve (12) months following the Effective Time.

(b) Reinstatement of Former Business Employees. Notwithstanding anything in this Agreement to the contrary and subject to any judicial challenge or appeal undertaken by Parent, in the event that an arbitration or judicial decision orders that a Former Business Employee whose employment terminated with the Parent Group prior to the Effective Time be reinstated to employment with back pay, Parent shall be responsible for the back pay and any other pre-reinstatement monetary damages or other relief awarded (including benefits-related relief), and SpinCo shall be responsible for the reinstatement of the Former Business Employee in accordance with the terms and conditions of the decision. Upon any such reinstatement, such Former Business Employee shall become a Transferred Employee, SpinCo shall have the obligations in respect of such Former Business Employee that it has to Transferred Employees generally and Parent and SpinCo shall in good faith take such actions as shall be necessary or appropriate to implement the provisions of this Section 2.3(b) and of the Agreement with regard to such newly characterized Transferred Employee.

Section 2.4. No Right to Continued Employment.

Subject to the Applicable CBA and applicable Law, nothing contained in this Agreement shall confer on any employee of any member of the Parent Group or any Transferred Employee any right to continued employment. Except as specifically provided in this Section 2.4, the Applicable CBA, or Section 3.1(a) or 4.1, this Agreement shall not limit the ability of SpinCo to change, at any time after the Effective Time and in its sole discretion, a Transferred Employee's position, compensation or benefits for performance-related, business or any other reasons or require any member of the SpinCo Group to continue the employment of a Transferred Employee for any particular period of time after the Effective Time, provided that SpinCo shall bear all liability for any such termination of employment (including a termination of employment

of a Leave Employee resulting from job or position elimination). With respect to any such terminations of employment of (a) any Transferred Employee occurring prior to the first anniversary of the Effective Time or (b) any Leave Employee occurring within the period in which such Leave Employee would have been entitled to severance or termination benefits under the policies and practices of the Parent Group, SpinCo shall provide to such terminated Transferred Employees or Leave Employees (in each case other than a Represented Employee) severance and termination benefits no less favorable in the aggregate than the severance and termination benefits that are described on Schedule 2.4 to this Agreement. For the avoidance of doubt, each Transferred Employee shall receive full credit for years of service with the Parent Group for purposes of calculating the amount of severance payable to any such Transferred Employee under any applicable plan, program or arrangement sponsored or maintained by the applicable member of the SpinCo Group, such that, to the extent service, compensation or other factors are taken into account under the terms of such plan, program or arrangement, the Transferred Employee's entitlement to severance shall be calculated taking into account all service, all compensation, and all other factors that, as of the Interim Transfer Date or the date on which the Effective Time occurs, as applicable, would have been taken into account under any Parent Plan providing severance benefits applicable to such Transferred Employee had such Transferred Employee's employment been terminated immediately before the Interim Transfer Date or the date on which the Effective Time occurs, as applicable.

Section 2.5. Non-Solicitation; Non-Hire.

(a) Non-Solicitation. Each of Parent and SpinCo agrees that, for a period of eighteen (18) months from the Effective Time, it shall not, and shall cause each member in its respective Group to not, solicit for employment any individual who is an employee of a member of the other Group as of immediately prior to the Effective Time ("Restricted Employees"); provided that the foregoing restrictions shall not apply:

- (i) to any Restricted Employee who responds to general solicitations not targeted at the Restricted Employees,
- (ii) to any Restricted Employee who is hired pursuant to the application of internal job posting policies and practices at the Parent Group, where the posting of the position occurred prior to the Effective Time;
- (iii) to any Restricted Employee whose employment was involuntarily terminated by the employing Party in a severance-qualifying termination before the employment discussions with the soliciting Party commenced;
- (iv) to any Restricted Employee whose prospective employment by the soliciting Party is agreed to in writing by the employing Party, or in the case of a Restricted Employee who is not currently employed, the Party who last employed Restricted Employee (the employees referenced in each of clauses (i)-(iv) above, the "Excluded Employees");

(v) to any Restricted Employee located in a jurisdiction where adherence to such restriction would violate applicable Law.

(b) Non-Hire. Each of Parent and SpinCo agrees that, for a period of eighteen (18) months from the Interim Transfer Date, it shall not, and shall cause each member in its respective Group not to, hire any person who at any time (i) during the six months prior to the Effective Time, or (ii) during the 18 month period after the Interim Transfer Date, was an employee of any member of the other Group; provided that the foregoing restrictions shall not apply (i) to the hire of an Excluded Employee, (ii) to the hire of any employee whose hire is agreed to in writing by Parent and SpinCo or (iii) to any Restricted Employee located in any jurisdiction where adherence to such restriction would violate applicable Law.

(c) Transferred Employees. Subject to Section 2.5(b), nothing in this Section 2.5 shall preclude any member of the SpinCo Group from hiring any Business Employees in accordance with the provisions of this Agreement.

(d) Remedies: Enforcement. Each Party acknowledges and agrees that (i) injury to the employing Party or employing Group member from any breach by another Party or member of another Party's Group of the obligations set forth in this Section 2.5 would be irreparable and impossible to measure and (ii) the remedies at Law for any breach or threatened breach of this Section 2.5, including monetary damages, would therefore be inadequate compensation for any loss and the employing Party or employing Group member shall have the right to specific performance and injunctive or other equitable relief in accordance with this Section 2.5, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. Each Party understands and acknowledges that the restrictive covenants and other agreements contained in this Section 2.5 are an essential part of this Agreement and the transactions contemplated hereby. It is the intent of the Parties that the provisions of this Section 2.5 shall be enforced to the fullest extent permissible under applicable Law applied in each jurisdiction in which enforcement is sought. If any particular provision or portion of this Section 2.5 shall be adjudicated to be invalid or unenforceable, such provision or portion thereof shall be deemed amended to the minimum extent necessary to render such provision or portion valid and enforceable, such amendment to apply only with respect to the operation of such provision or portion thereof in the particular jurisdiction in which such adjudication is made.

Section 2.6. Certain Tax Matters.

With respect to compensation payable by Parent in 2021, including salary payable through the end of the last payroll period that ends prior to the Interim Transfer Date and any bonus payable pursuant to Section 9.1, Parent shall, and shall cause its Affiliates to (i) be responsible for all employment, payroll, social security, disability, unemployment, workers' compensation or other similar Taxes, tax withholding or similar obligations, and all reporting obligations, in each case in respect of Transferred Employees, and (ii) furnish a Form W-2 or similar earnings statement to all Transferred Employees employed in the United States and, to the extent applicable, shall furnish similar earnings statements to non-U.S. Transferred Employees in accordance with Law. With respect to compensation payable by SpinCo in 2021 or thereafter, including salary payable from and after the payroll period that includes the Interim Transfer Date, SpinCo shall, and shall cause its Affiliates to (x) be responsible for all employment, payroll, social security, disability, unemployment, workers' compensation or other similar Taxes, tax withholding or similar obligations, and all reporting obligations, in each case in respect of Transferred Employees and (y) furnish a Form W-2 or similar earnings statement to all Transferred Employees employed in the United States and, to the extent applicable, shall furnish similar earnings statements to non-U.S. Transferred Employees in accordance with Law.

Section 2.7. Work Visas.

With respect to each Transferred Employee who requires a work visa under applicable immigration Laws in order to obtain and maintain employment with the applicable member of the SpinCo Group, the Parties acknowledge and agree that the member of the SpinCo Group that employs each such individual from and following the Interim Transfer Date (or such later date on which such person became a Transferred Employee) is, to the extent applicable and necessary to maintain necessary work authorizations, intended to be a successor in interest to the member of the Parent Group that employed such individual prior to the transfer of employment contemplated herein for purposes of applicable immigration Laws, including without limitation for purposes of sponsoring such Transferred Employees for his or her required work visas where applicable.

ARTICLE III.
COLLECTIVE BARGAINING AGREEMENTS AND OBLIGATIONS

Section 3.1. Assumption and Continuation of Agreements.

(a) Successor Provisions of the Applicable CBA. SpinCo hereby acknowledges that Parent has informed SpinCo of the Successorship Provisions. In accordance with such Successorship Provisions, as of the Assumption Date, Parent has caused or shall cause SpinCo, and SpinCo has agreed or agrees to assume all the obligations of the Parent under, and to be bound by, the Applicable CBA until its expiration date and to treat all the affected employees of the Bargaining Unit in accordance with the terms of the Applicable CBA. SpinCo has agreed or agrees to honor all contractual agreements regarding seniority, including provisions for lay off and recall,

under the Applicable CBA and to make its hiring decisions with respect to Bargaining Unit positions according to the contractual rules that would apply as though such hiring were a decision to recall or layoff Bargaining Unit employees). It is understood and agreed that (i) SpinCo will not be required to have the same number of employees in the Bargaining Unit as the Parent had immediately prior to the Assumption Date, and (b) subject to otherwise applicable provisions of this Agreement, SpinCo may make changes in the benefit programs required by the Applicable CBA, provided that the benefits in all events continue to be substantially equivalent in the aggregate to those provided under the Applicable CBA immediately prior to the Assumption Date. So long as the Union consents to SpinCo's assumption of the obligations of the Parent under the Applicable CBA, the Union shall be a third party beneficiary of the provisions of this Section 3.1.

(b) SpinCo Responsible as of the Assumption Date. As of the Assumption Date, any and all binding obligations arising out of, relating to or resulting from the Applicable CBA or the Parent Plans with respect to Represented Employees shall be or become solely the obligations of the SpinCo Group; provided that Parent or a Parent Plan shall be responsible for (1) all Liabilities attributable to any individual who is a Former Business Employee (except to the extent expressly provided with respect to reinstated Leave Employees in Section 2.3(a) or reinstated Former Business Employees in Section 2.3(b)).

(c) Continuation of Compensation and Benefits for Transferred Employees Who Are Represented Employees. As of the Assumption Date, SpinCo shall be responsible to, and shall, assure that the compensation, benefits, hours, terms and conditions of employment of Represented Employees shall continue to be governed by the Applicable CBA.

(d) No Limitation on Bargaining Rights. Except as expressly provided in the Applicable CBA, nothing in this Article III or elsewhere in this Agreement shall preclude SpinCo or, as applicable, any member of the SpinCo Group from bargaining in good faith, after the Assumption Date or the Effective Time, with the Union representing those Represented Employees.

ARTICLE IV. BENEFITS PLANS AND PROGRAMS

Section 4.1. Continuation of Compensation and Benefits for Non-Represented Transferred Employees.

With respect to Transferred Employees who are not Represented Employees, for a period of one year following the Effective Time and subject to their continued employment with SpinCo or a member of the SpinCo Group, SpinCo shall, or shall cause another member of the SpinCo Group to, (i) pay all such non-represented Transferred Employees at least the same rate of base salary as was paid to each such non-represented Transferred Employee by SpinCo or the SpinCo Group immediately prior to the Effective Time, (ii) provide annual bonus opportunities to each such non-represented

Transferred Employee at least the same target level as annual bonus opportunities made available to such non-represented Transferred Employee immediately prior to the Effective Time and (iii) provide each such non-represented Transferred Employee and, if and to the extent applicable, SpinCo Dependents eligibility for SpinCo's or any of its Affiliates', as applicable, employee benefit plans in accordance with their terms, as in effect as of the Effective Time (which benefits shall include, at a minimum, health insurance, a tax-qualified defined contribution retirement plan, and paid time off for sick/medical reasons and personal reasons, including vacation), or such greater benefits as may be required by applicable Law.

Section 4.2. No Participation in Parent Plans.

Effective at the Interim Transfer Date or at such later date occurring on or before the Effective Time as the applicable SpinCo Plan shall provide benefits to Transferred Employees (or persons who are expected to be Transferred Employees), (i) the participation of each member of the SpinCo Group in each of the (or the applicable) Parent Plans shall cease, and (ii) no Transferred Employee shall be entitled to receive or accrue any benefits under any such Parent Plans with respect to services rendered or compensation earned after the Effective Time (or the earlier date the Transferred Employee becomes a participant in the applicable SpinCo Plan). For the avoidance of doubt, to the extent that any Transferred Employee receives benefits pursuant to any program or arrangement established or maintained by any government or any subdivision or agency thereof, SpinCo or the appropriate member of the SpinCo Group shall assume responsibility to contribute to or otherwise participate in (and Parent and its Affiliates will cease to have any obligation to contribute or participate in) such program or arrangement as to each applicable Transferred Employee as of the Interim Transfer Date or such later date occurring before the Effective Time as of which the Transferred Employee becomes employed by any member of the SpinCo Group.

Section 4.3. Establishment of SpinCo Mirror Plans.

On or before, and effective as of no later than, the Interim Transfer Date, SpinCo shall have adopted the SpinCo Mirror Plans and the SpinCo Welfare Plans, and shall have designated the other SpinCo Plans, that shall provide benefits to the Transferred Employees in the United States. As of no later than the Interim Transfer Date, each SpinCo Mirror Plan shall provide benefits that are substantially identical in all material respects to the corresponding Parent Plan as in effect immediately prior to the Interim Transfer Date. Immediately after the Interim Transfer Date, the terms of the SpinCo Mirror Plans, as they relate to Transferred Employees who are not Represented Employees, shall be governed by Section 4.4 and SpinCo shall have all rights described under the last sentence in Section 4.5.

Section 4.4. Terms of Participation by Transferred Employees.

Except as otherwise expressly provided herein, each of the SpinCo Plans is and shall be, with respect to Transferred Employees who are participants in such plan, in all respects, the successor in interest to and shall recognize all rights and entitlements that are accrued as of the Interim Transfer Date, under the corresponding Parent Plan in which such Transferred Employee participated prior to the Interim Transfer Date or as of the Effective Time, as applicable. With respect to Transferred Employees, each SpinCo Plan shall provide that all service, all compensation, and all other factors affecting benefit determinations that, as of the Interim Transfer Date or the date on which the Effective Time occurs, as applicable, were recognized under the corresponding Parent Plan (for periods immediately before the Interim Transfer Date or the date on which the Effective Time occurs, as applicable) have received or shall receive corresponding recognition and credit and have been or shall be taken into account under such SpinCo Plan to the same extent as though arising under such SpinCo Plan, except to the extent that duplication of benefits would result. All beneficiary designations made by Transferred Employees under the corresponding Parent Plans have, to the extent reasonably practicable and permitted by applicable Law, been or shall be transferred to and be in full force and effect under the corresponding SpinCo Plans until such beneficiary designations are replaced or revoked by the Transferred Employee who made the beneficiary designation. Prior to and after the Effective Time, Parent and SpinCo agree to cooperate with each other and to provide, or cause to be provided, all reasonably requested data, documents, or other information necessary to avoid such duplication of benefits, to the extent permitted by applicable Law. Notwithstanding anything to the contrary in this Agreement, where employee benefits provided to a Transferred Employee by a member of the Parent Group must be preserved or maintained pursuant to applicable Law (e.g., pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246)) or pursuant to an agreement with an employee representative body (e.g., a works council), such benefits shall be provided in accordance with such applicable Law or agreement.

Section 4.5. Right to Amend SpinCo Plans.

Subject to the Applicable CBA, nothing in this Agreement to the contrary, other than those provisions that expressly and specifically require particular benefits to be maintained after the Effective Time and, in such event, only for the period so required, shall preclude SpinCo (or, as applicable, any member of the SpinCo Group) from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect after the Effective Time any SpinCo Plan, any benefit under any SpinCo Plan or any trust, insurance policy or funding vehicle related to any SpinCo Plan.

ARTICLE V.
PENSION PLANS

Section 5.1. Establishment of Pension Plans.

SpinCo or a member of the SpinCo Group has established defined benefit pension plans for the benefit of Transferred Employees in the United States. One such plan, which is qualified under Section 401(a) of the Code, is and will be responsible for benefits of Transferred Employees who are participants and their beneficiaries in the Parent Qualified Pension Plan (the “SpinCo Qualified Pension Plan”). Another plan, which is not qualified under Section 401(a) of the Code, is and will be responsible for benefits of participants and beneficiaries in the Parent Non-Qualified Pension Plan who are Transferred Employees (the “SpinCo Non-Qualified Pension Plan”). The SpinCo Qualified Pension Plan and SpinCo Non-Qualified Pension Plan is identical in all material respects to the corresponding Parent Pension Plan in which the applicable Transferred Employees participated immediately prior to the Interim Transfer Date. SpinCo is and shall be responsible for taking or causing to be taken all necessary, reasonable, and appropriate action to establish, maintain and administer the SpinCo Qualified Pension Plan, so that it qualifies under Section 401(a) of the Code and the related trust thereunder is exempt from Federal income taxation under Section 501(a) of the Code.

Section 5.2. Assumption of Parent Pension Plan Liabilities and Transfer of Assets from the Parent Pension Trust.

(a) Assumption of Liabilities by SpinCo Pension Plans. Subject to clause (b) below, effective as of the Interim Transfer Date, all Liabilities under the Parent Qualified Pension Plan relating to Transferred Employees shall cease to be Liabilities of the Parent Qualified Pension Plan and shall be assumed in full and in all respects by the SpinCo Qualified Pension Plan.

(b) Calculation of Pension Plan Asset Allocation. As soon as practicable after the Interim Transfer Date, Parent’s actuary shall calculate and certify the amounts to be transferred in the aggregate from the Parent Qualified Pension Plan, which shall be equal to the amount determined in accordance with the requirements of Section 414(l) of the Code and the regulations thereunder, based on the present value of benefits in respect of all Transferred Employees) and persons entitled to receive a benefit in respect of such Transferred Employees, calculated applying the de minimis rule in the regulations promulgated under Section 414(l) of the Code (the “Pension Plan Asset Transfer Amount”).

(c) Confirmation of Calculations. As soon as reasonably practicable after the Effective Time, Parent's actuary shall certify to SpinCo the Pension Plan Asset Transfer Amount to be transferred to the SpinCo Qualified Pension Plan. If requested by SpinCo within ten (10) days after such certification, Parent's actuary shall provide SpinCo's actuary with a complete computer file containing the employee data and all other relevant information used by Parent's actuary or otherwise reasonably requested by SpinCo's actuary as needed to confirm the Pension Plan Asset Transfer Amount. The Pension Plan Asset Transfer Amount shall become final and binding upon the Parties at the close of business on the one hundred twentieth (120th) day following Parent's actuary's certification to SpinCo of the Pension Plan Asset Transfer Amount, *unless* prior to such one hundred twentieth (120th) day SpinCo delivers a written notice to Parent stating that SpinCo believes that the calculation of the Pension Plan Asset Transfer Amount contains factual or mathematical errors or otherwise fails to comport with the Actuarial Assumptions. Any such notice shall state in reasonable detail the basis for such belief. Should SpinCo timely provide such notice, the Parties shall use their reasonable best efforts to resolve promptly any disagreements regarding such calculations. In the event that the Parties cannot resolve such disagreements, the Parties shall jointly select an independent third actuary with whom none of the Parties have a material relationship, who shall render its determination promptly (and in any case within thirty (30) days of being engaged to review the disputed matter). The third actuary's determination shall be made in accordance with the requirements of this Section 5.2(c) and shall be binding on the Parties. The third actuary shall be required to confirm the determination of the Parent actuary unless, and solely to the extent that, the third actuary determines that (i) such determination contains factual or mathematical errors or (ii) the determination of the Parent actuary has no reasonable basis or otherwise fails to comport with the Actuarial Assumptions, in each case applying an abuse of discretion standard. In no event (except for inaccuracy of the data provided) shall the amount determined by the third actuary be more than the amount claimed by SpinCo or less than the amount shown in the calculations of Parent's actuary. Each of the Parties shall bear the fees, costs and expenses of their respective actuaries, and the fees, costs and expense of the third actuary shall be borne one half by Parent and one half by SpinCo. Any decision by the third actuary shall be treated as confidential information by the Parties, except as may be required to obtain judgment on the award or enforce performance thereof or except as disclosure may be required by law.

(d) Transfer of Assets to SpinCo Pension Trust.

(i) As soon as practicable and no more than thirty (30) days after the Effective Time, Parent shall cause to be transferred from the trust established under the Parent Qualified Pension Plan (the "Parent Trust") to a trust established in respect of the SpinCo Qualified Pension Plan (the "SpinCo Trust"), an initial amount of assets (the "Initial Asset Transfer"). The amount of the Initial Asset Transfer shall be equal to 90% of the amount the enrolled actuary for the Parent Qualified Pension Plan determines in good faith to be the Pension Plan Asset Transfer Amount. The amount determined under the preceding sentence shall accrue interest for the period commencing as of the date on which the Effective Time falls and ending on the date the Initial Asset Transfer is received by the SpinCo Trust, at a rate equal to the discount rate that would apply for purposes of the Actuarial Assumptions as of such date.

(ii) As soon as practicable and no more than ten (10) days after the final calculation and certification of the Pension Plan Asset Transfer Amount, Parent will cause the Parent Trust to transfer to the SpinCo Trust assets in an amount equal to the Pension Plan Asset Transfer Amount with respect to the Parent Qualified Pension Plan less the sum of (A) the Initial Asset Transfer, and (B) the aggregate amount of any benefit payments (the “Benefit Payments”), if any, made by the Parent Qualified Pension Plan in respect of Transferred Employees from and after the Interim Transfer Date and prior to the time of transfer (the “Final Asset Transfer”). The amount determined under the preceding sentence shall accrue interest on the applicable amount from the Interim Transfer Date determined in the manner described in Section 5.2(d)(i) above. If the sum of the Initial Asset Transfer plus the Benefit Payments exceeds the Pension Plan Asset Transfer Amount, then the SpinCo Trust shall return such excess, which shall accrue interest determined in the manner described above from the date of the Initial Asset Transfer or the date of the Benefit Payment, as applicable, to the date of return, to the Parent Trust relating to the Parent Qualified Pension Plan.

(iii) Except as may be mutually agreed by the Parties, the Initial Asset Transfer and the Final Asset Transfer shall be made entirely in cash.

(e) To the extent that one or more Leave Employees or Former Business Employees shall become Transferred Employees pursuant to Section 2.3 after the Interim Transfer Date, as soon as practicable after the first anniversary of the Effective Time (or such later date as of which a Former Business Employee shall become a Transferred Employee), the parties shall effect a transfer of assets from the Parent Qualified Pension Plan to the SpinCo Qualified Pension Plan in respect of such newly characterized Transferred Employees, applying the principles set forth in this Section 5.2 in respect of the Pension Assets Transfer Amount in regard to such Transferred Employees’ benefits accrued under the Parent Qualified Pension Plan as of the Effective Time.

(f) At the same time as it certifies the Pension Asset Transfer Amount pursuant to Section 5.2(c), Parent’s actuary shall also calculate and inform SpinCo of (i) the aggregate amount of the liabilities under the Parent Qualified Pension Plan for all participants thereunder (the “Total PBO Liabilities”) and (ii) the aggregate amount of the liabilities in respect of the Transferred Employees under the Parent Qualified Pension Plan (the “SpinCo PBO Liabilities”), as of the Interim Transfer Date in each case using the Actuarial Assumptions but determined on a projected benefit obligation basis (and not in

accordance with the provisions of Section 414(l) of the Code). If requested by SpinCo within ten (10) days after the date Parent informs SpinCo of the amount of the Total PBO Liabilities and SpinCo PBO Liabilities, Parent's actuary shall provide SpinCo's actuary with information used by Parent's actuary to calculate such Liabilities. The calculation of the Total PBO Liabilities and the SpinCo PBO Liabilities shall become final and binding upon the Parties at the close of business on the one-hundredth and twentieth (120th) day following SpinCo's receipt of Parent's actuary's delivery to SpinCo of the Total PBO Liabilities and the SpinCo PBO Liabilities, *unless* prior to such one hundred and twentieth (120th) day SpinCo delivers a written notice to Parent stating that SpinCo believes that the calculation of either the Total PBO Liabilities or the SpinCo PBO Liabilities contains factual or mathematical errors or otherwise fails to comport with the Actuarial Assumptions and states in reasonable detail the basis for such belief. In the event that SpinCo's actuary shall deliver such a written notice to Parent, the Parties shall follow the procedures substantially identical to those set forth in Section 5.2(c) with regard to the Pension Plan Asset Transfer Amount to determine the final amount related to the Total PBO Liabilities or the SpinCo PBO Liabilities, as applicable.

(g) Once the amount of the Total PBO Liabilities and the SpinCo PBO Liabilities are final, the Parties shall then determine the percentages derived by dividing:

(i) (A) the remainder of (1) the fair market value of the assets of the Parent Qualified Plan as of the Interim Transfer Date minus (2) the final Pension Asset Transfer Amount (such remainder, the "Parent Qualified Plan Net Assets") by (B) the remainder of (1) the Total PBO Liabilities minus (2) the SpinCo PBO Liabilities (such resulting percentage, the "Parent PBO Funding Percentage"); and

(ii) (A) the final Pension Plan Asset Transfer Amount by (B) the SpinCo PBO Liabilities (such resulting percentage, the "SpinCo PBO Funding Percentage").

If the Parent PBO Funding Percentage exceeds the SpinCo PBO Funding Percentage, the Parent shall pay to SpinCo, within thirty (30) days after such percentages are determinable, an amount in cash equal to the amount that would be required to be added to the final Pension Plan Asset Transfer Amount to cause the SpinCo PBO Funding Percentage to equal the Parent PBO Funding Percentage. If the SpinCo PBO Funding Percentage exceeds the Parent PBO Funding Percentage, SpinCo shall pay to Parent, within thirty (30) days after such percentages are determinable, an amount in cash equal to the amount that would be required to be added to the Parent Qualified Plan Net Assets to cause the Parent PBO Funding Percentage to equal the SpinCo PBO Funding Percentage.

Section 5.3. Assumption of Liabilities Under Parent Non-Qualified Pension Plan and Payment by Parent of Accrued Liabilities.

(a) SpinCo Non-Qualified Plan to Assume Liabilities. Effective as of the Effective Time, all Liabilities under the Parent Non-Qualified Pension Plan relating to persons who are Transferred Employees shall cease to be Liabilities of the Parent Non-Qualified Pension Plan and shall be assumed in full and in all respects by the SpinCo Non-Qualified Pension Plan. SpinCo is and shall be responsible for taking or causing to be taken all necessary, reasonable, and appropriate action to establish, maintain and administer the SpinCo Non-Qualified Pension Plan and from and after the Interim Transfer Date, shall be solely responsible for all ongoing rights of or relating to such Transferred Employees for future participation in the SpinCo Non-Qualified Pension Plan.

(b) Determination of Parent Non-Qualified Pension Plan Liabilities. As soon as reasonably practicable after the Effective Time, Parent's actuary shall certify to SpinCo the Liabilities, individually and in the aggregate, in respect of the Transferred Employees under the Parent Non-Qualified Pension Plan at the Interim Transfer Date, based on the present value of benefits in respect of each such Transferred Employees at the Interim Transfer Date (the "Parent Non-Qualified Pension Plan Liabilities"). If requested by SpinCo within ten (10) days after the date Parent certifies to SpinCo the amount of the Parent Non-Qualified Pension Plan Liabilities, Parent's actuary shall provide SpinCo's actuary with a complete computer file containing the employee data and all other relevant information used by Parent's actuary or otherwise reasonably requested by SpinCo's actuary as needed to calculate the Parent Non-Qualified Pension Plan Liabilities (including data and information related to such calculation and otherwise appropriate for SpinCo's actuary to consider, and any other data and information reasonably requested by SpinCo's actuary). The calculation of the Parent Non-Qualified Pension Plan Liabilities shall become final and binding upon the Parties at the close of business on the one-hundred twentieth (120th) day following Parent's actuary's certification to SpinCo of the Parent Non-Qualified Pension Plan Liabilities to make its determination and any additional information reasonably requested by SpinCo's actuary, *unless* prior to such one hundred twentieth (120th) day SpinCo delivers a written notice to Parent stating that SpinCo believes that the calculation of the Parent Non-Qualified Pension Plan Liabilities contains factual or mathematical errors or otherwise fails to comport with the Actuarial Assumptions and states in reasonable detail the basis for such belief. In the event that SpinCo's actuary shall deliver such a written notice to Parent, the Parties shall follow the procedures substantially identical to those set forth in Section 5.2(c) with regard to the Pension Plan Asset Transfer Amount to determine the final amount related to the Parent Non-Qualified Pension Plan Liabilities.

(c) Reimbursement Process for Parent Non-Qualified Pension Plan Liabilities. As of June 30 and January 31 each calendar year, and/or such other date or dates as may be agreed between the Parties, starting in the calendar year following the Effective Time, SpinCo shall send Parent a statement showing all distributions made in the period immediately preceding the date covered through the last statement (or from the Effective Time with respect to the first such statement) in respect of the benefits paid to all Transferred Employees under the SpinCo Non-Qualified Pension Plan, showing in adequate detail the amount of payments made in respect to each such Transferred Employee and the portion thereof attributable to such Transferred Employee's entitlement under the Parent Non-Qualified Pension Plan Liabilities and the method for such attribution. Within 30 days of the receipt of such statement, Parent shall pay to SpinCo the amount described in Section 5.3(d), provided that, in no event shall Parent be required to pay SpinCo an amount (i) in respect of any Transferred Employee, greater than the accrued benefit of such Transferred Employee at the Interim Transfer Date taken into account in determining the Parent Non-Qualified Pension Plan Liabilities or (ii) in the aggregate greater than the amount of the Parent Non-Qualified Pension Plan Liabilities as of the Interim Transfer Date. Notwithstanding the forgoing, (x) at the sole discretion of Parent, Parent may at any time and from time to time prepay all or any portion of the aggregate amount that it would otherwise be required to pay SpinCo in respect of the Transferred Employees under this Section 5.3(c) in respect of the Parent Non-Qualified Pension Plan Liabilities, and unless Parent agrees to another offset schedule, any such prepaid amount shall be applied to offset any amounts that Parent would otherwise be required to pay hereunder as of the next semi-annual statement and each subsequent statement until fully applied to such future payments and (y) any amounts paid under the SpinCo Non-Qualified Pension Plan which SpinCo fails to include in a statement of payments that is delivered to Parent within fourteen months of the actual payment date shall no longer be subject to reimbursement by Parent under this Section 5.3(c) and shall remain the sole responsibility of SpinCo. Any payment made by Parent pursuant this Section 5.3(c) shall be made for the account of SpinCo or its Subsidiary and not for the benefit of any Transferred Employee participating in the SpinCo Non-Qualified Pension Plan, each of whom shall remain an unsecured creditor of SpinCo or its applicable Subsidiary in respect of his or her SpinCo Non-Qualified Pension Plan benefit.

(d) Reimbursement Determined on an After-Tax Basis. The amount payable by Parent pursuant to Section 5.3(c) with respect to each statement provided by SpinCo shall equal (i) the amount of the distributions made to Transferred Employees under the SpinCo Non-Qualified Pension Plan listed on the applicable statement (reduced as a result of any applicable limitations described in Section 5.3(c)), *less* (ii) the amount of the reduction in U.S. federal and state income Taxes payable by SpinCo as a result of the payment of such distributions. For purposes of this Section 5.3(d), the amount of the reduction in U.S. federal and state income Taxes payable by SpinCo as a result of such distributions shall be deemed to equal (x) the amount of such distributions under the SpinCo Non-Qualified Pension Plan reflected on such statement, *multiplied by* (y) the highest marginal U.S. federal income Tax rate applicable to U.S. corporations on the date such distributions were paid plus the applicable weighted average state income Tax rate on the date such distributions were paid.

Section 5.4. International Pension Plans.

Except as otherwise provided herein, at the Effective Time (or at any earlier date required at applicable law), SpinCo shall or shall cause another member of the SpinCo Group to assume each Parent Plan providing pension or retirement benefits to Business Employees in jurisdictions outside of the United States. Notwithstanding the foregoing, Parent shall or shall cause a member of the Parent Group to retain the liabilities to Business Employees who do not become Transferred Employees under the Parent Plans in which employees located in Italy or Spain participate as of immediately prior to the Effective Time.

Section 5.5. Continuation of Elections and Application to SpinCo Dependents.

To the extent (a) reasonably practicable and (b) that the relevant information has been made available to SpinCo, SpinCo shall cause the SpinCo Qualified Pension Plan and the SpinCo Non-Qualified Pension Plan to recognize and maintain all existing elections, including, but not limited to, beneficiary designations, payment forms and other rights of alternate payees under qualified domestic relation orders as were in effect under the corresponding Parent Qualified Pension Plan and Parent Non-Qualified Pension Plan immediately prior to the Interim Transfer Date, unless and until changed or modified in accordance with the terms of the applicable plan or otherwise in accordance with applicable law. To the extent applicable, the provisions of this Article V shall also apply to SpinCo Dependents. From the Effective Time, Parent shall cooperate with SpinCo to provide any reasonably requested information regarding such administrative matters.

ARTICLE VI.
HEALTH AND WELFARE

Section 6.1. Parent Health and Welfare Plans.

(a) Parent or one or more of the Parent Subsidiaries maintain or contribute to health and welfare plans. The health and welfare plans include, but are not limited to, plans providing severance and active employee health, dental, disability and life insurance benefits, for the benefit of eligible employees and certain former employees, including certain Former Business Employees who have retired as of the date of the Separation Agreement or will retire prior to the Effective Time (the "Parent Welfare Plans"). As of the Interim Transfer Date, each person who was a Transferred Employee or SpinCo Dependent on such date ceased to be covered under the Parent Welfare Plans. Parent and the Parent Welfare Plans are and shall continue to be responsible for all Liabilities relating to (i) Former Business Employees (except to the extent expressly

provided with respect to reinstated Leave Employees in Section 2.3(a) or reinstated Former Business Employees in Section 2.3(b)), (ii) Retained Employees and (iii) Transferred Employees or SpinCo Dependents with respect to, in each case, (A) medical, vision, or dental plan claims in respect of services that were performed or goods provided prior to the Interim Transfer Date (or, if later, the date on which such individual becomes an employee of a member of the SpinCo Group), (B) life insurance claims in respect of deaths occurring prior to the Interim Transfer Date (or, if later, the date on which such individual becomes an employee of a member of the SpinCo Group), and (C) any payments due any Transferred Employees under the terms of a Parent disability plan with respect to any period prior to the Interim Transfer Date (or, if later, the date on which such individual becomes an employee of a member of the SpinCo Group).

(b) Except for the Parent FSA account balances described in Section 6.2(c), nothing in this Agreement shall require Parent or any other Parent Group member or any Parent Welfare Plans to transfer assets or reserves with respect to the Parent Welfare Plans, including, but not limited to, any plan providing severance, health, dental or life insurance benefits, to SpinCo, the Transferred Entities, any other member of the SpinCo Group, or the SpinCo Welfare Plans.

Section 6.2. Adoption of SpinCo Health and Welfare Plans.

(a) Establishment of Welfare Plans. From and after the Interim Transfer Date, and subject to the provisions of Section 3.1 and Section 4.1, SpinCo has maintained and shall continue to maintain or cause to be maintained health and welfare plans, which (i) with respect to Transferred Employees in the United States other than Represented Employees, includes, but is not limited to, plans providing severance and active health, dental, disability and life insurance benefits that provide benefits to Transferred Employees, (ii) with respect to Represented Employees is as required pursuant to the terms of an Applicable CBA, and (iii) with respect to employees outside of the United States, is as required by Law (the “SpinCo Welfare Plans”).

(b) Terms of Participation in SpinCo Welfare Plans. From and after the Interim Transfer Date, SpinCo has caused and shall continue to cause the SpinCo Welfare Plans to (i) waive all limitations as to preexisting conditions, exclusions, service conditions and waiting period limitations, and any evidence of insurability requirements applicable to any such Transferred Employees and SpinCo Dependents other than such limitations, exclusions, and conditions that were in effect with respect to Transferred Employees and SpinCo Dependents as of the Interim Transfer Date, in each case under and in accordance with the terms of the corresponding Parent Welfare Plans and (ii) honor any deductibles, out-of-pocket maximums and co-payments incurred by Transferred Employees and SpinCo Dependents under and in accordance with the terms of the corresponding Parent Welfare Plans in satisfying the applicable deductibles, out-of-pocket expenses or co-payments under such Parent Welfare Plans for the calendar year

in which the Effective Time occurs. SpinCo has caused and shall continue to cause the SpinCo Welfare Plans to recognize and maintain all existing elections, including, but not limited to, beneficiary designations, as were in effect under the corresponding Parent Welfare Plans, unless and until changed or modified in accordance with the terms of the applicable plan or otherwise in accordance with applicable law. To the extent applicable, the provisions of this Section 6.2(b) shall also apply to SpinCo Dependents. From the Interim Transfer Date, Parent shall cooperate with SpinCo to provide any reasonably requested information regarding such administrative matters, to the extent permitted by applicable Law.

(c) Transfer of Parent FSA Assets. Parent will make available to SpinCo, prior to the Effective Time, a list of individuals who will become or continue to be Transferred Employees as of the Effective Time and who are participants in the Parent FSAs (the “FSA Participants”), together with the elections made prior to the Interim Transfer Date with respect to such accounts through the Interim Transfer Date.

(i) SpinCo shall take all actions necessary and legally permissible to ensure that as of the Interim Transfer Date, it has adopted one or more SpinCo Welfare Plans in which Parent FSA Participants may participate and that constitutes a Code Section 125 plan (“SpinCo FSA”). SpinCo shall further take all actions necessary and legally permissible to amend SpinCo’s FSA to provide that as of the Interim Transfer Date and for the plan year in which the Interim Transfer Date occurs, but not for any specific time thereafter, subject to any collective bargaining obligations, (A) the FSA Participants shall become participants in SpinCo’s FSA, with a deemed effective date as of the beginning of the applicable Parent FSA’s plan year and at the level of coverage provided under the applicable Parent FSA, and (B) the FSA Participants’ salary reduction elections shall be taken into account for the remainder of SpinCo’s FSA plan year as if made under SpinCo’s FSA. The applicable Parent shall reimburse medical expenses incurred by the FSA Participants at any time during the applicable Parent FSA’s plan year (including, but not limited to, claims incurred prior to the Interim Transfer Date but unpaid prior to the Interim Transfer Date), up to the amount of the FSA Participants’ election and reduced by amounts previously reimbursed by the applicable Parent FSA. SpinCo’s FSA shall reimburse medical expenses incurred by the FSA Participants from and after the Interim Transfer Date, up to the amount of the FSA Participants’ election and reduced by amounts previously reimbursed by the applicable Parent FSA and the SpinCo FSA.

(ii) Parent shall take all actions necessary and legally permissible to amend each of the Parent FSAs to provide that the FSA Participants shall cease to be eligible to make contributions to the applicable Parent FSA as of the Interim Transfer Date.

(iii) As soon as practicable following the Effective Time, Parent shall transfer to SpinCo, and SpinCo agrees to accept, those amounts (plus all related individual participant records and accountings) which represent the debit and credit balances under the Parent FSAs of the FSA Participants and the transfer of such amounts shall take into account on a net basis participants’ payroll deductions and claims paid through the Effective Time in respect of expenses incurred through the day immediately prior to the Interim Transfer Date.

Section 6.3. COBRA and HIPAA.

From and after the Interim Transfer Date, SpinCo has been and shall continue to be responsible for administering compliance with the continuation coverage requirements for “group health plans” under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”), and the requirements under the Health Insurance Portability and Accountability Act of 1996 with respect to Transferred Employees and any SpinCo Dependents for the period after the Interim Transfer Date. Parent will retain any Parent Liabilities under the Parent Welfare Plans to provide COBRA coverage to any Former Business Employee and any of his or her eligible dependents who incurred a qualifying event under COBRA at or prior to the Interim Transfer Date and who is still eligible to receive such continuing coverage as of or after the Interim Transfer Date.

Section 6.4. Workers’ Compensation Claims.

All Liabilities for any workers’ compensation claims or coverage, whether arising under any Law of any state, territory, or possession of the United States or the District of Columbia or otherwise (“Workers’ Compensation Claims”), made by current or former employees (including Transferred Employees) of either Party arising out of or related to the operation of the SpinCo Business (including SpinCo Discontinued Operations or SpinCo Divested Operations), which claims shall have been made not later than two years after the Effective Time, but which relate in whole or in part to injuries or occurrences arising prior to the Effective Time, shall be covered, to the extent covered under any Parent Policy, under and in accordance with the applicable provisions of such Parent Policy (“Insured WC Claims”) or, if applicable, as otherwise required at applicable Law. Except to the extent provided in the foregoing sentence, from and after the Effective Time, SpinCo or the appropriate member of the SpinCo Group shall assume and have all Liabilities for any Workers’ Compensation Claims made by current or former employees (including Transferred Employees) of either Party arising out of or related to the operation of the SpinCo Business, SpinCo Discontinued Operations or SpinCo Divested Operations, even if such claims relate in whole or in part to injuries, conditions or events arising or occurring on or prior to the Effective Time. Parent or the appropriate member of the Parent Group shall be responsible for the administration of any Insured WC Claims on behalf of all parties against which such claim is made. With regard to any Workers’ Compensation Claims that are not Insured WC Claims, each Party shall be fully responsible for the administration of all claims for which it has responsibility pursuant to the foregoing provisions of this Section 6.4. If SpinCo is unable to assume any Liability otherwise allocated to it hereunder or the administration

of any such claim because of the operation of applicable state Law or for any other reason, Parent shall retain such Liabilities and SpinCo shall reimburse and otherwise fully indemnify Parent for all such Liabilities (subject to reduction for any amounts payable from insurance), including, but not limited to, the costs of administering the plans, programs or arrangements under which any such Liabilities have accrued or otherwise arisen, and SpinCo shall enter into reasonable arrangements acceptable to Parent (such acceptance not to be unreasonably withheld) to secure the payment of such Liabilities. All reimbursement amounts shall be paid in accordance with the procedure set forth in Section 6.4. Notwithstanding anything to the contrary, this Section 6.4 shall not apply to claims arising out of Latent Injury Liabilities, which shall be governed by the Separation Agreement.

Section 6.5. Leave of Absence Programs.

From and after the Interim Transfer Date, SpinCo is and shall continue to be responsible for the administration and compliance of all leaves of absences and related programs (including, but not limited to, compliance with the United Services Employment and Reemployment Rights Act, the Family and Medical Leave Act, the Americans with Disabilities Act or similar state or other Laws or with the Applicable CBA) affecting Transferred Employees for the period at and after the Interim Transfer Date.

Section 6.6. Time-Off Benefits.

The SpinCo Group has credited and shall continue to credit each Transferred Employee with the amount of accrued but unused vacation time, sick time and other time-off benefits (together the "Time-Off Benefits") as such individual had with the Parent Group or the Transferred Entities as of the Interim Transfer Date (or, if later, the date on which such individual becomes an employee of a member of the SpinCo Group) and has provided and shall continue to provide such individuals with the same rights, benefits, and entitlements in respect to such Time-Off Benefits as they were entitled to from the Parent Group or the Transferred Entities as of the Interim Transfer Date (or, if later, the date on which such individual becomes an employee of a member of the SpinCo Group), provided that nothing in this Section 6.6 requires the SpinCo Group to apply the accrual rules for Time-Off Benefits of Parent Group or the Transferred Entities in effect immediately prior to the Interim Transfer Date with respect to service of Transferred Employees after the Interim Transfer Date.

ARTICLE VII. SAVINGS PLANS

Section 7.1. Adoption of SpinCo Savings Plans.

(a) From and after the Interim Transfer Date, SpinCo has or has caused the appropriate member of the SpinCo Group to establish a defined contribution plan and corresponding trust effective as of the Interim Transfer Date for the benefit of Transferred Employees who participate in a Parent Qualified Savings Plan immediately prior to the Interim Transfer Date (the “SpinCo Qualified Savings Plan”). The SpinCo Qualified Savings Plan (i) meets and shall continue to meet all requirements of applicable Law, including, but not limited to, Section 411(d)(6) of the Code, and (ii) accept the transfer of assets from the Parent Qualified Savings Plans contemplated by Section 7.2. As of and from the Interim Transfer date, SpinCo has been and shall continue to be responsible for taking or causing to be taken all necessary, reasonable and appropriate action to establish, maintain and administer the SpinCo Qualified Savings Plan so that it qualifies under Section 401(a) of the Code and the related trusts thereunder are exempted from Federal income taxation under Section 501(a)(1) of the Code.

(b) From and after the Interim Transfer Date, SpinCo or a member of the SpinCo Group has established a defined contribution plan for the benefit of Transferred Employees who participated in the Parent Non-Qualified Savings Plan immediately prior to the Interim Transfer Date (the “SpinCo Non-Qualified Savings Plan”). The SpinCo Non-Qualified Savings Plan is not and shall not be qualified under Section 401(a) of the Code, and will accept the transfer of all Liabilities under the Parent Non-Qualified Savings Plan contemplated by Section 7.3.

Section 7.2. Assumption of Liabilities and Transfer of Assets With Respect to Parent Qualified Savings Plans.

(a) Effective as of the Interim Transfer Date, but subject to the asset transfer specified in Section 7.2(b) below, the SpinCo Qualified Savings Plan shall assume and be solely responsible for all Liabilities for or relating to Transferred Employees under the Parent Hourly Savings Plan. Effective as of the Interim Transfer Date, but subject to the asset transfer specified in Section 7.2(b) below, the SpinCo Qualified Savings Plan shall assume and be solely responsible for all Liabilities for or relating to Transferred Employees under the Parent Salaried Savings Plan. SpinCo shall be solely responsible for all ongoing rights of or relating to Transferred Employees for future participation (including, but not limited to, the right to make contributions through payroll deductions) in the SpinCo Qualified Savings Plan.

(b) As soon as practicable and no more than thirty (30) days after the Effective Time, Parent shall cause the account balances (including, but not limited to, any outstanding loan balances) in each Parent Qualified Savings Plan attributable to Transferred Employees to be transferred to the SpinCo Qualified Savings Plan in the form of (x) promissory notes, to the extent of Transferred Employees' account balances that represent outstanding loans; (y) an in-kind transfer of securities, to the extent of Transferred Employees' account balances that are held through the open brokerage window under a Parent Qualified Savings Plan and to the extent the SpinCo Qualified Savings Plan is capable of accepting such in-kind transfer; or (z) cash, to the extent of account balances of Transferred Employees do not represent outstanding loans of Transferred Employees or securities transferred in-kind pursuant to clause (y). SpinCo shall cause the SpinCo Qualified Savings Plan to accept such transfer of accounts and underlying assets and, effective as of the date of such transfer, to assume and to fully perform pay or discharge, all obligations of the Parent Qualified Savings Plans relating to the accounts of Transferred Employees (to the extent those assets related to those accounts are actually transferred from a Parent Qualified Savings Plan). The transfers shall be conducted in accordance with Section 414(l) of the Code, Treasury Regulation Section 1.414(l) -1, and Section 208 of ERISA.

Section 7.3. Treatment of Parent Non-Qualified Savings Plan Accounts.

(a) Assumption of Liabilities under Parent Non-Qualified Savings Plan. Effective as of the Interim Transfer Date, all Liabilities under the Parent Non-Qualified Savings Plan relating to persons who are Transferred Employees shall cease to be Liabilities of the Parent Non-Qualified Savings Plan and shall be assumed in full and in all respects by the SpinCo Non-Qualified Savings Plan. SpinCo is and shall be responsible for taking or causing to be taken all necessary, reasonable, and appropriate action to establish, maintain and administer the SpinCo Non-Qualified Savings Plan and from and after the Interim Transfer Date shall be solely responsible for all ongoing rights of or relating to Transferred Employees for future participation in the SpinCo Non-Qualified Savings Plan.

(b) Determination of Parent Non-Qualified Savings Plan Liabilities. As soon as practicable after the Effective Time, Parent shall calculate and certify to SpinCo the Liabilities, individually and in the aggregate, in respect of the Transferred Employees who were participants in the Parent Non-Qualified Savings Plan at the Interim Transfer Date, based on the value of the notional account balances in respect of each such Transferred Employees as of the Interim Transfer Date (the "Parent Non-Qualified Savings Plan Liabilities"). Within ten (10) days after the date Parent certifies to SpinCo the amount of the Parent Non-Qualified Savings Plan Liabilities, Parent's record keeper shall provide SpinCo or its record keeper with a complete computer file containing the employee data and all other relevant information used to calculate the Parent Non-Qualified Savings Plan Liabilities. The calculation of the Parent Non-Qualified Savings Plan Liabilities shall become final and binding upon the Parties at the close of business on the one hundred twentieth (120th) day following SpinCo's receipt of such computer file, *unless* prior to such one hundred twentieth (120th) day SpinCo delivers a written

notice to Parent stating that SpinCo believes that the calculation of the Parent Non-Qualified Savings Plan Liabilities contains factual or mathematical errors. In the event that SpinCo shall deliver such a written notice to Parent, the Parties shall follow the procedures substantially identical to those set forth in Section 5.2(c) with regard to the Pension Plan Asset Transfer Amount to determine the final amount related to the Parent Non-Qualified Savings Plan Liabilities (using such appropriate third party plan administrator rather than an actuary as the arbitrator of any unresolved dispute).

(c) Reimbursement Process for Parent Non-Qualified Savings Plan Liabilities.

As of June 30 and January 31 each calendar year, or such other times as may be agreed between the Parties, starting in the calendar year following the Effective Time, SpinCo shall send Parent a statement showing all distributions made in the immediately preceding six month period (or from the Effective Time with respect to the first such statement) in respect of the benefits paid to all Transferred Employees under the SpinCo Non-Qualified Savings Plan, showing in adequate detail the amount of payments made in respect to each such Transferred Employee. Within 30 days of the receipt of such statement, Parent shall pay to SpinCo the amount described in Section 7.3(d), provided that, in no event shall Parent be required to pay SpinCo an amount (i) in respect of any Transferred Employee, an amount greater than the notional account balances of such Transferred Employee as of the Interim Transfer Date taken into account in determining the Parent Non-Qualified Savings Plan Liabilities or (ii) in the aggregate greater than the amount of the Parent Non-Qualified Savings Plan Liabilities as of the Interim Transfer Date. Notwithstanding the forgoing, (x) at the sole discretion of the Parent, the Parent may at any time and from time to time prepay all or any portion of the aggregate amount that it would otherwise be required to pay SpinCo in respect of the Transferred Employees under this Section 7.3(c) in respect of the Parent Non-Qualified Savings Plan Liabilities, and unless Parent agrees to another offset schedule, any such prepaid amount shall be applied to offset any amounts that Parent would otherwise be required to pay hereunder as of the next semi-annual statement and each subsequent statement until fully applied to such future payments and (y) any amounts paid under the SpinCo Non-Qualified Savings Plan which SpinCo fails to include in a statement of payments that is delivered to Parent within fourteen months of the actual payment date shall no longer be subject to reimbursement by Parent under this Section 7.3(c) and shall remain the sole responsibility of SpinCo. Any payment made by Parent pursuant this Section 7.3(c) shall be made for the account of SpinCo or its Subsidiary and not for the benefit of any Transferred Employee who is a Participant in the SpinCo Non-Qualified Savings Plan, each of whom shall remain an unsecured creditor of SpinCo or its applicable Subsidiary in respect of his or her SpinCo Non-Qualified Savings Plan benefit.

(d) Reimbursement Determined on an After-Tax Basis. The amount payable by Parent pursuant to Section 7.3(c) with respect to each statement provided by SpinCo shall equal (i) the amount of the distributions made to Transferred Employees under the SpinCo Non-Qualified Savings Plan listed on the applicable statement (reduced as a result of any applicable limitations described in Section 7.3(c)), *less* (ii) the amount of the reduction in U.S. federal and state income Taxes payable by SpinCo as a result of the payment of such distributions. For purposes of this Section 7.3(d), the amount of the reduction in U.S. federal and state income Taxes payable by SpinCo as a result of such distributions shall be deemed to equal (x) the amount of such distributions under the SpinCo Non-Qualified Savings Plan reflected on such statement, *multiplied by* (y) the highest marginal U.S. federal income Tax rate applicable to U.S. corporations on the date such distributions were paid plus the applicable weighted average state income Tax rate on the date such distributions were paid.

Section 7.4. Continuation of Elections and Application to SpinCo Dependents.

SpinCo has caused and shall continue to cause the SpinCo Qualified Savings Plans and the SpinCo Non-Qualified Savings Plan to recognize and maintain all elections in effect as of immediately prior to the Interim Transfer Date, including, but not limited to, beneficiary designations, payment forms and other rights of alternate payees under qualified domestic relation orders as were in effect under the corresponding Parent Qualified Savings Plan and Parent Non-Qualified Savings Plan, unless and until changed or modified in accordance with the terms of the applicable plan or otherwise in accordance with applicable law. To the extent applicable, the provisions of this Article VII shall also apply to SpinCo Dependents. Parent shall cooperate with SpinCo to provide any reasonably requested information regarding such administrative matters.

ARTICLE VIII. EQUITY BASED INCENTIVE AWARDS

Section 8.1. Treatment of Outstanding PSP Awards by Parent.

The target number of shares of Parent stock subject to each outstanding performance share plan award held by a Transferred Employee at the Effective Time shall be multiplied by the percentage determined by the quotient of (i) the number of months in the performance period applicable to such award that has been completed on the day immediately prior to the Effective Time divided by (ii) the number of months in the entire performance period, as determined by Parent in accordance with the Parent stock incentive plan. Each such outstanding performance share award shall remain outstanding as to such adjusted target number of shares of Parent common stock (the "Pro-Rated Parent Award"), and eligible to vest and be paid based upon the achievement of the applicable performance criteria (including in respect of any dividend equivalents granted in connection with such award), at the same time and subject to the same terms and conditions as though the Transferred Employee had remained employed by Parent through the date the performance share awards, in respect of such performance period, are payable to employees of Parent. The target number of shares of Parent stock subject to each outstanding performance share plan award held by a Transferred Employee at the Effective Time in excess of the target number of shares subject to the Pro-Rated Parent Award shall be cancelled and forfeited as of the Effective Time (the "Cancelled Parent PSP Shares").

Section 8.2. Treatment of Outstanding Parent Restricted Share Unit and Restricted Stock Awards.

Each outstanding award of restricted shares of Parent common stock and each award that constitutes a promise to deliver shares of Parent common Stock held by a Transferred Employee at the Effective Time (other than performance share plan awards which shall be treated as set forth in Section 8.1) shall be cancelled and forfeited as of the Effective Time (the “Cancelled Parent Restricted Shares”).

Section 8.3. Replacement Awards for Cancelled Shares.

Unless otherwise agreed between Parent and a Transferred Employee prior to the date on which the Effective Time falls, effective as of the Effective Time, SpinCo shall grant each Transferred Employee who forfeits Cancelled Parent PSP Shares or Cancelled Parent Restricted Shares one or more replacement awards in respect of such cancelled shares having the terms and conditions set forth in this Section 8.3. With respect to Cancelled Parent Restricted Shares, SpinCo shall grant a replacement award in respect of the number of shares of SpinCo common stock determined in accordance with Section 8.4 that shall have terms and conditions substantially identical to those applicable to the Cancelled Parent Restricted Shares, except that SpinCo shall replace Parent for all purposes of such award and continuing service with SpinCo and its affiliates shall determine the right of the Transferred Employee to vest in (or receive a payment in respect of) the shares of SpinCo common stock subject to such award. With respect to Cancelled Parent PSP Shares, SpinCo shall grant a replacement award for the number of shares of SpinCo common stock as determined in accordance with Section 8.4 that shall be eligible to vest and become payable in three equal installments on each of the three payment dates applicable to the Cancelled PSP Shares to which such replacement award relates, based solely upon the continued performance of services with SpinCo and its affiliates through the applicable vesting date, and have other terms and conditions substantially equivalent to the terms and conditions applicable under the corresponding Parent performance share plan award.

Section 8.4. Establishing the Number of Shares Subject to SpinCo Awards.

The number of shares of SpinCo common stock to be subject to any replacement award granted in accordance with Section 8.3 shall be equal to the quotient of (i) the product of (A) the Parent Cancelled Share Value multiplied by (B) the number of cancelled shares of Parent common stock which the applicable SpinCo award is replacing, divided by (ii) the SpinCo Replacement Share Value.

ARTICLE IX.
SHORT TERM INCENTIVES AND SALES COMMISSION PROGRAMS

Section 9.1. Management Incentive Plan.

Except with respect to any Transferred Employee who during 2021 held a title with Parent of at least Senior Vice President and in all cases as set forth under the terms and conditions of the Management Incentive Plan, Parent shall pay to each Transferred Employee participating in the Management Incentive Plan immediately prior to the Effective Time a cash bonus amount, not later than 30 days following the Effective Time, equal to such Transferred Employee's target annual incentive opportunity under such plan for 2021, multiplied by a fraction (the "Pro-Rated Fraction"), the numerator of which is the number of calendar months in 2021 in which such Transferred Employee worked 15 days or more, determined through and including the day immediately prior to the Effective Time, and the denominator of which is 12. With respect to any Transferred Employee who during 2021 held a title with Parent of at least Senior Vice President and in all cases as set forth under the terms and conditions of the Management Incentive Plan, Parent shall pay to each such Transferred Employee, at the same time that bonuses are paid generally to other officers of Parent, an amount in respect of his or her participation in the Management Incentive Plan for 2021 equal to the product of (i) the amount that such Transferred Employee would have been eligible to receive under the terms and conditions of such Management Incentive Plan had he or she remained employed by Parent through the date of payment and (ii) the Pro-Rated Fraction.

Section 9.2. Hourly Incentive Plans and Sales Commission Programs.

Parent or a Transferred Entity shall pay any amounts that are earned under each Hourly Incentive Plan and each Sales Commission Program to Transferred Employees prior to the Effective Time. The SpinCo Group shall be responsible for all Liabilities to Transferred Employees under each Hourly Incentive Plan and each Sales Commission Program for amounts that are earned in accordance with the terms of such plans and programs on or after the Effective Time.

Section 9.3. SpinCo Obligations In Respect of Incentive Plans.

The SpinCo Group shall maintain in effect the Hourly Incentive Plans and each Sales Commission Program until the first anniversary of the Effective Time; provided, however, SpinCo shall have the right to amend each such Hourly Incentive Plan and Sales Commission Program as necessary to reflect the changes resulting from the transactions contemplated by the Separation Agreement, including, without limitation, changes to the performance metrics under such plans and programs to use SpinCo performance metrics.

ARTICLE X.
ASSUMPTION OF LIABILITIES

Section 10.1. Assumption of Liabilities.

(a) By SpinCo. Except as otherwise expressly provided for in this Agreement, not later than the Effective Time, SpinCo shall or shall cause a member of the SpinCo Group (including the Transferred Entities) or a SpinCo Plan to assume, perform, and discharge all of the following, regardless of when or where such Liabilities arose or arise or are incurred:

(i) all Liabilities to or relating to Transferred Employees and their dependents and beneficiaries, to the extent relating to, arising out of or resulting from employment on or prior to the Effective Time, including, but not limited to, all Liabilities relating to labor and employment law claims and union grievances under the Applicable CBA, but excluding all Liabilities retained by Parent as provided in this Agreement including, but not limited to, the Liabilities retained by Parent pursuant to Section 10.1(b) below;

(ii) all Liabilities relating to labor and employment law claims and union grievances under the Applicable CBA of Former Business Employees, regardless of when such claim arose (excluding, for the avoidance doubt, liabilities in respect of benefit plans, programs and arrangements which are expressly retained by a Parent Plan or Parent Group member hereunder); and

(iii) all other Liabilities relating to, or arising out of, or resulting from obligations, liabilities, and responsibilities expressly assumed or retained by SpinCo or a member of the SpinCo Group pursuant to this Agreement or the Applicable CBA.

Without limitation to the foregoing clauses (i) through (iii), except as expressly set forth herein, each member of the SpinCo Group outside of the United States shall be solely responsible for satisfying all Liabilities in respect of its respective Transferred Employees and Former Business Employees.

(b) By Parent. Parent shall or shall cause the applicable Parent Plan or Parent Group member to retain and discharge all of the following:

(i) all Liabilities to or relating to Retained Employees and Former Business Employees (other than those assumed by SpinCo pursuant to Section 10.1(a)(ii)), and any individuals who are not Business Employees (and the foregoing's dependents and beneficiaries), to the extent relating to, arising out of or resulting from former, present, or future employment with the Parent Group, including, but not limited to, all Liabilities relating to labor and employment claims and union grievances under the applicable CBA that covers Retained Employees and any individuals who are not Business Employees (and the foregoing's dependents and beneficiaries);

(ii) all Liabilities with respect to Pro-Rated Parent Awards;

(iii) all Liabilities expressly assumed or retained under Sections 3.1(b), 6.1(a) and 6.4;

(iv) all Liabilities under the Management Incentive Plan, the Hourly Incentive Plans and the Sales Commission Programs for amounts that become due and payable under the terms of such programs prior to the Effective Time, as provided in Article IX; and

(v) all other Liabilities relating to, or arising out of, or resulting from obligations, liabilities, and responsibilities expressly assumed or retained by the Parent Group or a Parent Plan pursuant to this Agreement or the collective bargaining agreements that cover Retained Employees, Former Business Employees (other than those retained by SpinCo pursuant to Section 10(a)(ii)), and any individuals who are not Business Employees (and the foregoing's dependents and beneficiaries).

(c) Allocation of Liabilities among Parent and SpinCo with respect to grievances and demands for arbitration pending as of the Effective Time shall be as set forth in Sections 10.1(a) and (b).

(d) For the avoidance of doubt, allocation of Liabilities for Taxes that (i) are imposed on Parent or a Parent Plan that, in either case, arise from or relate to a Parent Plan or (ii) are imposed on SpinCo or a SpinCo Plan that, in either case, arise from or relate to a SpinCo Plan shall be as set forth in the Tax Matters Agreement, other than, in the case of each of clauses (i) and (ii), Taxes described in Section 2.6.

(e) In the event that any Third Party Claim is asserted in respect of which an Indemnifying Party could have liability to any Person hereunder, such Third Party Claim shall be addressed following the procedures set forth in Section [4.5] of the Separation Agreement.

Section 10.2. Reimbursement.

(a) By SpinCo. From time to time after the Effective Time, SpinCo shall promptly reimburse Parent, but in no event more than thirty (30) days after delivery by Parent of an invoice therefor containing reasonable substantiating documentation of such costs and expenses, for the cost of any obligations or Liabilities that Parent or a Parent Plan elects to, or is compelled to, pay or otherwise satisfy, that are or that pursuant to this Agreement have become, the responsibility of SpinCo or any SpinCo Subsidiary; provided, however, that if payment in respect of any such Liability is made by a Parent Plan, SpinCo or the appropriate SpinCo Plan shall reimburse the Parent Plan directly. To the extent that any SpinCo Subsidiary is responsible for any of the SpinCo Employee Liabilities, each member of the SpinCo Group shall be jointly and severally liable to Parent or Parent Plan, as applicable, for the payment of such Liabilities by such SpinCo Subsidiary.

(b) By Parent. From time to time after the Effective Time, Parent shall promptly reimburse SpinCo, but in no event more than thirty (30) days after delivery by SpinCo of an invoice therefor containing reasonable substantiating documentation of such costs and expenses, for the cost of any obligations or Liabilities that SpinCo or a SpinCo Plan elects to, or is compelled to, pay or otherwise satisfy, that are or that pursuant to this Agreement have become, the responsibility of Parent; provided, however, that if payment in respect of any such Liability is made by a SpinCo Plan, Parent or the appropriate Parent Plan shall reimburse such SpinCo Plan directly.

(c) Any reimbursement made by either Party pursuant to this Section 10.2 shall be treated by the Parties as a reimbursement to the other Party for having acted as the reimbursing Party's agent for purposes of paying the corresponding expenses.

Section 10.3. Indemnification.

(a) SpinCo agrees that from and after the Effective Time it shall indemnify, defend and hold harmless Parent, each of its Subsidiaries, and their respective directors, officers, shareholders, partners, members, attorneys, accountants, agents, representatives and employees and their heirs, successors and permitted assigns, each in their capacity as such (the "Parent Indemnified Parties") from, against and in respect of any claims, damages, losses, charges, Liabilities, actions, suits, proceedings, judgments, settlements, assessments, interest, penalties, and reasonable costs and expenses (including reasonable attorneys' fees and expenses) (collectively, "Losses") actually incurred or suffered by any of the Parent Indemnified Parties arising out of or resulting from, (i) the failure of any member of the SpinCo Group to pay, perform, discharge or satisfy any Liabilities assumed in Section 10.1(a) of this Agreement (other than any Liabilities which arise due to the failure of Parent to satisfy its obligations under Article VIII hereof or to satisfy any Liability assumed in Section 10.1(b) and (c) hereof), and (ii) any other breach of the duties or obligations of any member of the SpinCo Group, as set forth in this Agreement. SpinCo shall take commercially reasonable efforts to procure insurance against any Indemnifiable Losses arising from the obligations set forth in this Agreement.

(b) Parent hereby agrees that from and after the Effective Time it shall indemnify, defend and hold harmless SpinCo, its Affiliates, and their respective directors, officers, shareholders, partners, members, attorneys, accountants, agents, representatives and employees (other than the Business Employees) and their heirs, successors and permitted assigns, each in their capacity as such (the "SpinCo Indemnified Parties" and, collectively with the Parent Indemnified Parties, the "Indemnified Parties") from, against and in respect of any Losses actually incurred or suffered by, any of the SpinCo Indemnified Parties arising out of or resulting from (i) the failure to pay, perform, discharge or satisfy any Parent Liabilities (other than Parent Liabilities which arise due to the failure of any member of the SpinCo Group or any SpinCo Plans to satisfy any liabilities assumed by SpinCo in Section 10.1(a) hereof) and (ii) any other breach of the duties and obligations set forth in this Agreement.

Section 10.4. Procedures for Indemnification for Third-Party Claims.

Except as specifically set forth in this Agreement, in the event that Parent or any other Parent Indemnified Party shall seek indemnification in respect of any SpinCo Employee Liabilities, or SpinCo or any SpinCo Indemnified Party shall seek indemnification in respect of any Parent Liabilities, such person shall comply with and follow the procedures regarding indemnification set forth in Article [IV] of the Separation Agreement, which shall apply to claims for indemnification hereunder in the same manner as though such claims were eligible for indemnification under the Separation Agreement, but assuming that such claims were not subject to any limitation on the ability to claim indemnification under such Separation Agreement.

Section 10.5. Reductions for Insurance Proceeds and Other Amounts.

The amount that any Indemnifying Party is or may be required to pay to any Indemnified Party pursuant to this Article X shall be reduced (retroactively or prospectively) in the same manner as provided in Section [4.3] of the Separation Agreement as though such claims were eligible for indemnification under the Separation Agreement, but assuming that such claims were not subject to any limitation on the ability to claim indemnification under such Separation Agreement.

Section 10.6. Contribution.

(a) If the indemnification provided for in this Article X is unavailable to, or insufficient to hold harmless, any Indemnified Party in respect of any Losses for which indemnification is provided for herein, then the relevant Indemnifying Party shall contribute to the Losses for which such indemnification is unavailable or insufficient in such proportion as is appropriate to reflect the relative fault of such Indemnifying Party and such Indemnified Party in connection with the circumstances which resulted in such Losses as well as any other relevant equitable considerations.

(b) The relative fault of Parent and SpinCo shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the applicable act, failure to act, statement or omission that is the basis for the Liability (the "Liability Event"), and whether the Liability Event occurred because of one Party's reasonable reliance on the other.

(c) Parent and SpinCo agree that it would not be just and equitable if contribution pursuant to this Section 10.6 were determined by any method of allocation which does not take account of the equitable considerations referred to in Section 10.6(b). The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an Indemnitee shall be deemed to include any legal or other expenses reasonably incurred by such Indemnitee in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Section 10.7. Consequential Damages.

Notwithstanding anything to the contrary contained in this Agreement or the Separation Agreement, no Person shall be liable under this Article X for any consequential, punitive, special or exemplary damages, regardless of the form of action, whether in contract, tort, strict liability or otherwise, and whether or not such damages were foreseen or unforeseen, except to the extent awarded by a court of competent jurisdiction in connection with a Third-Party Claim.

ARTICLE XI.
GENERAL AND ADMINISTRATIVE

Section 11.1. Cooperation.

(a) General. Each of the Parties hereto will use its commercially reasonable efforts to promptly take, or cause to be taken, any and all actions and to do, or cause to be done, any and all things necessary, proper and advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement, including without limitation, adopting plans or plan amendments. Each of the Parties hereto shall cooperate fully on any issue relating to the transactions contemplated by this Agreement for which the other Party seeks a determination letter or any other filing, consent, or approval with respect to governmental authorities regarding a benefit plan.

(b) Cooperation in Benefits, Plan, and Other Employee Transition. Parent shall administer the Parent Plans with respect to Business Employees in the ordinary course of business between the date of the Separation Agreement and the Interim Transfer Date or the Effective Time, as applicable. Without limitation, the Parties' cooperation under this Agreement shall include Parent (and its employees and agents) acting to provide SpinCo (and its employees and agents) with all information that is reasonably requested by SpinCo in connection with meeting, and reasonably necessary for SpinCo to comply with, its obligations under this Agreement, including but not limited to, in connection with providing compensation, benefits, hours and terms and conditions of employment of Represented Employees that are governed by the Applicable CBA, establishing and administering SpinCo's ongoing benefit plans for Business Employees, and assessing appropriate insurances for the period on and after the Effective Time. The information to be provided to SpinCo (and its employees and agents) shall include, without limitation, names of employees anticipated to be assigned to SpinCo and their respective work status, demographics and data; plan records;

underwriting and risk assessment information; records relating to workers' compensation claims; records related to collective bargaining and the processing of grievances (including, but not limited to all transcripts of negotiations, written proposals and negotiation binders); access to any information related to prior events and past practice that become relevant in future arbitrations; and periodic updates on the foregoing; in each case, so long as such information is reasonably necessary for SpinCo to comply with its obligations under this Agreement. Such information may be requested by SpinCo at any time following the date of the Separation Agreement and extending following the Effective Time as long as SpinCo reasonably has a need for such information, and shall be provided by Parent or a Parent agent as soon as reasonably practicable without incurring undue expense (with any increased third party cost being borne by SpinCo) and in a de-identified format to the extent necessary to comply with privacy provisions of federal or applicable state law.

(c) Communications. SpinCo shall not make any written communications (including websites or other passive communication channels) that are directed to the directors, officers or employees of Parent or any of its Subsidiaries pertaining to compensation or benefit matters that are affected by the transactions contemplated by the Separation Agreement without Parent's written consent; provided that SpinCo may communicate with Union representatives (including any Union representatives who are also employees of Parent Group) in relation to SpinCo's duties under the Applicable CBA and SpinCo may provide transition information regarding SpinCo's benefits (including any benefit identification cards). Notwithstanding the restriction in the preceding sentence, SpinCo may provide notices to Business Employees relating to the requirements of Sections 404(c) of ERISA or other legally required notices (after giving Parent a reasonable opportunity for review and reasonably considering Parent's comments on these notices), and the Parties shall cooperate in the notices' timely distribution in advance of the Effective Time (in accordance with the timing requirements of laws regarding such notices, in order to permit plan changes, whether before or after the Effective Time). The Parties shall each designate a single point of contact to facilitate prompt approvals of communications.

(d) Cooperation in Labor and Employment Disputes. Parent shall promptly notify SpinCo of any organizing activities or of any representation petition submitted to the NLRB and of any work stoppages, with respect to any Business Employees. For the avoidance of doubt, Parent shall retain sole decision-making authority with respect to all employment matters prior to the Effective Date.

Section 11.2. Consent of Third Parties.

If any provision of this Agreement is dependent on the consent of any third party (such as a vendor) and such consent is withheld, the Parties shall use their reasonable best efforts to implement the applicable provisions of this Agreement to the full extent practicable. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, the Parties shall negotiate in good faith to implement the provision in a mutually satisfactory manner. The phrase “reasonable best efforts” as used in this Agreement shall not be construed to require the incurrence of any non-routine or commercially unreasonable expense or liability or the waiver of any right.

Section 11.3. Survival.

This Agreement shall survive the Effective Time.

Section 11.4. Interpretation.

In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement; (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the Exhibits, Schedules and Annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in (x) Memphis, Tennessee or (y) New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; the word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”; (j) unless otherwise specified, all dollar amounts, including the symbol “\$”, refer to the lawful currency of the United States of America; and (k) all references to “the date hereof” or “the date of this Agreement” and words of similar import shall all be references to [•], 2021.

Section 11.5. No Third Party Beneficiary.

(a) Nothing in this Agreement shall confer upon any person (nor any beneficiary thereof) any rights under or with respect to any plan, program, agreement or arrangement described in or contemplated by this Agreement and each person (and any beneficiary thereof) shall be entitled to look only to the express terms of any such plan, program, agreement or arrangement for his, her or its rights thereunder. The purpose of this Agreement is to specify the respective potential responsibilities and obligations of Parent and SpinCo (and their respective affiliates) as between each other, but it does not affect, impair, enhance, modify, construe or interpret the rights of any Parent Employee, Retained Employee, Former Business Employee or Business Employee under or in respect of any such plan, program, agreement or arrangement.

(b) Nothing in this Agreement shall create any right of a Person to object or to refuse to assent to the assumption of or succession to, by any member of the SpinCo Group or the SpinCo Group, any benefit plan, collective bargaining agreement or other agreement relating to conditions of employment, termination of employment, severance or employee benefits, nor shall this Agreement be construed as recognizing that any such rights exist.

(c) Nothing in this Agreement shall amend or shall be construed to amend, or interpret the terms of, any plan, program, agreement or arrangement described in or contemplated by this Agreement.

Section 11.6. Notices.

Any notice, demand, claim, or other communication under this Agreement shall be in writing and shall be deemed given to a Party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier services (costs prepaid); (b) by email with receipt confirmed; (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses or e-mail address and marked to the attention of the person designated below (or to such other address, e-mail address or person as a Party may designate by notice to the other Parties):

(a) If to Parent, to:

International Paper Company
6400 Poplar Avenue
Memphis, Tennessee 38197
Attention: [•]
E-mail: [•]

With copies to:

Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022
Attention: William Regner
Emily Huang
Franklin Mitchell
E-Mail: wdregner@debevoise.com
efhuang@debevoise.com
flmitchell@debevoise.com

(b) If to SpinCo, to:

[•]
[•]
[•]
[•]
[•]

Section 11.7. Governing Law.

This Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) and all issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement (and all Schedules hereto) shall be governed by, and construed in accordance with, the Laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 11.8. Disputes.

Except as expressly provided in Section 2.5(c), Section 5.2(c), Section 5.3(b) and Section 7.3(b), any disputes arising under this Agreement shall be resolved applying the dispute resolution provisions set forth in [Article VII] of the Separation Agreement.

Section 11.9. Specific Performance.

The Parties acknowledge and agree that any breach of this Agreement would give rise to irreparable harm for which monetary damages would not be an adequate remedy. The Parties accordingly agree that, in addition to any other rights or remedies it may have at law or in equity, the other Party shall be entitled to (x) enforce the terms of this Agreement by decree of specific performance without the necessity of proving the inadequacy of monetary damages as a remedy and (y) seek injunctive relief against any breach or threatened breach of this Agreement. Neither Party will contest an action by the other Party for injunctive relief or an order of specific performance on the basis that there is an adequate remedy at law, or that an award of specific performance is not an appropriate remedy for any reason, at law or in equity. The Parties agree to not seek and agree to waive any requirement for the securing or posting of a bond in connection with a Party seeking or obtaining any relief pursuant to this Section 11.9.

Section 11.10. No Assignment; No Amendment; Counterparts.

This Agreement may not be assigned by either Party (except by operation of law) without the written consent of the other, and shall bind and inure to the benefit of the Parties hereto and their respective successors and permitted assignees. This Agreement may not be amended or supplemented except by an agreement in writing signed by Parent and SpinCo. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each Party has caused its duly authorized officer to execute this Agreement, as of the date first written above.

Date: _____

INTERNATIONAL PAPER COMPANY

By:
Its:

Date:

SYLVAMO CORPORATION

By:
Its:

Information contained herein is subject to completion or amendment. A registration statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Preliminary Information Statement
(Subject to Completion, dated August 23, 2021)

INFORMATION STATEMENT SYLVAMO CORPORATION



Common Stock, Par Value \$1.00 Per Share

International Paper Company (“International Paper”) is making this information statement available to its shareholders in connection with the *pro rata* distribution to International Paper shareholders of approximately 80.1% of the outstanding shares of common stock of Sylvamo Corporation, a Delaware corporation (“Sylvamo”).

In the distribution, holders of International Paper common stock will receive one share of Sylvamo common stock for every 11 shares of International Paper common stock owned at 5:00 p.m., Eastern Time, on September 15, 2021, the record date for the distribution (the “Record Date”). No fractional shares of Sylvamo common stock will be issued. If you would be entitled to a fractional share of Sylvamo common stock, then you will instead receive a cash payment with respect to the fractional share.

Sylvamo is currently a subsidiary of International Paper and will own and operate International Paper’s Printing Papers segment along with certain coated paperboard and pulp businesses in Latin America, Europe and North America following the distribution (the “Printing Papers business”). International Paper will continue to own and operate its Industrial Packaging and Global Cellulose Fibers businesses following the distribution. Following the distribution, International Paper will own approximately 19.9% of the outstanding shares of common stock of Sylvamo, and Sylvamo will be a separate public company.

We expect the distribution of Sylvamo common stock to be completed at 12:01 a.m., Eastern Time, on October 1, 2021. You do not have to vote or take any other action to receive your shares of Sylvamo common stock or cash in lieu of fractional shares. You will not be required to surrender your shares of International Paper common stock or pay any consideration in connection with the distribution. Your shares of Sylvamo common stock will be distributed by book-entry, which means that we will not issue physical stock certificates. The number of shares of International Paper common stock that you currently own will not change as a result of the distribution.

To implement the distribution, International Paper will distribute the shares of Sylvamo common stock on a *pro rata* basis to International Paper’s shareholders in a manner that is intended to be tax-free to International Paper’s shareholders for U.S. federal income tax purposes, except for cash that shareholders receive in lieu of fractional shares.

International Paper currently owns all of the outstanding shares of Sylvamo common stock. Accordingly, there is no current trading market for Sylvamo common stock, although we expect that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the Record Date (as defined herein). We expect “regular-way” trading of Sylvamo common stock to begin on the date of the distribution. Sylvamo has applied to have its common stock authorized for listing on the New York Stock Exchange (“NYSE”) under the symbol “SLVM.” As discussed under “The Distribution—Listing and Trading of the Shares of Sylvamo Common Stock” and “The Distribution—Trading Prior to the Distribution Date,” if you sell your International Paper common stock after the Record Date and before the Distribution Date (as defined herein), you will still be entitled to receive shares of Sylvamo common stock in the distribution.

No vote of shareholders is required in connection with the distribution. We are not asking for a proxy and you are requested not to send a proxy.

Holding and disposing of shares of Sylvamo common stock involves risks. In reviewing this information statement, you should carefully consider the matters described in the section entitled “[Risk Factors](#)” of this information statement.

Neither the Securities and Exchange Commission (“SEC”) nor any state securities commission has approved or disapproved of these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement is not an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is _____, 2021.

International Paper first mailed a Notice of Internet Availability of Information Statement Materials containing instructions on how to access this information statement to its shareholders on or about _____, 2021.

Market and Industry Data

The market and industry data contained in this information statement, including trends in our markets and our position within such markets, are based on a variety of sources, including our good faith estimates, which are derived from our review of internal surveys, information obtained from customers and suppliers and publicly available information, as well as from independent industry publications, reports by market research firms and other published independent sources, including Fastmarkets RISI (“RISI”), a pulp and paper industry source, and are presented as of the date of this information statement. Third-party industry publications and forecasts generally state that the information contained therein has been obtained from sources generally believed to be reliable.

Trademarks and Copyrights

We own or have rights to various trademarks, logos, service marks and trade names that we use in connection with the operation of our business, including *Hammermill*®, *Chamex*®, *REY*®, *SvetoCopy*® and *Postmark*®. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this information statement are listed without the ™, ® and © symbols, but such references do not constitute a waiver of any rights that might be associated with the respective trademarks, service marks, trade names and copyrights included or referred to in this information statement. Products and brand designations appearing in italics are trademarks of the Company.

Certain Important Terms

“CAGR” means compound average growth rate.

“Lost Work Incident Rate” or “LWIR” measures the number of cases of recordable injuries with days away from work per 100 employees over a one-year period.

“Joint Marketing Agreement” means the Joint Marketing Agreement between JSC Ilim Group and ZAO International Paper related to the UFS production of JSC Ilim Group.

“Overall Equipment Effectiveness” is a measure of the overall machine efficiency with performance or speed included. It is calculated as (i) Overall Machine Efficiency multiplied by (ii) actual speed divided by standard speed.

“Overall Machine Efficiency” is a measure of actual tons produced compared to the optimal production level. It is calculated as acceptance percentage multiplied by availability percentage. For purposes of this definition, acceptance percentage equals weighed tons at the scale classified as good saleable (“A1”) production divided by tons produced off the reel that included both A1 production and paper loss, and availability percentage equals the hours a machine is run divided by the hours the machine is available.

“operating rates” are calculated as (i) expected demand less imports plus exports divided by (ii) capacity, in each case measured by geography.

“Printing Papers business” means International Paper’s Printing Papers segment along with certain coated paperboard and pulp businesses in Latin America, Europe and North America.

“Total Incident Rate” or “TIR” measures the number of work-related injuries per 100 employees over a one-year period.

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SUMMARY

This summary highlights selected information contained elsewhere in this information statement. This summary may not contain all of the information that is important to you. To better understand the distribution and Sylvamo, you should carefully read this entire information statement, including the risks described in “Risk Factors,” “Cautionary Statement Concerning Forward-Looking Statements and Information,” “Unaudited Pro Forma Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the combined financial statements and the notes thereto.

We describe in this information statement the business to be transferred to Sylvamo in the distribution as if the transferred business was Sylvamo’s business for all historical periods described. References in this information statement to Sylvamo’s historical assets, liabilities, products, business or activities of its business are generally intended to refer to the historical assets, liabilities, products, business or activities of the transferred business as the business was conducted as part of International Paper and its subsidiaries prior to the distribution.

Unless otherwise indicated, all information herein gives effect to our amended and restated certificate of incorporation and amended and restated by-laws to be adopted prior to the completion of the distribution. As used herein, “we,” “us,” and “our” refer to Sylvamo and its consolidated subsidiaries after giving effect to the distribution, unless the context otherwise requires.

Why International Paper Made This Document Available to You

International Paper made this document available to you because you were a holder of International Paper common stock on the Record Date for the distribution of shares of Sylvamo common stock. In the distribution, holders of International Paper common stock will receive one share of Sylvamo common stock for every 11 shares of International Paper common stock owned on the Record Date for the distribution. No fractional shares of Sylvamo common stock will be issued in the distribution. If you would be entitled to a fractional share of Sylvamo common stock, then you will instead receive a cash payment with respect to the fractional share.

No action is required on your part to participate in the distribution, and you do not have to surrender or exchange your shares of International Paper common stock or pay cash or any other consideration to receive the shares of Sylvamo common stock. The number of shares of International Paper common stock that you currently own will not change as a result of the distribution.

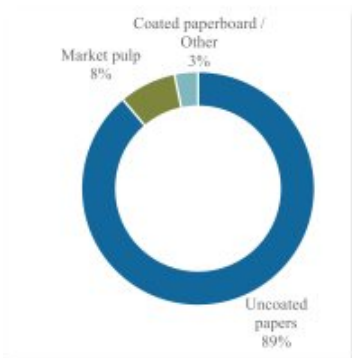
This information statement describes the business of Sylvamo, Sylvamo’s relationship with International Paper and how this transaction affects International Paper and its shareholders, and provides other information to assist you in evaluating the benefits and risks of holding or disposing of the Sylvamo common stock that you will receive in the distribution.

Sylvamo’s Business

Our Company

Sylvamo is a global uncoated papers company with a broad portfolio of top-tier brands and low-cost, large-scale paper mills located in and serving the most attractive geographies, including Latin America, Europe and North America. We produce uncoated freesheet (“UFS”) for paper products such as cutsize and offset paper, as well as market pulp, aseptic and liquid packaging board (“LPB”) and coated unbleached kraft (“CUK”) papers. With roots going back to 1898, we have a long history of offering premium quality papers to meet the needs of our customers and end-users. Our mills predominantly rank in the lowest quartile on global and regional UFS cost curves, and our low-cost operations enable us to serve our customers with the highest quality products at attractive margins. Our industry-leading brands, known for their long-standing reputation in their respective markets for product quality and performance, allow us to maintain our long-term relationships with top-tier customers throughout economic cycles. Our international reach and strong positioning across retail, merchant and e-commerce channels optimally places us to meet the paper needs of our end-users around the world. This also provides geographical diversification of our revenue and profits. From 2018 to 2020, on average, we generated 51% of our revenues and 66% of our Business Segment Operating Profit in Latin America and Europe, which regions exhibit different demand drivers than North America and all three regions have strong profitability for the paper industry relative to other geographies.

2020 Revenues by product type



Product type	Product line	Examples of end uses
Uncoated papers (UFS)	Cutsize	Printing, copy and writing paper
	Offset	Commercial printing, such as brochures and books
	Envelope	Statement mailers and direct mails
	Forms	Financial statements and other print applications
	Other	Tablets, receipts and construction applications
Uncoated papers (Others)	Uncoated bristols	Index systems, file cards, case records, menus, direct mail, counter displays
Market pulp	BHK/BSK/BEK/BCTMP	Used for producing tissue, printing and writing paper, specialty paper and board grades
Coated paperboard / Other	Aseptic/LPB	Packaging for liquids, such as beverages
	CUK	Beverage containers (beer and soft drinks) and heavy-duty retail packaging (hardware and laundry detergent)

UFS, our primary product, has diverse end-use applications, including printing, copy and writing papers, and advertising and promotional materials such as brochures, pamphlets, greeting cards, books, annual reports and direct mail. Additionally, we produce a wide variety of uncoated paper grades that our customers convert into envelopes, writing tablets, business forms, packaging and file folders. As a vertically integrated operator, we produce hardwood pulp (including bleached hardwood kraft (“BHK”) and bleached eucalyptus kraft (“BEK”)), and we produce bleached softwood kraft (“BSK”). We also produce bleached chemi-thermomechanical pulp (“BCTMP”) at our Svetogorsk mill, which we sell globally. Further, our Svetogorsk mill produces LPB and CUK papers that are sold across Russia and Eastern European countries.

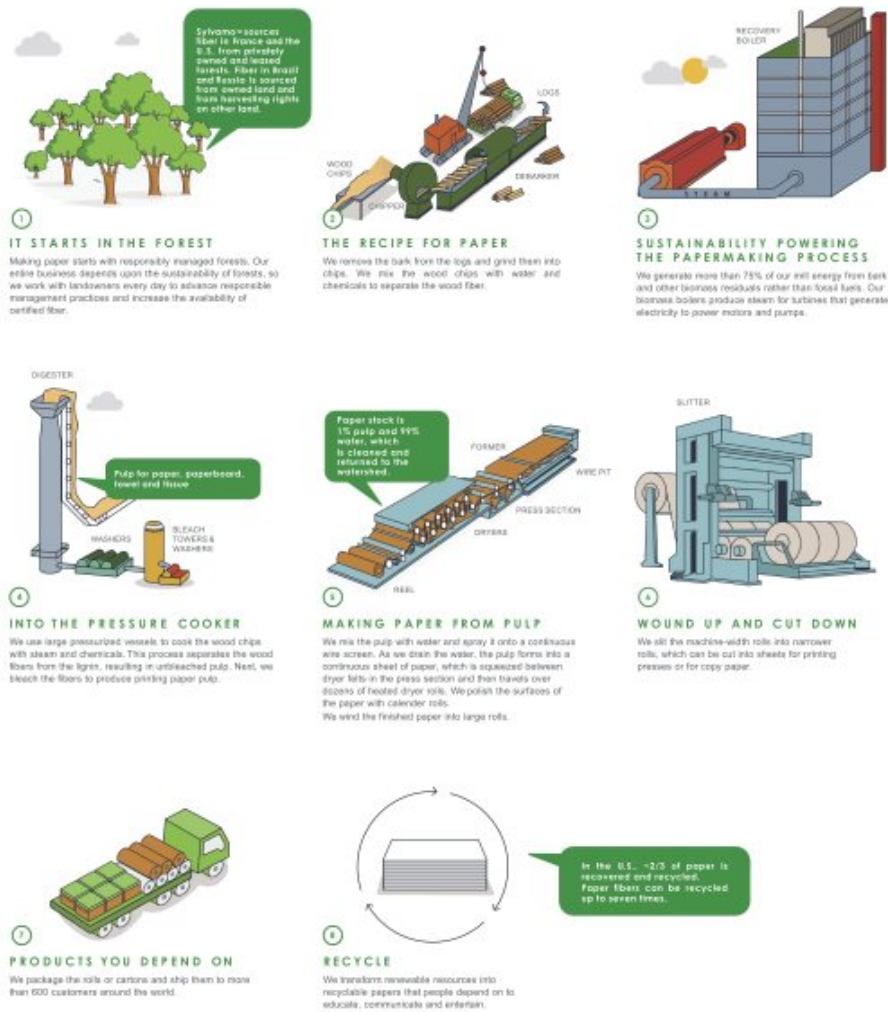
Many of our UFS products, particularly cutsize, are branded with strong consumer recognition and top brand positioning in their respective markets. We believe our portfolio of trusted brands across our regions provides us with a meaningful competitive advantage. We own some of the industry’s most recognizable brands, including *Chamex* (Brazil), *REY* (France), *SvetoCopy* (Russia) and *Hammermill* (United States). Cutsize represents approximately 60% of our UFS tons sold, and our owned and licensed brands represent 58% of those cutsize sales. Further, we have a license from HP Inc. (“HP”) for the rights to produce and sell HP branded printer and copier paper in almost all geographies globally. *HP Papers* is a premium line of uncoated cutsize products that work seamlessly across all models of printer and copier equipment. The remaining 42% of cutsize tons sold are private label brands we produce for our major customers, including Staples.

We sell and market our products globally to over 600 customers. By leveraging our strong brand portfolio and our customized service, we have built deep relationships with top customers in each of the channels we serve. We distribute our products through a variety of channels, including merchants and distributors, office product suppliers, retailers and dealers. We also sell directly to converters that produce envelopes, forms and other similar products. With a long history of more than 120 years, we have forged long-term relationships with our top customers and their loyalty results in very little turnover. Accordingly, our top ten customers, representing approximately one-third of our net sales, have been buying our products for more than 50 years on average. Our sales, marketing, supply chain and production staff work collaboratively to provide tailored client support and valued-added services, addressing the distinct needs of customers across geographies and channels. We provide marketing support to our customers to help them develop their go-to-market strategies by leveraging our extensive end-user sales and preference data.

Our mills have an annual UFS paper production capacity of 2.8 million short tons, market pulp production capacity of 580,000 short tons, and total LPB and CUK capacity of 130,000 short tons. In addition, Sylvamo expects to distribute annually an incremental 520,000 short tons of UFS and 160,000 short tons of uncoated bristols through its offtake agreements with International Paper in North America. We have filed an application with the Federal Antimonopoly Service of the Russian Federation (“FAS”) to approve Sylvamo as the new controller of ZAO International Paper. ZAO International Paper will remain a party to the Joint Marketing Agreement with JSC Ilim Group, which would allow us to retain the exclusive rights to market and sell all of the JSC Ilim Group’s UFS

production, which totals 275,000 short tons annually. Our mill portfolio includes seven low-cost mills, six of which are fully vertically integrated. Vertical integration reduces costs associated with key inputs for paper production, such as pulp and energy, and decreases our exposure to commodity price fluctuations. Our only non-vertically integrated mill is co-located with Suzano’s market pulp mill and has a market supply agreement with Suzano, ensuring a consistent supply of fiber, steam and energy contractually guaranteed on a long-term basis. This effectively replicates most of the key economic benefits of vertical integration without the associated capital costs. We have high quality, well-invested facilities with low operating costs. As of December 31, 2020, more than 70% of our capacity is in the lowest quartile of global and regional cost curves. We believe the competitive advantages of our mills, such as their location in sustainable low-cost fiber baskets, and significant scale and distribution efficiencies, afford us sustainable strategic benefits.

How Paper is Made



The demand for our paper products is positively correlated with global commercial printing and print advertising activity, white-collar employment levels and government spending, including education spending, and negatively affected by the adoption of electronic billing and statements. We believe our low-cost position allows us to thrive in all demand environments, including in countries facing secular demand decline, and we have demonstrated this historically by strengthening Sylvamo's supply position even in light of the rise of electronic media substitution. From 2015 through 2020, we outperformed the UFS industry demand by 1.2% on average in the regions we serve, and, in the future, we intend to target outperforming the UFS industry demand by 1% to 2% on average in such regions. We expect global demand for UFS to increase at a 0.4% CAGR from 2021 to 2025, based on RISI forecasts. Approximately two-thirds of Business Segment Operating Profit on average from 2018 to 2020 comes from outside North America, and some of our key geographies, such as Latin America, have an increasing population of white-collar professionals, which supports the demand for our products.

We provide differentiated products and services in each geography we serve, underpinned by our low-cost facilities, premium brands and a talented workforce.

- **Latin America:** Our Latin American business is engaged in the production and sale of cutsize, commercial printing and specialty papers, as well as converting papers and market pulp. We are the largest UFS producer in Latin America, with about 34% of the supply position as of December 2020 according to Fisher International. We sell approximately 70% of our Brazilian UFS production in 26 countries in Latin America, and export the balance to other regions around the globe. Our system of paper production consists of three mills in Brazil: two in the state of São Paulo and one in Mato Grosso do Sul. Together, our three mills have seven paper machines with an annual production capacity of 1.27 million short tons. Our integrated mill in Luiz Antônio is the lowest cost mill in Sylvamo's portfolio, as measured by roll manufacturing cost per ton, and produces cutsize and offset UFS and market pulp. The mill has an annual production capacity of 385,000 short tons of UFS on two paper machines and also produces an additional 130,000 short tons of market pulp annually. Our mill in Mogi Guaçu is also fully integrated, and operates four paper machines that produce 460,000 short tons of UFS, primarily cutsize and offset paper. Três Lagoas, located in Mato Grosso do Sul, operates one paper machine and produces 260,000 short tons of UFS annually.

We also own approximately 250,000 acres of strategic forest plantations in close proximity to our two mills in São Paulo state. This land provides us with a sustainable source of high quality and low-cost hardwood fiber from eucalyptus. Eucalyptus and its fiber have several benefits, including:

- Fastest growing and highest yielding species grown in timber plantations;
- Shortened harvest cycles of 6 to 7 years, helping to keep plantation costs low; and
- Homogenous fiber quality, which permits premium grade quality at lower costs by requiring less wood to manufacture a ton of pulp.

Our portfolio of brands includes two lines of printing and writing paper, *Chamex* and *Chamequinho*, and one graphic paper line, *Chambril*, all 100% produced from sustainably managed forests, holding Programme for the Endorsement of Forest Certification ("PEFC") certification. We expect existing Forest Stewardship Council™ ("FSC®") and PEFC certifications to transfer to Sylvamo from International Paper prior to the distribution. Our *Chamex* brand has enjoyed unparalleled brand recognition in Brazil for the last 50 years.

- **Europe:** Our European business primarily produces and sells cutsize, commercial printing and specialty papers, in addition to LPB, CUK, BCTMP (Russia), BHK and BSK (France). We own two mills in the region with a total annual production capacity of 1.1 million short tons: Svetogorsk in Russia near the Finnish border and Saillat in France. Both mills produce pulp and paper and are fully vertically integrated. Our paper and pulp mill in Svetogorsk covers approximately 494 acres on the

Karelian Isthmus between the Gulf of Finland and Lake Ladoga in northwestern Russia, and comprises three pulp mills and two paper machines with an annual production capacity of 720,000 short tons. The mill produces cutsize and offset paper and is the only producer of LPB in Russia with a supply position greater than 50% based on Russian customs data. Svetogorsk produces BCTMP, which is manufactured from aspen or spruce with innovative technology and allows Sylvamo to maintain an advantaged cost position relative to most other European and Russian mills making similar products. We are able to capture demand in both UFS and BCTMP in other countries throughout Europe, the Middle East, Africa and Asia out of our Svetogorsk mill. We have also filed an application with FAS to approve Sylvamo as the new controller of ZAO International Paper. ZAO International Paper will remain a party to the Joint Marketing Agreement with JSC Ilim Group, which would allow us to retain the exclusive rights to market and sell all of JSC Ilim Group's UFS production totaling 275,000 short tons annually. The JSC Ilim Group is the largest pulp and paper company in Russia and operates the largest pulp and paper mills located in the European and Siberian regions of Russia, with a total pulp and paper production capacity of 4 million short tons annually. It is controlled by Ilim SA, a 50/50 joint venture between International Paper and its partners. Our paper and pulp mill in Saillat is a European leader in the production of premium grade paper with an annual production capacity of 265,000 short tons and opportunities to grow sales outside of Europe. The mill also produces an additional 130,000 short tons annually of BHK and BSK market pulp that is sold to customers in Western Europe. In Russia, we have long-term harvesting rights on 860,000 acres of government-owned forestland, where we also plant seedlings to maintain the health and productivity of forest ecosystems for future generations.

We own a portfolio of premium brands in Europe. Our *REY* brand is distributed primarily in France and is focused on sustainability. Our brands in Russia include *Ballet* and *SvetoCopy*, which was the first office paper brand to be produced in Russia, and together are the leading brands in the country with an estimated 45% supply position, including JSC Ilim Group's expected cutsize capacity under the Joint Marketing Agreement based on internal estimates.

- **North America:** Our North American business is engaged primarily in the production and sale of cutsize, commercial printing, converting and specialty papers. We are the second largest UFS producer in North America with a 28% supply position as of December 2020, according to Fisher International, including UFS we will purchase from International Paper's Riverdale and Georgetown mills pursuant to offtake agreements. We own two of the industry's most competitive mills, Eastover and Ticonderoga, with 1.1 million short tons of combined annual production capacity. The Eastover mill, located in South Carolina, operates two paper machines producing 700,000 short tons of UFS, and a chemical pulping system producing fiber for UFS and an additional 115,000 short tons of market pulp annually. Eastover's highly advantaged cost position in North America stems from its strategic location in an attractive fiber basket and world-class production capabilities. Sylvamo also operates a premium-grade paper mill in Ticonderoga with a well-invested asset base and proven capabilities to service the North American specialty segment. Its two paper machines and chemical pulp system produces 275,000 short tons of UFS annually, focusing on specialty paper grades. Our offtake agreements with International Paper give us the right to market and sell the UFS paper and uncoated bristols production at the Riverdale and Georgetown mills, representing an incremental 680,000 short tons of annual production capacity. Our North American mills are positioned near sustainably-managed forests that provide long-term access to competitively priced fiber.

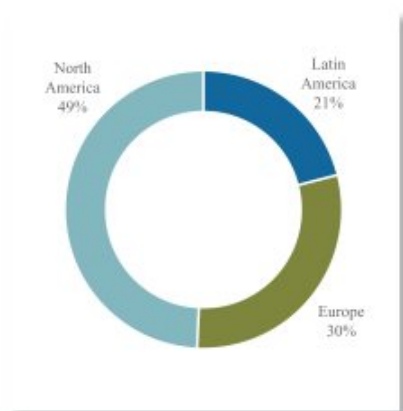
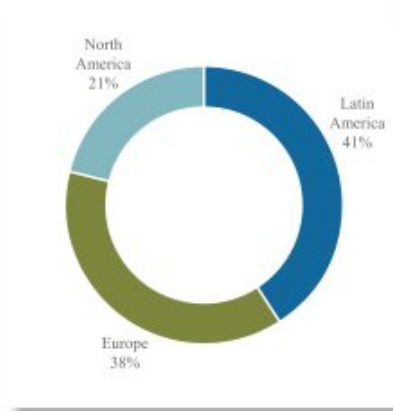
In North America, we own a portfolio of premium brands, including *Hammermill*, *Springhill*, *Williamsburg*, *Postmark* and *Accent*. According to a third-party market study conducted by TRC Advisory in 2019, the quality and product breadth associated with the *Hammermill* brand resulted in strong end-user customer willingness to pay. Its unparalleled brand recognition helped us secure our strategic partnership with the largest e-commerce supplier in North America.

7 owned mills with total production capacity of approximately 3.5 million short tons



Owned mills		Key products	Total Production Capacity ('000s short tons)
Latin America	Luiz Antônio	UFS	385
		Market Pulp	130
		TOTAL	515
	Mogi Guaçu	UFS	460
		Market Pulp	35
		TOTAL	495
Europe	Três Lagoas	UFS	265
		Market Pulp	130
		TOTAL	395
	Saillat	UFS	420
		Market Pulp	170
		TOTAL	720
North America	Svetogorsk	UFS	275
		Coated paperboard	115
		TOTAL	815
TOTAL		UFS	2,765
		Market Pulp	580
	GRAND TOTAL	Coated paperboard	130
			3,475

Mills under offtake agreements		Key products	Total Production Capacity ('000s short tons)
North America	Riverdale	UFS	375
	Georgetown	UFS	145
		Uncoated Bristols	160
	TOTAL		305
TOTAL		UFS	520
		Uncoated Bristols	160
GRAND TOTAL			680

2020 Revenues by Segment

2020 Business Segment Operating Profit


Sylvamo recognizes that a sustainably managed forest is one that maintains and enhances economic, social, and environmental values for the benefit of present and future generations. We are deeply committed to long-term environmental sustainability by ensuring sustainable sourcing of fiber and investing in and utilizing renewable energy resources. The majority of our mills are located in attractive and sustainable fiber baskets that provide access to high quality, low-cost fiber. Our practice of sourcing fiber from well-managed forests promotes the long-term health and productivity of forests. A majority of our fiber supply in the United States and France comes from privately owned forests. We work with landowners and wood suppliers to advance credible third-party forest certifications to improve our percentage of certified fiber. We follow a Fiber Certification Policy that accepts globally recognized forest management standards. These include the PEFC and standards recognized by PEFC, including the American Tree Farm System® (“ATFS®”) and Sustainable Forestry Initiative® (“SFI®”) in the United States and the Brazilian National Forest Certification Program, Certificação Florestal (“CERFLOR”) in Brazil. We expect existing FSC® certification to be transferred to Sylvamo from International Paper prior to the distribution.

We own 250,000 acres of strategic forest plantations in close proximity to our mills in Brazil, which provides a sustainable source of high quality hardwood fiber from fast-growth eucalyptus. We reserve 75,000 acres towards our conservation efforts, through which we plant native tree species to help preserve biodiversity. In Russia, we have long-term harvesting rights on 860,000 acres of government-owned forestland, where we also plant seedlings to maintain the health and productivity of forest ecosystems for future generations. Sylvamo’s forestlands in Brazil and Russia are a significant source of value for our business and are strategic assets in profitable geographies. All the forestland we own in Brazil is certified under CERFLOR, and we expect existing FSC® certification to be transferred to Sylvamo from International Paper prior to the distribution. Our forestland

for which we have harvesting rights in Russia also has the FSC® certification, which we expect to be transferred from Sylvamo from International Paper prior to the distribution.

All of our integrated mills use renewable biomass residuals to create energy and decrease our dependence on third-party energy sources. On average, we produce 78% of our energy needs for our integrated mills through bio-energy, which is a carbon neutral energy source generated from renewable biomass residuals. We also believe in the responsible consumption of our products, and invest in recyclable, sustainable and renewable products. We have invested in product lines, such as the *Hammermill Great White* products, which are made from recycled materials. All of our products are recyclable, and we encourage our customers to utilize recycling services and custom recycling programs that support their business needs. In 2019, approximately 66% of all paper products in the United States were recycled to make new fiber-based products, according to the American Forest and Paper Association.

Sylvamo's capabilities and potential are delivered through our dedicated and talented workforce, which we believe is the best in the industry. We employ more than seven thousand people globally, with 43%, 35% and 22% of our workforce located in Latin America, Europe and North America, respectively. We have a favorable employee engagement score of 86%, compared to the manufacturing industry average of 75%, according to a 2019 third-party employee engagement survey. The above-average employee engagement score at Sylvamo is driven by our employees' perception of their career goals, employee safety, diversity in the workforce, understanding of the company's goals, work life balance and other indicators. Specifically, employees rated safety at Sylvamo with a 91% favorability rate.

The safety of our employees is paramount. We strive to design and operate injury-free workplaces for our employees and everyone who enters our facilities. As responsible stewards of people and their communities, we have maintained record safety standards at our mills, strictly complying with Occupational Safety and Health Administration ("OSHA") regulations. We are an industry-leading company in employee safety. Across all our mills, our TIR averaged 0.42 and our LWIR averaged 0.14 for 2020, well below the 2019 U.S. paper manufacturing industry averages of 2.5 and 0.8, respectively, according to the U.S. Bureau of Labor Statistics.

Our Competitive Strengths

We distinguish ourselves through the following competitive strengths:

A global producer of uncoated freesheet, positioned in the most profitable geographies: Latin America, Europe and North America.

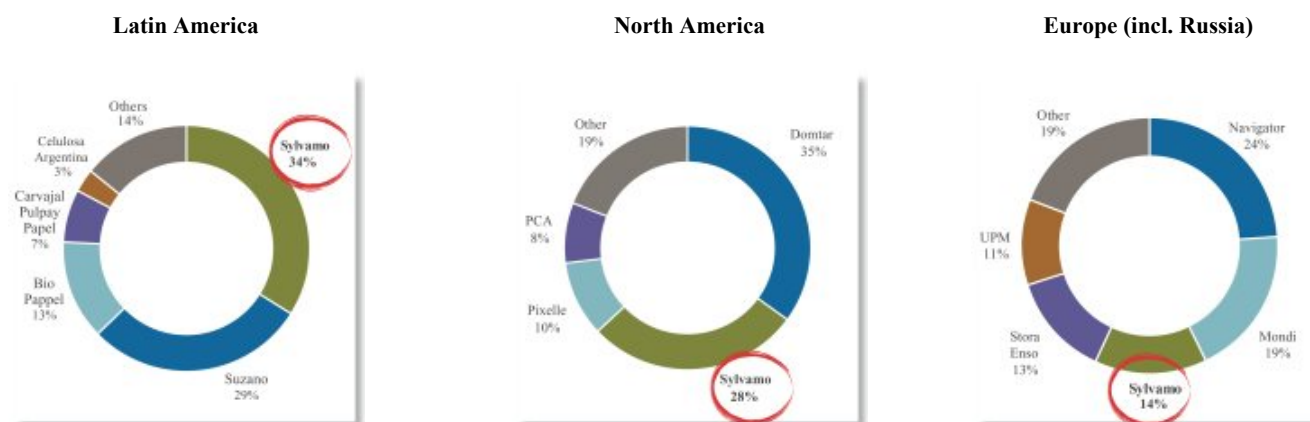
Our mills, and consequently the key regions that we serve, are located in some of the world's most attractive geographies for UFS. Given the access to low cost fiber and historical pricing levels, the regions we serve are some of the most profitable over the past three years based on average import pricing data from IHS Markit.

In Latin America, we are a major producer of UFS with a 34% supply position as of December 2020, according to Fisher International. Latin America is a particularly attractive region given its rising levels of education, growth in white-collar employment and increasing income per capita, all of which drive UFS demand. From 2014 to 2019, UFS demand in Latin America decreased at a 3.1% CAGR, and we expect it to increase at a CAGR of 2.2% from 2021 to 2025, based on data and forecasts by RISI, a pulp and paper industry source. Industry capacity in Latin America declined at a 0.3% CAGR from 2014 to 2019, and we expect it to continue to decline at a 1.6% CAGR from 2021 to 2025, based on RISI data and forecasts. See "Risk Factors—Risks Relating to Our Operations—This information statement contains forward-looking information, targets, projections and forecasts which are inherently uncertain and actual results may differ." Moreover, the key raw material input we use in our Brazil mills is eucalyptus, which is a world-class, low-cost fiber for the production of UFS. The use of low-cost fiber combined with our highly efficient operations, as measured by our Overall Machine Efficiency metrics of 93% in Latin America, and export logistics advantage allow us to serve the domestic market and the export markets at attractive margins.

We rank third in supply position in Europe, including our mill in Russia and JSC Ilim Group's expected outsize capacity under the Joint Marketing Agreement as of December 2020, according to Fisher International. We have consistently outperformed relative to industry demand in Europe. From 2011 to 2019, while the overall UFS demand in Europe fell by 2%, the demand for our products remained stable. Demand for UFS in Western Europe declined at a 2.8% CAGR from 2014 to 2019, and we expect demand for UFS in Western Europe to continue to decrease by a 2.7% CAGR from 2021 to 2025, based on RISI data and forecasts. In Eastern Europe, demand for UFS declined at a 0.6% CAGR from 2014 to 2019, and we expect demand in Eastern Europe to increase by a 0.2% CAGR from 2021 to 2025, based on RISI data and forecasts. Industry capacity in Eastern Europe increased at a 0.7% CAGR from 2014 to 2019, while Western Europe decreased at a 2.4% CAGR over the same time period, according to RISI data and forecasts. We expect that industry capacity will decline by a 2.6% CAGR and a 5.7% CAGR in Eastern Europe and Western Europe, respectively, from 2021 to 2025, based on RISI data and forecasts. We have a niche positioning in Europe, with our Saillat mill focusing its production on specialty UFS. In Russia, we have the number one supply position and the leading brand, *SvetoCopy*. We also have a strong position in other growing markets, such as the Commonwealth of Independent States. We have filed an application with FAS to approve Sylvamo as the new controller of ZAO International Paper. ZAO International Paper will remain a party to the Joint Marketing Agreement with JSC Ilim Group, which would allow us to retain the exclusive rights to market and sell all of JSC Ilim Group's UFS production totaling 275,000 short tons annually.

In North America, we are the second largest producer of UFS with a 28% supply position as of December 2020, according to Fisher International, including UFS we have agreed to purchase from International Paper's Riverdale and Georgetown mills pursuant to offtake agreements. We believe that we are well-positioned to benefit from improving fundamentals in the paper industry, which are inherently linked to the balance of supply and demand. In North America, a number of competitors have announced conversion of paper mills to primarily containerboard and fluff pulp capacity, leading to favorable operating rates. North American producers have announced the shutdown of approximately 1.5 million short tons of UFS capacity, or approximately 24% of the industry capacity, since 2019, according to RISI. As a result of these actions, we expect North American UFS operating rates to increase significantly from low operating rates in 2020 after a mid-2021 industry recovery according to RISI. We believe that higher operating rates will enable us to continue to benefit from improving supply and demand dynamics through our superior cost position. Demand for UFS in North America fell at a 3.5% CAGR from 2014 to 2019, and we expect it to continue to fall at a 2.6% CAGR from 2021 to 2025, based on RISI data and forecasts. Industry capacity in North America decreased at a 3.1% CAGR from 2014 to 2019, and we expect it to continue to decrease at a 1.7% CAGR from 2021 to 2025, based on RISI data and forecasts.

UFS supply position per region according to Fisher International, as of December 2020



Vertically integrated mills that are predominantly in the lowest quartile on the cost curve both in their regions and globally.

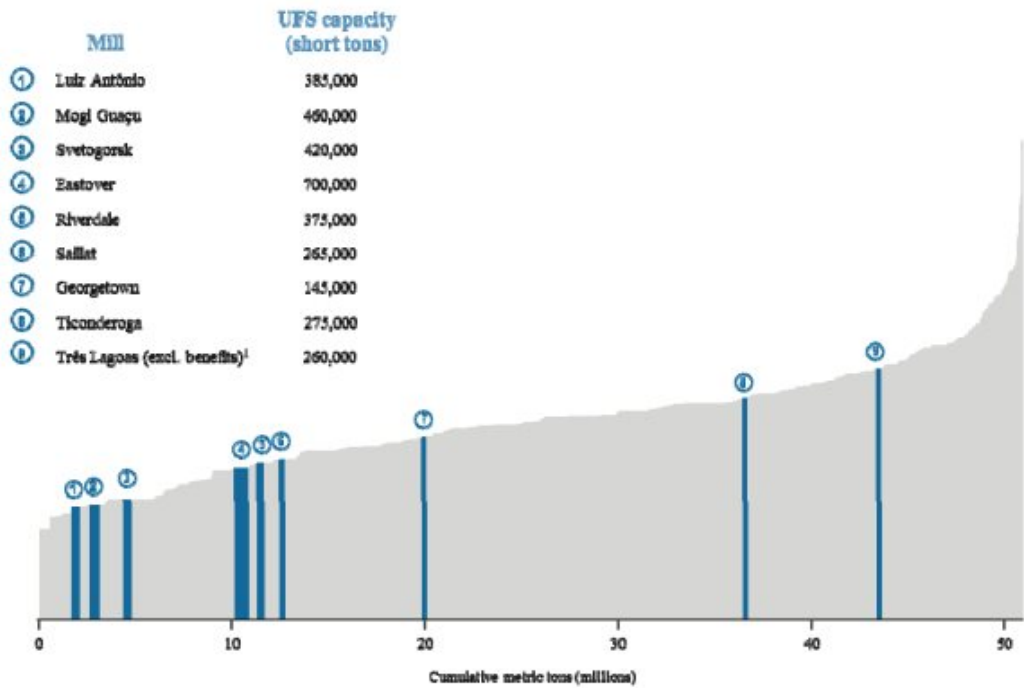
Our attractive, low cost positions are particularly important given that we have exposure to geographies that are either in secular decline or are experiencing limited to no growth. Historically we have seen that as volumes decline, competitors close higher cost mills or convert mills to other uses. We expect this trend to continue and therefore, we expect to be able to improve operating rates for our assets. As a result, we expect to be able to generate improved margins and substantial cash flow over the long-term despite stable or declining demand in our industry.

Our low production costs are driven by the scale of our production capacity, our mills' proximity to fiber, self-produced energy, and the integration of our pulp and paper production process. In particular, our vertical integration into pulp helps minimize our exposure to commodity pulp price fluctuations. In Brazil, we own eucalyptus plantations in close proximity to our two São Paulo state mills, giving us access to high-quality, low-cost eucalyptus fiber. These two mills produce their own pulp that is directly used for paper production. Our third Brazilian mill, Três Lagoas, is co-located with Suzano's market pulp mill and has a market supply agreement with Suzano, ensuring a consistent supply of fiber, steam and energy contractually guaranteed on a long-term basis. Consequently, Três Lagoas has all the benefits of integration without the associated capital costs, and therefore generates a high cash yield per ton of capacity. In fact, after accounting for the Brazilian government tax benefit and the benefits of integration and co-location with Suzano's market pulp mill, we estimate that Três Lagoas would have production costs comparable to Mogi Guaçu, which is in the first quartile of the cost curve. Furthermore, our own produced market pulp sales from the integrated mills in Brazil work as a natural hedge for the Três Lagoas purchased pulp contract. Accordingly, from 2018 to 2020, Três Lagoas' return on invested capital was on average approximately 350 basis points higher than Mogi Guaçu's return on invested capital.

Our European mills produce their own pulp that is directly used for the production of paper. Our Saillat mill is the largest fully integrated UFS mill in France and the only vertically integrated mill producing value-added grades in Europe that covers the entire production process from wood harvesting to paper. Its modern pulp mill produces pulp for 100% of its UFS production as well as an additional 130,000 short tons of market pulp that is sold in France and Western Europe. In Russia, our Svetogorsk mill is fully integrated with three pulp mills and two paper machines. We also have long-term harvesting rights on 860,000 acres of forestland in Russia for excellent access to wood fiber. Likewise, all of our North American mills produce their own pulp. The Eastover mill enjoys the lowest manufacturing cost in North America according to Fisher International, and operates one of the highest-quality cutsize paper machines in North America. The mill generates its own electricity to run its two paper machines and one pulp dryer. It produces sufficient pulp to meet its needs for paper production and an additional 115,000 short tons of market pulp sold in the open market each year. Ticonderoga is a premium-grade, vertically integrated paper mill with a competitive low-cost positioning against other specialty mills, according to Fisher International. Overall, our mills have an average pulp integration of approximately 95%, requiring that we buy only 5% of our pulp inputs in the open market.

Our integrated Brazilian, Russian and U.S. Eastover mills have historically occupied first quartile positions in the global cost curve, and our Saillat and U.S. Ticonderoga mills have historically occupied first quartile positions on the regional specialty cost curves. Our low-cost operations enable us to serve our local customers with the highest quality products at competitive margins. Our Russian and Brazilian paper operations have provided strong and steady margins for more than 10 years. Most importantly, these global low-cost operations help us to remain competitive in the export markets. Our ability to participate in the export markets allows us to meet demand in other regions with a steady and reliant supply of paper, allowing us to maintain consistent operating rates in almost all demand environments.

Global UFS rolls cost curve according to Fisher International as of December 31, 2020



¹ Três Lagoas position excludes tax benefits and benefits of integration and co-location with a Suzano pulp mill, which significantly improves the mill's net cost position.

Note: Sylvamo's mill capacity figures based on internal estimates.

Premier brands in Latin America, Europe and North America with strong brand recognition.

Our portfolio of iconic, regional brands is widely recognized for its quality and reliability. We own premier brands across the globe, including *Chamex*, *Chamequinho*, *Chambril*, *SvetoCopy*, *REY*, *Pro-Design*, *Ballet*, *Hammermill*, *Springhill*, *Williamsburg*, *Postmark* and *Accent*. These brands have a long-standing reputation in their respective markets for product quality and performance. Our strong brands have allowed us to outperform industry volumes and have supported the business through economic cycles by providing improved profitability. Over the last six years, we have outperformed the industry in terms of UFS shipments by 1.2% annually in the geographies we operate. Through the downturn caused by the COVID-19 pandemic, our brands demonstrated higher brand loyalty relative to private label offerings, as evidenced by a lower decrease in our owned brand sales in 2020 as compared to the overall industry. In addition, in 2020 we outperformed the industry UFS shipments in the geographies in which we operate by 2.1%.



Chamex has one of the strongest brand recognitions in Latin America



SvetoCopy maintains the highest frequency of repeat purchasing and the highest level of consumption in Russia



Hammermill is one of the most- purchased paper brands in North America for businesses of all sizes



Global supplier of HP Papers, one of the most recognized brands in the world, in partnership with HP Inc.

Our *Chamex* brand enjoys unparalleled brand recognition in Brazil and elsewhere in Latin America. *Chamex* has been part of the Brazilian culture for more than 50 years. Entire generations have grown up using *Chamex* in school and in the workplace. To leverage this recognition, we introduced the *Chamequinho* brand to target younger populations and keep the *Chamex* loyalty for generations to come. *Chamex* is the leading brand in terms of supply position in Bolivia, Brazil, Central America and Paraguay according to third-party global trade data.

Our *SvetoCopy* brand is the leading brand in Russia in terms of supply position and brand loyalty, according to market research and consulting firm IPSOS. *SvetoCopy* was the first office paper brand to be produced in Russia beginning in 1996, prior to which all office paper in Russia was imported. During our more than 20 years in Russia, we have delivered on *SvetoCopy*'s quality and brand reputation and have become a reliable partner for businesses.

In France, our *REY* brand offers a very broad range of innovative products, including commodity and value-added grades that promote sustainability. The *REY* brand continues to grow its recognition in France and is gaining popularity across Western Europe. Positioned as the conscientious paper choice, *REY* wants to represent sustainability in the office paper segment, with products ranging from white papers to tints (colors). *Pro-Design* is our flagship brand for professional high speed printing in Europe. Over the past decade, *Pro-Design* has established itself as a top-shelf product for full color, high quality laser print applications. All brands made at our Saillat mill are certified by either FSC® or PEFC and the EU Ecolabel. We expect existing FSC® and PEFC certifications to be transferred to Sylvamo from International Paper prior to the distribution.

The *Hammermill* brand has a deep heritage in the United States with over 120 years of existence, and we believe it is a leading copy paper brand in the United States. We continue to invest to make the brand relevant throughout generations, and have adapted our products to the digital age. In 2003, we introduced our JAM-FREE® technology, which guarantees less than one jam in 10,000 printed sheets on high-speed digital equipment. The *Hammermill Great White* product was developed within the cutsize paper product line and is made from recycled materials. We recently developed and launched our Paper Shop, which provides our customers with 24/7 access to place orders, check inventory, and monitor order status from their computer, tablet or smart phone. Our Paper Shop makes doing business with us more efficient and simpler for our customers, helping us capture a greater share of their business.

In 1996, we launched the *HP Papers* office paper products under license from HP Inc., allowing us to exclusively manufacture and market *HP Papers* in over 75 countries. *HP Papers* is a global paper brand and is manufactured in all our regions. It is a premium line of uncoated cutsize products, scientifically engineered to work seamlessly across all makes and models of printer and copier equipment. *HP Papers*, HP inks and toners and HP printers are engineered to work together. In the early 2000s, we again partnered with HP to develop and

introduce ColorLok Technology to improve inkjet printing quality in offices and homes around the world. Taking advantage of developments in high-speed inkjet technology, our ColorLok Technology optimization gives excellent results with both laser and high-speed inkjet sheet-fed printers.

Our brands represent 58% of our cutsize sales, and private labels represent the remaining 42%. Our private label strategy focuses primarily on North America, where we produce paper for companies such as Staples. Our top three private label customers represent approximately 280,000 short tons annually of private label sales.

Long-term, committed relationships with key customers and partners in the UFS value chain and a growing position in e-commerce.

We serve over 600 customers across every region of the world through diverse sales channels, including office product suppliers, retailers, e-commerce, converters, dealers and merchants. Our global scale and local focus help us stay committed to key customers and partners across the UFS supply chain. Over the years, we have built long-term relationships with customers thanks to our commitment to their business. We are aligned with the premier participants in all the main channels in Latin America, Europe and North America.

Our sales teams are coordinated to efficiently bring a competitive and complete product offering to our diverse customer base. We bring together our sales, marketing, supply chain and production staff to provide service and support to merchants, converters, end-users, stationers, printers and retailers alike. We further support our customers with our breadth of end-user applications, such as printing paper, brochures, pamphlets, greeting cards, books, packaging and envelopes. This mitigates our exposure to any one channel or end-use and creates value for our customers, and we excel at managing the complexity this adds to our operations. As a result, we have fostered long-term relationships with our customers with minimal customer turnover. On average, our top 10 customers have been our business partners for 50 years, and today they represent approximately 33% of our supply position, with no one customer making up more than 10% of our supply position.

Leading customers with long-standing relationships per region⁽¹⁾

Latin America		Europe (incl. Russia)		North America	
Customers	Years of relationship	Customers	Years of relationship	Customers	Years of relationship
	10+		10+		5+
	20+		10+		100+
	15+		10+		20+
	10+		20+		30+
	20+		25+		100+

(1) Includes predecessor companies.

We have the ability to adapt as our end-users change their channel preferences. We are well positioned to compete in the e-commerce channel, which relies more heavily on high-grade brands than traditional retail channels. We have been able to rapidly grow our e-commerce presence through close partnerships with online retailers such as Amazon in North America and Kalunga in Brazil. We have increased our sales through Amazon in North America by more than six times over the past five years. Overall, we have increased our North America e-commerce sales by approximately 85% over the past five years. Today, e-commerce makes up approximately

10% of North American sales, and we believe Sylvamo sales represent greater than 50% of the channel overall in 2020, according to internal marketing intelligence. We are seeing similar trends in e-commerce developing in Latin America and Europe.

Well-invested facilities running highly efficient operations.

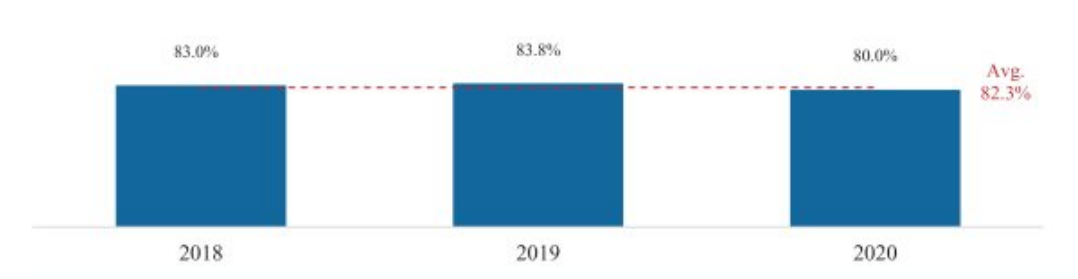
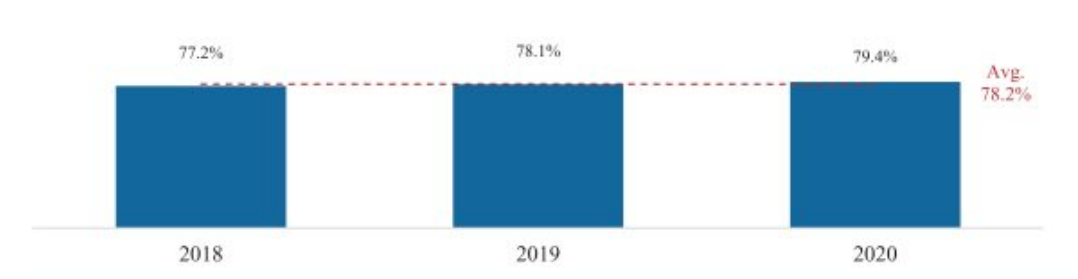
We believe our mills are well-invested, and we have made significant capital investments over time. Our capital spending includes maintenance, regulatory and reforestation capital expenditures, cost reduction capital expenditures, and strategic capital expenditures, which include capital for rebuilds, productivity enhancements and de-bottlenecking. We believe that the investments in our well-maintained and efficient facilities increase equipment uptime and improve reliability. The only major capital expenditure across our portfolio of mills anticipated in the next few years is the rebuilding of the two recovery boilers at our Svetogorsk mill or, alternatively, replacing the boilers with one new recovery boiler. Our mills are technically advanced, and Sylvamo operates the two most recently built UFS assets in Latin America – Luís Antônio and Três Lagoas in Brazil. Our history of allocating capital towards high-return projects demonstrates our financial discipline and ability to identify projects that create sustainable value. Our Svetogorsk mill is one of the top pulp and paper mills in Russia with industry-leading technology and equipment. Since 1998, we have invested approximately \$780 million in the upgrade and modernization of the mill to ensure its long-term competitiveness. For example, we constructed the BCTMP plant in 2008, which provides higher yields than other processes and lowers the total cost of production. We also installed a coater at one of the paper machines, allowing us to produce CUK and LPB to meet market demand. Our Eastover mill is one of the most technologically advanced pulp and paper mills in the world and, as a result, it is the lowest cost producer of UFS in North America according to Fisher International. It has a history of continued investment, with over \$140 million in capital deployed since 2015. Our Ticonderoga mill is a premium-grade, vertically integrated pulp and paper mill, with a well-invested asset base and proven capabilities to service the North American specialty segment. We have likewise deployed \$100 million of capital spending into the Ticonderoga mill since 2015.



Strong and stable cash flow generation.

We have a track record of strong cash flow generation across cycles due to our low-cost asset base, disciplined capital investment, customer and geographic diversification, operational flexibility and strong brand recognition. We have been able to generate strong Adjusted EBITDA Conversion, defined as Adjusted EBITDA less maintenance, regulatory and reforestation capital expenditures divided by Adjusted EBITDA. For the years ended 2018, 2019 and 2020, our Adjusted EBITDA Conversion was 83.0%, 83.8% and 80.0% respectively. On a GAAP basis, our Cash Provided by Operating Activities Conversion, calculated as Cash Provided by Operating Activities minus maintenance, regulatory and reforestation capital expenditures divided by Cash Provided by Operating Activities, was 77.2%, 78.1% and 79.4% for 2018, 2019 and 2020, respectively.

Despite the COVID-19 pandemic in 2020, we were able to generate strong cash flow and achieve an Adjusted EBITDA Conversion level of 80%. Our ability to reduce capital spending in times of economic downturns allows us to continue generating strong and stable cash flow. For example, we reduced our total capital expenditures in 2020 to \$75 million from \$150 million in 2018 by delaying capital expenditures. Accordingly, we anticipate increasing capital spending to ensure that our mills stay well-invested and well-maintained. This increase may negatively impact operating cash flow, but we anticipate Adjusted EBITDA Conversion staying above 70%. Adjusted EBITDA Conversion excludes strategic and cost reduction capital expenditures and the anticipated Svetogorsk recovery boiler investment. For a reconciliation of Adjusted EBITDA Conversion, see “Summary Historical Financial Data.”

Adjusted EBITDA Conversion**Cash Provided by Operating Activities Conversion**

Our portfolio of low-cost mills enables us to achieve healthy margins. Our vertically integrated mills help minimize our exposure to the volatility of raw material prices and generate a consistent stream of cash flows. Further, we have positioned ourselves in the most attractive local markets, where we leverage our low manufacturing costs to maximize earnings. Our management's experience in managing costs and leveraging lean processes fosters a culture of operational excellence and continuous improvement.

Our geographic, product and channel diversity gives us the flexibility to adjust to end-market demand fluctuations and maintain margins. Specifically, our global platform allows us to offset the effects of volatile movements of major currencies by tactically positioning ourselves in the export and import market to our advantage. Our broad product categories allow us to meet end-user demand for a wide variety of paper products. Additionally, our channel diversity helps us better adapt to our end-users' channel preference with a wide breadth of end-user applications. This customer-focused strategy coupled with our decades of investments in our strong brands has allowed us to weather down-cycles.

Best-in-class management team with extensive industry experience and operating expertise to lead Sylvamo as a stand-alone company.

We have assembled a senior management team that is highly focused on delivering value to our stockholders by leveraging our low-cost assets, highly recognized brands, geographic positioning and unparalleled customer relationships. Together, our senior management team averages over 26 years of experience in the paper industry and brings deep global industry expertise to our company. Our Chairman and Chief Executive Officer, Jean-Michel Ribieras, served in various senior leadership positions at International Paper, including most recently as Senior Vice President of the Industrial Packaging business in the Americas. During his 28 years at International Paper, Jean-Michel has run the North American, Latin American and European segments of Sylvamo. He also served on the board of directors for JSC Ilim Group, a Russian operating subsidiary of Ilim SA, a 50/50 joint venture between International Paper and its partners, and led the integration of Weyerhaeuser Company's cellulose fibers business with International Paper's pulp business. Our Chief Financial Officer, John Sims, most recently served as Senior Vice President of Corporate Development at International Paper. He joined International Paper in 1994 and has been an officer of the company since 2008. During John's 27 years at International Paper, 18 years have been in the paper business where he ran the North American and European businesses of Sylvamo. He has held various senior leadership positions, including Vice President of Finance & Strategy for the North American Industrial Packaging business and Senior Vice President and President of Europe, the Middle East, Africa and Russia. Together, Jean-Michel and John will lead an experienced and highly capable senior management team at Sylvamo.

Strategic Overview

Our commitment to responsible environmental, social and governance principles is embedded throughout our three-pronged strategy, which focuses on creating value for our stockholders through:

1. ***Commercial Excellence:*** Remain the supplier of choice by exceeding customers' expectations for quality and service.
2. ***Operational Excellence:*** Operate as a low-cost, focused, cash-generating company.
3. ***Financial Discipline:*** Be the investment of choice by consistently delivering on a compelling investment thesis.

Specific initiatives we are focused on include:

Be commercially excellent to drive top-line growth and profitability.

- **Our diversified product offering and leading supply position allow us to better serve our customers.** Sylvamo's product portfolio covers a broad range of products that our customers use and sell for a wide breadth of end-user applications. This diversified offering of paper products not only creates value for our customers, but also mitigates our exposure to any one channel or end-use. Furthermore, our advantaged supply position gives us the significant global scale to serve customers close to their operations while leveraging distribution efficiencies to benefit our customers.
- **Our global portfolio of premium-margin branded and private label offerings differentiates our products in local markets.** We intend to focus on maintaining and improving the success of our existing brands to further drive profitable growth. We have become the partner of choice for many businesses and households around the world, and we plan to continue to deliver on our brands' reputations for quality. We believe that we can drive top-line growth and profitability by further enhancing our brand positioning across geographies, growing our loyal customer base and tapping into growing pockets of demand in select channels and geographies. For example, in 2019 we expanded *SvetoCopy*'s brand range to include a new product, *SvetoCopy Premium*, to better serve the premium market. We also utilize our marketing expertise and promotional support to help our customers market and sell our products more effectively. For example, in Brazil, we have a dedicated team of more than 20 promoters spread across the country visiting stores and developing campaigns to increase *Chamex* sales through promotional activity.
- **We will continue to invest in and focus on our strong, long-term customer relationships around the globe.** We will support our customers through the quality and reliability of our products, customer service and our customer-centric innovation. We believe research and development ("R&D") and innovation are core competencies of Sylvamo, and plan to leverage these capabilities to further strengthen our market positioning. We already supply to most of the top participants across all major channels, and we see potential to further expand our supply position. For example, during the COVID-19 pandemic we helped our customers navigate stay-at-home orders by quickly introducing new packaging sizes that allowed for safe home delivery of UFS products. In Latin America, we created a group of preferred corporate distributors aimed at improving the go-to-market strategies for our top customers. In Europe, we are launching a plastic free wrapper used as packaging for our brands, as our end-users increasingly demand sustainable products. Our service and sales teams are trained to enhance our positioning with key customers. We believe developing customer loyalty through market-based value creation will help us differentiate our offerings and position us for steady cash generation from our core customer base as well as allow us to expand our customer base and defend our advantaged supply position.
- **We adapt and innovate as our end-customers change their channel preferences.** We have successfully entered the e-commerce channel by innovating around pallet and box sizes to better service the needs of our e-retailer customers. In Latin America, we introduced an innovative package with fewer sheets per ream and a lower basis weight with fewer reams per box, which facilitates last mile delivery via motorcycle, a common transportation method in the region. Our brands represent approximately 56% of sales in the e-commerce channel in North America. In Europe, Sylvamo is one of the largest cutsize suppliers to the e-commerce channel, providing owned and licensed brands, as well as private brands. By further aligning ourselves with key e-commerce customers, we believe we will continue to lead the industry in performance. We believe we can increase customer penetration and drive top-line growth as we upgrade our warehousing systems, leverage new packaging techniques and increase our utilization of e-commerce channels.

Operational excellence and low-cost operations to drive stockholder value.

- **We have a history of profitability and offsetting inflation through our low-cost operations.** From 2018 to 2020, we have averaged operating margins of 11.0%. Moreover, in Latin America and Europe, which represented approximately two-thirds of our Business Segment Operating Profit on average over that period, our operating margins have averaged 17.6% and 11.6%, respectively, over that same time frame. We averaged Adjusted EBITDA margins (defined as Adjusted EBITDA as a percentage of net sales) of 16.4% from 2018 to 2020, and we intend to target Adjusted EBITDA margins of between 15% and 18% over the business cycle. See “Risk Factors—Risks Relating to Our Operations—This information statement contains forward-looking information, targets, projections and forecasts, which are inherently uncertain and actual results may differ.” We successfully implement price increases and maintain a strategy of constantly finding ways to offset input cost inflation. Our low-cost assets allow us the operational flexibility to produce a diverse product mix and serve multiple attractive channels, which mitigates our exposure to any one channel or end-use.
- **We have identified future cost reduction initiatives to help us maintain and improve our cost position in local and export markets.** We expect to invest in upgrading our facilities not only to maintain our quality and low cost, but also to improve our operational flexibility. We also continuously identify opportunities to further reduce our operating costs, as evidenced by our track record of investing over \$28 million on cost reduction projects per annum on average from 2010 to 2020, helping us maintain our competitive margins. We produce diverse product lines that maximize margin and value creation. For example, Eastover is able to efficiently produce different UFS product lines on its two paper machines. Additionally, when UFS demand is high we can divert more pulp to the paper machines from the market pulp machine to increase UFS production and similarly, when UFS demand is soft, we can divert more pulp to the market pulp machine. We have a similar flexible operating model across all of our geographies. Investments in technologies such as data analytics in mills to reduce costs, enhance flexibility and improve decision-making are key initiatives for Sylvamo. We expect these investments to be modest, and provide the company meaningful commercial, operational and financial benefits.
- **We utilize lean six sigma and other management tools to drive further cost reductions and operating improvements in our manufacturing system.** Our manufacturing system focuses on six key areas, including environmental, health and safety and efficiency improvement. We track our operations against Overall Equipment Effectiveness and other key metrics to drive increasingly lean operations and ensure full visibility across our operations. Recently, we have used data analytics at our mills to further accelerate the improvement progress. Going forward we expect disruptive technology to become a significant lever for future improvement. We plan to continue utilizing our lean tools and principles and implement targeted programs in order to optimize raw materials sourcing and usage, eliminate process waste, reduce repair costs and control overhead, driving cost reductions and operating improvements across our manufacturing system.

Pursue a disciplined approach to capital allocation that rewards stockholders and drives value organically through selective investment to further our advantaged positions.

- **We expect to deliver strong and sustainable free cash flow by continuing to leverage our low-cost assets, premier brands, and deep customer relationships with leading companies in each of our sales channels.** Our annual maintenance, regulatory and reforestation capital expenditures are expected to be in the range of approximately \$130 to \$150 million per year for the next several years, which we believe will be sufficient to maintain our operations and productivity. In addition, spending to replace the recovery boilers at our Svetogorsk mill is expected to begin in 2022, with approximately 80% of the estimated \$220 million to be spent in 2023 and 2024. If Sylvamo chooses to rebuild the recovery

boilers, the anticipated total spend may be reduced. We will pursue a disciplined approach to capital investment to complement the strategic and cost reduction investments made in the last 5 years. Any planned future strategic capital expenditures will be pursued where there is the expectation of significant return on invested capital.

- **We intend to use a portion of the excess cash flow generated by our business to reduce outstanding indebtedness in a disciplined manner.** A healthy balance sheet will support our operations and provide the financial flexibility to maximize value creation for our stockholders. Our near-term priority is debt reduction, and we intend to target a financial leverage ratio (defined as total indebtedness to Adjusted EBITDA) of less than 2.5:1 by the end of 2022. In the future, as we achieve our targeted financial leverage ratio, we anticipate that we will be in a position to return a portion of the cash flow generated by our business to our stockholders through a combination of dividends and stock repurchases, depending on market conditions and subject to restrictions under the credit agreement governing our senior secured credit facilities and the indenture governing our senior notes (including greater restrictions until the Brazil Tax Dispute (as defined below) is resolved), and approval by our board of directors.
- **As an independent company, we expect to allocate capital more efficiently towards a larger number of projects that have a high return on invested capital.** We remain committed to investing in our low-cost, highly competitive asset base, which underpins our operations. We believe in continually optimizing our existing core asset base to drive higher incremental returns above our cost of capital. As an independent company, we plan to focus on further enhancing our operational flexibility by undertaking projects with a high expected return on capital. Sylvamo has preliminarily identified over \$100 million of investment projects with potential internal rates of returns ("IRR") in excess of 25%. We will evaluate investing in these high return projects in the future, while continuing to maintain financial discipline focused on delivering value to our stockholders.
- **We will strive to create intrinsic value by achieving returns above our cost of capital.** As we move forward, investment excellence is essential to growing earnings and cash generation. Strategic investments will be grounded on clear strategic and financial objectives that allow us to turn Sylvamo's advantages into profitable growth, with a meaningful return above our cost of capital. We have a strong pipeline of projects that will reduce costs and increase efficiency over the medium- to long-term.

Lastly, we intend to follow a disciplined approach in evaluating any potential strategic transactions. We view our capital allocation framework as a foundational lever to accelerate value creation for our stockholders.

Our commitment to environmental, social and governance matters is embedded throughout our three-pronged strategy.

We incorporate environmental, social and governance considerations into our strategies and everyday processes as we seek to adequately address risks, operate sustainably and responsibly and create long-term value. Our commitment to sustainability includes our entire value chain, from the responsible sourcing of raw materials, to the safety of our employees, to using renewable energy and ensuring the recyclability of our products.

- **Environmental stewardship and responsible manufacturing practices are fundamental to how we operate, and we seek supply chain partners that share our commitment.** Sylvamo recognizes that a sustainably managed forest is one that maintains and enhances economic, social and environmental values for the benefit of present and future generations. We are committed to producing the products our customers need, while ensuring responsible stewardship of the world's natural resources. To meet the expectations of our employees, customers and other stakeholders, we will continue to lead forest stewardship efforts globally to build a better future for people, the planet and our company. We work with landowners to advance responsible forest management practices and increase the availability of certified fiber. We also work with conservation organizations to support healthy forest ecosystems,

enhance ecologically significant areas, and conserve and restore forests worldwide. Most importantly, our fiber sourcing policies and practices support our commitment to protecting forests and their ecosystems for generations to come.

- **We will continue to generate more than 75% of our mill energy needs using renewable biomass residuals rather than fossil fuels.** We have made significant investments to promote energy self-sufficiency and replace fossil fuels. For example, in 2012, we completed the construction of a biomass boiler in Mogi Guaçu, Brazil. This high-return cost savings project reduced fossil fuel use by 75% and increased earnings by \$30 million in its first year of operation. Saillat, one of the most environmentally efficient mills in the world, is the first French mill to obtain Eco-label certification for copy and graphic papers. PEFC-certified since 2006, Saillat implements rigorous sustainable practices. All of its wood comes from controlled sources, it is 85% energy self-sufficient and it produces 53% fewer carbon emissions from fossil fuels than the average of the European graphic papers sector. Additionally, Saillat and its partner Dalkia, a French energy company, were selected by the French Ministry of Ecological Transition to promote renewable energy and reduce greenhouse gas emission. Under this program, Saillat and Dalkia will produce 25 mega-watts of biomass energy for a 20-year fixed price thereby reducing Saillat's energy costs and consumption of fossil fuels.
- **We are committed to attracting and developing a diverse talented and global workforce, ensuring safety at our facilities and contributing to the resiliency of our local communities.** Our international presence allows us to attract the best talent across the globe. Accordingly, our senior management team is internationally diverse with global experience, hailing from all of the geographies in which we operate—Latin America, Europe and North America. Further, we will continue to invest a portion of our earnings to address critical community needs in the communities where our employees live and work. For example, Sylvamo Brazil partners with and supports the AAPI Institute, an educational organization serving the Brazilian community.

We believe that by leveraging our strengths and executing on our strategies, we will create long-term value for our stockholders.

The Distribution

Internal Reorganization

The separation and distribution agreement between International Paper and Sylvamo will provide for the transfers of entities and related assets and liabilities so that as of the distribution, International Paper will retain the entities and assets associated with International Paper's Industrial Packaging and Global Cellulose Fibers businesses and Sylvamo will hold certain of the entities and assets associated with the Printing Papers business. Sylvamo is currently a wholly owned subsidiary of International Paper. In connection with the distribution, International Paper will undertake a series of internal reorganization transactions to facilitate the transfers of entities and the related assets and liabilities. See "The Distribution—Internal Reorganization" for further discussion.

Reasons for the Distribution

The board of directors of International Paper determined that separating Sylvamo's Printing Papers business from International Paper's Industrial Packaging and Global Cellulose Fibers businesses is in the best interests of International Paper and its shareholders (the "separation"). Following the separation, International Paper and Sylvamo would each have greater financial, management and operational focus, the ability to tailor its capital structure to its specific business needs, a management team dedicated to seizing strategic growth opportunities with maximum flexibility, including by providing an opportunity for improved equity currency for use in

connection with acquisitions and employee compensation and an investor base aligned with the respective businesses. The separation is designed to maximize shareholder value through the spin-off of International Paper's Printing Papers business to an independent company, in a manner that is intended to be tax-free to its shareholders for U.S. federal income tax purposes, except for cash that shareholders receive in lieu of fractional shares.

The board of directors of International Paper considered the following potential benefits in determining to effect the distribution:

- allowing each of International Paper and Sylvamo to focus on their respective businesses;
- allowing for the more efficient use of capital expenditures by both International Paper and Sylvamo to invest in their respective businesses;
- enhancing the effectiveness of International Paper's and Sylvamo's equity-linked compensation to more closely align the interests of management and employees of each of International Paper and Sylvamo with their respective stockholders;
- a management team dedicated to seizing strategic growth opportunities with maximum flexibility, including by providing an opportunity for improved equity currency for use in connection with acquisitions;
- optimizing the capital structure and leverage level for the distinctive business profile of each of International Paper and Sylvamo;
- the Special Payment to International Paper;
- International Paper's retention of approximately a 19.9% stake in Sylvamo, which International Paper intends to subsequently dispose; and
- increased value to International Paper's stockholders, in particular Sylvamo's anticipated value on a stand-alone basis.

Conditions to the Distribution

The distribution is subject to a number of conditions, including:

- the SEC having declared effective the Form 10, of which this information statement forms a part, and the Form 10 shall not be the subject of any stop order or any legal, administrative, arbitral or other action, suit, investigation, proceeding, complaint, indictment or litigation by the SEC seeking a stop order;
- this information statement shall have been sent or otherwise made available to International Paper stockholders;
- International Paper shall have received an opinion from a nationally recognized accounting firm or tax counsel satisfactory to it or a private letter ruling from the Internal Revenue Service, regarding the qualification of the distribution as a transaction that is generally tax-free for U.S. federal income tax purposes under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code");
- the completion of the internal reorganization, the contribution by International Paper to Sylvamo of certain of the entities and the related assets and liabilities associated with International Paper's Printing Papers business as described herein;
- the receipt by International Paper's board of directors of customary solvency and surplus opinions of a nationally recognized investment banking or appraisal firm;

- the actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws or blue sky laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted;
- International Paper's and Sylvamo's execution of the separation and distribution agreement, the tax matters agreement, the transition services agreement, the employee matters agreement, the registration rights agreement and all ancillary agreements relating to the distribution;
- the absence of any order issued by any governmental authority of competent jurisdiction or other legal impediment preventing or making illegal the consummation of the separation, the distribution or any of the transactions related thereto;
- Sylvamo's common stock having been approved for listing on the NYSE, subject to official notice of issuance;
- Sylvamo's entry into the financing arrangements and incurrence of at least \$1.5 billion aggregate principal amount of new indebtedness pursuant thereto;
- the receipt by International Paper of the proceeds from the Special Payment; and
- no other events or developments shall exist or shall have occurred that, in the judgment of the board of directors of International Paper, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the transactions contemplated by the separation and distribution agreement or any ancillary agreement.

We cannot assure you that any or all of the conditions will be satisfied or waived. See "The Distribution—Conditions to the Distribution" for additional details and additional conditions related to the distribution.

Regulatory Approval

Apart from the registration under U.S. federal securities laws of the shares of Sylvamo common stock that will be distributed in the distribution and related stock exchange listing requirements, we do not believe that other material governmental or regulatory filings or approvals will be necessary to consummate the distribution.

No Appraisal Rights

International Paper stockholders will not have appraisal rights in connection with the distribution.

Summary Risk Factors

Our business is subject to numerous risks and uncertainties, including those described in "Risk Factors" below. You should carefully consider these risks and uncertainties when investing in our common stock. The principal risks and uncertainties affecting our business include the following:

- the impact of the COVID-19 pandemic and the measures implemented to contain it;
- general business or economic conditions which might effect demand for our products and our business;
- industry-wide decline in demand for paper and related products;
- the cyclical nature of the paper industry, which may result in fluctuations in the prices of, and demand for, our paper products;
- competition from other businesses and consolidation within the paper industry;

- changes in the cost or availability of raw materials, energy and transportation;
- reduced truck, rail and ocean freight availability which could result in higher costs or poor service;
- climate change and the physical and financial risks associated with fluctuating regional and global weather conditions or patterns;
- material disruptions at one or more of our manufacturing facilities;
- information technology risks related to potential breaches of security which may result in the distribution of company, customer, employee and vendor information;
- extensive U.S. federal and state and non-U.S. environmental and other laws and regulations, which could result in substantial costs to the company as a result of compliance with, violations of or liabilities under these laws and regulations;
- our reliance on a small number of significant customers;
- adverse results from legal, regulatory and governmental proceedings or other loss contingencies;
- failure to achieve expected investment returns on pension plan assets, as well as changes in interest rates or plan demographics;
- a disruption in operations and increased labor costs due to labor disputes;
- our inability to operate profitably as a stand-alone company or provide benefits and services or receive access to equivalent financial strength and resources as International Paper;
- this information statement contains forward-looking information, targets, projections and forecasts, which are inherently uncertain and actual results may differ;
- the loss of commercial agreements with International Paper;
- our inability to achieve some or all of the benefits we expect to achieve from the distribution and the separation from International Paper and the cost of achieving such benefits may be higher than anticipated;
- the fulfillment of our obligations as a public company, including with respect to the requirements of, and related to, rules under the Sarbanes-Oxley Act of 2002;
- the failure of the distribution to qualify for non-recognition treatment for U.S. federal income tax purposes, in which case, International Paper, Sylvamo and International Paper's stockholders may be subject to significant U.S. federal income taxes;
- our inability to take certain actions after the distribution that could jeopardize the tax-free status of the distribution;
- the combined post-distribution value of International Paper and Sylvamo shares may not equal or exceed the pre-distribution value of International Paper shares;
- significant one-time and ongoing costs associated with the separation that could affect our period-to-period operating results following the completion of the distribution;
- the satisfaction of indemnification obligations following the distribution;
- federal and state fraudulent transfer laws and New York and Delaware corporate law which may permit a court to void the distribution and related transactions;
- substantial indebtedness, which could prevent us from fulfilling our obligations under anticipated agreements governing our indebtedness;

- our inability to generate sufficient cash to service our indebtedness, which may force us to take other actions to satisfy our obligations under our indebtedness, which may not be successful;
- the failure of an active trading market to develop or be sustained following the distribution;
- the market price for our common stock may be volatile, and you may not be able to sell your common stock at the initial trading price; and
- the actual, or perception of, a sale of substantial amounts of common stock following the distribution, which could depress the market price for our common stock.

Corporate Information

Sylvamo was incorporated on March 11, 2021. Our principal executive offices will initially be located at 6400 Poplar Avenue, Memphis, Tennessee 38197, and beginning in the second quarter of 2022 will be at 6077 Primacy Parkway, Memphis, Tennessee 38119, and our telephone number is (901) 419-7000. Our corporate website is located at www.sylvamo.com. The information contained in, or that can be accessed through, our website is not part of this information statement. Upon our separation from International Paper, we expect to trade under the ticker symbol “SLVM” on the NYSE.

Questions and Answers About Sylvamo and the Distribution

What will I receive as a result of the distribution?

Holders of International Paper common stock will receive one share of Sylvamo common stock for every 11 shares of International Paper common stock owned at 5:00 p.m., Eastern Time, on September 15, 2021, the Record Date for the distribution. No fractional shares of Sylvamo common stock will be issued. If you would be entitled to a fractional share of Sylvamo common stock, then you will instead receive a cash payment with respect to the fractional share.

What will happen in the distribution?

International Paper will transfer to Sylvamo certain of the entities and the related assets and liabilities associated with International Paper's Printing Papers business (which we refer to collectively as the "contribution"). In exchange for the contribution, Sylvamo will:

- issue to International Paper shares of Sylvamo's common stock to be distributed to International Paper's shareholders on a *pro rata* basis as described below, which we refer to as the "distribution"; and
- transfer to International Paper the cash from the net proceeds of debt financing Sylvamo anticipates arranging prior to the distribution, together with cash on hand, which we refer to as the "Special Payment." See "Financing Arrangements."

After the contribution, International Paper will spin off Sylvamo to the shareholders of International Paper by distributing approximately 80.1% of the shares of Sylvamo common stock to holders of International Paper common stock on a *pro rata* basis.

As a result of the distribution, Sylvamo will become an independent public company, although Sylvamo will continue to have a number of significant commercial arrangements with International Paper. See "The Distribution—Relationships Between International Paper and Sylvamo Following the Distribution." Following the distribution, International Paper will continue to hold an approximately 19.9% stake in Sylvamo. International Paper intends to dispose of such shares of our common stock that it owns after the distribution in either a registered offering or pursuant to an exemption from registration, which is expected to occur within 12 months of the Distribution Date and will occur no later than five years after the distribution.

We have applied to list Sylvamo common stock on the NYSE under the symbol "SLVM".

When will the distribution occur?

International Paper currently anticipates completing the distribution at 12:01 a.m., Eastern Time, on October 1, 2021 (the "Distribution Date").

<i>What is the Record Date for the distribution?</i>	The Record Date for the distribution is September 15, 2021, and ownership of International Paper common stock will be determined as of 5:00 p.m., Eastern Time, on that date. When we refer to the “Record Date” in this information statement, we are referring to that date and time.
<i>Is shareholder approval required for the distribution?</i>	Shareholder approval is not required for the distribution. The distribution of Sylvamo will be accomplished by distributing the shares of Sylvamo common stock to holders of International Paper common stock as a dividend. Accordingly, the dividend of the shares of Sylvamo common stock will be approved by the board of directors of International Paper pursuant to its statutory authority under New York law to declare and pay dividends.
<i>What do I have to do to receive my shares of Sylvamo common stock?</i>	Nothing. Your shares of Sylvamo common stock will be either reflected in an account statement that our transfer agent, Computershare Inc., will send to you shortly after the Distribution Date or credited to your account with your broker or other nominee on or about the Distribution Date. It is expected that it will take the transfer agent up to three business days to electronically issue Sylvamo shares to you or your bank or brokerage firm on your behalf by way of direct registration in book-entry form. You will not be required to make any payment, surrender or exchange your International Paper common stock or take any other action to receive your Sylvamo common stock.
<i>When will I receive my shares of Sylvamo common stock?</i>	If you hold your International Paper shares in your own name, then your account statement reflecting the Sylvamo shares will be mailed to you on or about the Distribution Date. You should allow several days for the mail to reach you. If you hold your International Paper shares through your broker or other nominee, your receipt of Sylvamo shares depends on your arrangements with the nominee that holds your International Paper shares for you. We anticipate that brokers and other nominees generally will credit their customers’ accounts with Sylvamo shares on or about the Distribution Date, but you should check with your broker or other nominee. See “The Distribution—When and How You Will Receive Sylvamo Common Stock.”
<i>How will shares of Sylvamo common stock be distributed to me?</i>	International Paper will distribute the shares of Sylvamo common stock by book-entry. If you are a record holder of International Paper common stock on the Record Date, then you will receive from our transfer agent shortly after the Distribution Date a statement of your book-entry account for the shares of Sylvamo common stock that are distributed to you. If you are not a record holder of International Paper common stock on the Record Date because your shares are held on your behalf by your broker or other nominee, then your shares of Sylvamo common stock should be credited to your account with your broker or other nominee on or about the Distribution Date, but you should check with your broker or other nominee. The transfer agent will

distribute only whole shares of Sylvamo common stock. See “—Will International Paper distribute fractional shares?” for more information about the treatment of fractional shares you would otherwise have been entitled to receive in the distribution.

We will not issue any physical stock certificates to any stockholders, even if requested.

Will International Paper distribute fractional shares?

Fractional shares of Sylvamo common stock will not be issued in the distribution. If you would be entitled to receive a fractional share of Sylvamo common stock in the distribution, then you will instead receive a cash payment in lieu of the fractional share. See “The Distribution—Treatment of Fractional Shares.”

Will the distribution affect the market price of my shares of International Paper common stock?

Following the distribution, we expect that International Paper common stock will continue to be traded on the NYSE. As a result of the distribution, the trading price of International Paper common stock immediately following the distribution may be lower than immediately prior to the distribution. Until the market has fully evaluated the operations of International Paper without Sylvamo’s business and potentially thereafter, the price of International Paper common stock may fluctuate significantly. In addition, it is anticipated that shortly before the Record Date and continuing through the close of trading on the date prior to the Distribution Date, there will be two markets in International Paper common stock: a “regular way” market and an “ex-distribution” market. International Paper common stock that will trade on the regular way market will trade with an entitlement to Sylvamo common stock distributed in the distribution. Stock that trades on the ex-distribution market will trade without an entitlement to Sylvamo common stock distributed in the distribution. There can be no assurance that, following the distribution, the combined trading prices of International Paper common stock and Sylvamo common stock will equal or exceed what the trading price of International Paper common stock would have been in the absence of the separation and the distribution. For a discussion of the trading in International Paper common stock prior to and following the distribution, see “The Distribution—Trading Prior to the Distribution Date” and “The Distribution—Listing and Trading of the Shares of Sylvamo Common Stock.”

Where will my shares of Sylvamo common stock be traded?

We have applied to list the shares of Sylvamo common stock on the NYSE under the trading symbol “SLVM” following completion of the distribution. See “The Distribution—Listing and Trading of the Shares of Sylvamo Common Stock.”

When will I be able to trade shares of Sylvamo common stock?

There is no current trading market for Sylvamo common stock, although we expect that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the Record Date. When-issued trading in the context of a spin-off refers to a sale or purchase made conditionally on or before the Record Date because the securities of the spun-off entity have not

yet been distributed. When-issued trades generally settle within three trading days after the Distribution Date. We expect “regular-way” trading of Sylvamo common stock to begin on the Distribution Date. For a discussion of the trading in Sylvamo common stock prior to and following the distribution, see “The Distribution—Trading Prior to the Distribution Date” and “The Distribution—Listing and Trading of the Shares of Sylvamo Common Stock.”

What is Sylvamo’s dividend policy?

We do not expect to declare or pay dividends on our common stock or repurchase our common stock following the distribution, as we intend to use excess cash to reduce outstanding indebtedness. In the future, as we achieve our targeted financial leverage ratio, we anticipate that we will be in a position to return a portion of the cash flow generated by our business to our stockholders through a combination of dividends and stock repurchases, depending on market conditions and subject to approval by our board of directors. Any declaration of cash dividends or stock repurchases will be at the discretion of Sylvamo’s board of directors and will depend on our financial condition, earnings, liquidity, level of indebtedness, contractual restrictions with respect to paying cash dividends or repurchasing stock, restrictions imposed by Delaware law and any other factors our board of directors deems relevant in making such a determination. The credit agreement governing our senior secured credit facility and the indenture governing our senior notes limit the amount of dividends and share repurchases that we are permitted to make while our indebtedness remains outstanding, including greater restrictions until the Brazil Tax Dispute (as defined below) is resolved. Therefore, there can be no assurance that we will pay any cash dividends to holders of our common stock or approve any stock repurchase program, or as to the amount of any such cash dividends or stock repurchase. See “Dividend Policy.”

Can International Paper decide to cancel the distribution even if all of the conditions have been satisfied?

Yes. Until the distribution has occurred, International Paper has the right to terminate the distribution, even if all the conditions have been satisfied, if the board of directors of International Paper determines that the distribution is not in the best interest of International Paper and its shareholders or that market conditions or other circumstances are such that the separation of Sylvamo and International Paper is no longer advisable at that time.

Will there be any payments by Sylvamo to International Paper in connection with the Distribution?

Yes, pursuant to the separation and distribution agreement, Sylvamo is required to make a payment to International Paper of the net proceeds of the financing arrangements, together with cash on hand in excess of \$100 million, estimated to be approximately \$1.6 billion as of June 30, 2021, which we refer to as the “Special Payment.” See “The Distribution—Separation and Distribution Agreement.”

What are the U.S. federal income tax consequences of the distribution to me as an International Paper shareholder?

To implement the distribution, International Paper will distribute the shares of Sylvamo common stock on a *pro rata* basis to holders of International Paper common stock in a manner that is intended to be tax-free to its shareholders for U.S. federal income tax purposes, except for cash that shareholders receive in lieu of fractional shares. See “Material U.S. Federal Income Tax Consequences of the Distribution.”

What kind of relationship will Sylvamo have with International Paper after the distribution?

Prior to the distribution, Sylvamo and International Paper will enter into agreements for International Paper to transfer to Sylvamo certain of the entities and the related assets and liabilities associated with International Paper’s Printing Papers business, to arrange for the continued provision of certain services by each company to the other company for a period of time, to make arrangements for the distribution and to define the ongoing relationships between International Paper and Sylvamo, including with respect to employee and tax matters. Sylvamo and International Paper will also enter into certain commercial agreements prior to the distribution. See “The Distribution— Relationships Between International Paper and Sylvamo Following the Distribution.”

For so long as International Paper continues to hold retained outstanding shares of common stock of Sylvamo, International Paper will vote such retained shares in proportion to the votes cast by the other holders of Sylvamo’s common stock and will grant Sylvamo a proxy for such retained shares requiring this manner of voting.

What are Sylvamo’s financing arrangements?

We expect to incur up to \$1,520 million in new debt in connection with the distribution, consisting of \$450 million of senior notes and \$970 million of term loans, and enter into a \$450 million cash flow-based revolving credit facility, under which we expect to borrow \$100 million prior to the distribution. We intend to use the net proceeds from our new financing arrangements, together with cash on hand in excess of \$100 million, to make the Special Payment to International Paper immediately prior to the distribution, which Special Payment is estimated to be approximately \$1.6 billion as of June 30, 2021. See “Financing Arrangements.”

Will any anti-takeover protections exist following the distribution?

Certain provisions of Sylvamo’s amended and restated certificate of incorporation and amended and restated by-laws may have the effect of making the acquisition of control of Sylvamo in a transaction not approved by Sylvamo’s board of directors more difficult. See “Description of Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Amended and Restated By-Laws and Applicable Law.”

Do I have appraisal rights in connection with the distribution?

No. Holders of International Paper common stock have no appraisal rights in connection with the distribution.

Who is the transfer agent and registrar for Sylvamo common stock?

The transfer agent and registrar for Sylvamo common stock is Computershare Inc. You can contact the transfer agent and registrar with any questions about the distribution at the following address and telephone number:

Computershare Inc.
250 Royall Street
Canton, MA 02021
Tel: 1-877-581-5548

Summary Historical Financial Data

The following summary historical financial data reflects the combined operations of Sylvamo. The summary combined operating data for the six months ended June 30, 2021 and 2020 and the years ended December 31, 2020, 2019 and 2018, and summary combined balance sheet data as of June 30, 2021 and December 31, 2020 and 2019, as set forth below, have been derived from the unaudited condensed combined financial statements and audited combined financial statements of Sylvamo included elsewhere in this information statement.

You should read the following summary historical financial data together with “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” unaudited condensed combined financial statements and the audited combined financial statements and accompanying notes included elsewhere in this information statement. Sylvamo’s historical results do not necessarily indicate the results expected for any future period.

	As of and for the six months ended June 30,		As of and for the years ended December 31,		
	2021	2020	2020	2019	2018
	(in millions)				
Combined Statement of Operations Data:					
Net Sales	\$ 1,622	\$ 1,475	\$ 3,009	\$ 4,017	\$ 4,119
Costs of Products Sold	1,050	1,062	2,101	2,638	2,620
Income (Loss) Before Income Taxes	240	67	198	502	573
Net Income (Loss)	177	54	170	377	419
Combined Balance Sheet Data (at period end):					
Total Current Assets	\$ 1,314		\$ 1,119	\$ 1,393	
Plants, Properties and Equipment, net	944		974	1,174	
Total Assets	3,109		2,911	3,470	
Long-Term Debt	20		22	25	
Total Parent Company Equity	2,284		2,112	2,517	
Combined Statement of Cash Flow Data:					
Cash Provided By Operating Activities	\$ 222	\$ 152	\$ 359	\$ 524	\$ 589
Cash Used For Investment Activities	\$ (38)	\$ (25)	\$ (79)	\$ (160)	\$ (171)
Cash Used For Financing Activities	\$ (3)	\$ (187)	\$ (350)	\$ (387)	\$ (510)
Other Financial Measures:					
Adjusted EBITDA (1)	\$ 247	\$ 157	\$ 373	\$ 709	\$ 788
Total Operating Profit (2)	\$ 169	\$ 71	\$ 204	\$ 498	\$ 571
Operating Margin (3)	10.4%	4.8%	6.8%	12.4%	13.9%
Operating Margin for Latin America (4)	24.4%	10.2%	13.3%	16.3%	23.2%
Operating Margin for Europe (4)	8.7%	9.9%	8.3%	12.5%	13.9%
Operating Margin for North America (4)	4.9%	—	2.9%	10.0%	9.0%
Cash Provided By Operating Activities Conversion (5)	85.6%	73.0%	79.4%	78.1%	77.2%
Adjusted EBITDA Conversion (6)	87.0%	73.9%	80.0%	83.8%	83.0%

- (1) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” for a description of Adjusted EBITDA and a reconciliation to Net income (loss). See footnote (6) below for a reconciliation to Cash Provided by Operating Activities.
- (2) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview” for a description of Total Operating Profit and a reconciliation to the most comparable U.S. GAAP measure.
- (3) Operating Margin is calculated as Total Operating Profit divided by Net Sales. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview” for a description of Total Operating Profit and a reconciliation to the most comparable U.S. GAAP measure.

- (4) Operating Margin for each business segment is calculated as Business Segment Operating Profit for the applicable segment divided by Net Sales for that segment. See Note 14 to our unaudited condensed combined financial statements and Note 13 to our audited combined financial statements included elsewhere in this information statement for further information.
- (5) Represents Cash Provided by Operating Activities less Maintenance, Regulatory and Reforestation Capital Expenditures divided by Cash Provided by Operating Activities.
- (6) Adjusted EBITDA Conversion is defined as Adjusted EBITDA less maintenance, regulatory and reforestation capital expenditures divided by Adjusted EBITDA. Our definition of Adjusted EBITDA Conversion excludes strategic and cost reduction capital expenditures and the anticipated Svetogorsk recovery boiler investment. Management believes that Adjusted EBITDA Conversion provides investors and analysts meaningful insights into our operating performance and cash flow generation. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” for a description of Adjusted EBITDA and a reconciliation of Net income (loss) to Adjusted EBITDA. Adjusted EBITDA Conversion may be determined or calculated differently by other companies and therefore may not be comparable among companies. Below is a reconciliation of Cash Provided By Operating Activities to Adjusted EBITDA:

	For the six months ended June 30,		For the year ended December 31,		
	2021	2020	2020	2019	2018
Cash Provided By Operating Activities	\$ 222	\$ 152	\$ 359	\$ 524	\$ 589
Deferred income tax (provision) benefit, net	2	22	49	7	5
Special items (a)	(42)	5	10	5	5
Interest income, net	(29)	(1)	(4)	(9)	(7)
Income tax provision (benefit)	63	13	28	125	154
Changes in operating assets and liabilities	31	(34)	(69)	57	42
Adjusted EBITDA	247	157	373	709	788
Maintenance, Regulatory and Reforestation Capital Expenditures	\$ 32	\$ 41	\$ 74	\$ 115	\$ 134
Adjusted EBITDA less Maintenance, Regulatory and Reforestation Capital Expenditures	\$ 215	\$ 116	\$ 299	594	654
Adjusted EBITDA Conversion	87.0%	73.9%	80.0%	83.8%	83.0%
Cash Provided By Operating Activities less Maintenance, Regulatory and Reforestation Capital Expenditures	\$ 190	\$ 111	\$ 285	\$ 409	\$ 455
Cash Provided By Operating Activities Conversion(b)	85.6%	73.0%	79.4%	78.1%	77.2%

- (a) Special items include Restructuring and other charges, net and Other special items. Items included within Restructuring and other charges during the periods presented principally relate to overhead cost reduction initiatives, including severance costs. Other special items in the period presented primarily include abandoned property removal costs and foreign VAT refunds.
- (b) Represents Cash Provided by Operating Activities less Maintenance, Regulatory and Reforestation Capital Expenditures divided by Cash Provided by Operating Activities.

Summary Unaudited Pro Forma Financial Data

The following summary unaudited pro forma combined balance sheet of Sylvamo as of June 30, 2021 has been prepared to give effect to the Pro Forma Transactions (as defined in “Unaudited Pro Forma Combined Financial Statements”) as though the Pro Forma Transactions had occurred as of June 30, 2021. The unaudited pro forma combined statements of operations for the six months ended June 30, 2021 and the year ended December 31, 2020 have been prepared to give effect to the Pro Forma Transactions as if the Pro Forma Transactions had occurred or became effective as of January 1, 2020, the beginning of our most recently completed fiscal year.

The unaudited pro forma combined financial statements presented below have been derived from our unaudited condensed combined financial statements and audited combined financial statements included elsewhere in this information statement and do not purport to represent what our financial position and results of operations would have been had the separation occurred on the dates indicated and are not necessarily indicative of our future financial position and future results of operations. In addition, the unaudited pro forma combined financial statements are provided for illustrative and informational purposes only. The *pro forma* adjustments are based on available information and assumptions we believe are reasonable; however, such adjustments are subject to change.

You should read the following summary unaudited pro forma combined financial data of Sylvamo together with “Unaudited Pro Forma Combined Financial Statements,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” unaudited condensed combined financial statements and the audited combined financial statements and accompanying notes included elsewhere in this information statement.

	Six months ended June 30, 2021 (In millions)	Year ended December 31, 2020 (In millions)
	(unaudited)	
Combined Statement of Operations Data:		
Net sales	\$ 1,622	\$ 3,009
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested)	1,029	2,078
Income (loss) before income taxes	207	48
Net income (loss)	152	56
Other Data:		
Pro Forma Adjusted EBITDA ⁽¹⁾	\$ 256	\$ 378
		As of June 30, 2021 (In millions) (unaudited)
Combined Balance Sheet Data (at period end):		
Total Current Assets		\$ 957
Plants, Properties and Equipment, net		944
Total Assets		2,781
Long-Term Debt ⁽²⁾		1,522
Total Equity		461

- (1) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” for a description of Adjusted EBITDA. See below for a reconciliation of pro forma net income to Pro Forma Adjusted EBITDA:

	Six Months Ended June 30, 2021 (In millions)	Year Ended December 31, 2020 (In millions)
Pro forma net income(a)	\$ 152	\$ 56
Income tax provision (benefit)	55	(8)
Interest (income) expense, net	4	63
Depreciation, amortization and cost of timber harvested	71	154
Stock-based compensation(b)	7	15
Other special items(c)	(42)	10
Other one-time costs(d)	—	55
Non-recurring TSA costs(e)	—	33
Dis-synergies(f)	9	—
Pro Forma Adjusted EBITDA	\$ 256	\$ 378

- (a) Pro forma net income for the six months ended June 30, 2021 and the year ended December 31, 2020 reflects the removal of \$17 million and \$20 million, respectively, of allocated fixed costs related to facility charges that will not be incurred by Sylvamo following the separation in accordance with the Supply and Offtake agreements, as discussed in note (l) to the “Unaudited Pro Forma Combined Financial Statements.” The facility cost charges totaled \$29 million for the twelve months ended June 30, 2021.
- (b) Stock-based compensation is a non-cash item incurred during the periods presented related to the Company’s stock-based compensation expense attributable to direct Company employees and an allocation of International Paper’s corporate and shared employees.
- (c) Other special items primarily include abandoned property removal costs and foreign VAT refunds.
- (d) Other one-time costs reflect one-time expenses of approximately \$55 million that are expected to be incurred within 12 months following the completion of the separation, including \$8 million of one-time transaction costs directly attributable to the separation.
- (e) Non-recurring TSA costs reflects services to be provided by International Paper under the transition services agreement which are not expected to continue following expiration of the transition services agreements.
- (f) Dis-synergies reflect incremental costs related to information technology, supply chain, corporate affairs, legal, finance, human resources and other corporate functions previously shared with International Paper, offset by royalty expenses related to licensing agreements with International Paper that we do not expect to incur following the separation. Annual dis-synergies have been estimated to be \$15 million, which are reflected in pro forma net income for the year ended December 31, 2020. Pro forma net income for the six months ended June 30, 2021 includes \$17 million of additional costs, as discussed in note (k) to the “Unaudited Pro Forma Combined Financial Statements.” Therefore, an adjustment of \$9 million is reflected to approximate half of the annual estimated dis-synergies in the six-month period.
- (2) Represents \$1,540 million aggregate principal amount of long-term debt less \$18 million of cash paid for debt issuance costs on long-term debt.

RISK FACTORS

You should consider and read carefully all of the risks and uncertainties described below, as well as the other information contained in this information statement, including our audited combined financial statements included elsewhere in this information statement. The risks described below are not the only ones we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could cause a material adverse effect on our business, financial condition, results of operations and cash flows. In any such case, the trading price of our common stock could decline. In addition, many of these risks are interrelated and could occur under similar business and economic conditions, and the occurrence of certain of them could in turn cause the emergence or exacerbate the effect of others. This information statement also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below. See “Cautionary Statement Concerning Forward-Looking Statements and Information.”

Risks Relating to Our Business

Risks Relating to Economic Conditions

The COVID-19 pandemic could have a material adverse effect on our business, financial condition, results of operations and cash flows, particularly if negative economic conditions associated with the pandemic persist or deteriorate.

The COVID-19 pandemic and measures implemented to contain its spread have caused a significant global economic downturn, disrupting supply chains, significantly increasing unemployment and underemployment levels, and adversely impacting consumer confidence and spending. We face various risks related to the pandemic, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Demand-related risks:

- Our business is dependent in part on demand for paper from schools, offices and other workplaces. COVID-19 has had a significant negative impact on demand for our printing papers products, in particular UFS, as a result of remote learning and remote working and many schools, offices and other workplaces being temporarily closed. Demand for our products may never return to pre-pandemic levels, even when schools, offices and other workplaces eventually reopen, as people may become accustomed to using less paper.
- Cost reductions implemented across our business, including in response to decreased consumer demand for our products as a result of the pandemic and deferral of planned capital expenditures, could hinder execution of our business strategy.

Supply-related risks:

- Although governments of countries in which we operate have generally considered forest products and our supply chain to be “essential industries” that should remain operational during the pandemic, any significant disruption in operations at one or more of our mills, plants or other facilities, including due to employee illness, quarantines, government actions, or other restrictions or measures responsive to the pandemic, could adversely affect our ability to produce our products at historical levels and costs.
- A significant number of our employees as well as employees of customers, vendors and others with whom we do business may continue to work remotely for extended periods of time. Our business operations may be disrupted as a result of these remote working arrangements, including, for example, due to cyber risks or other disruption to our technology infrastructure to which we may be more vulnerable in a remote work environment. These disruptions could adversely affect the productivity of our workforce.

Capital markets-related risks:

- If the pandemic continues and current government support of markets is withdrawn, this could result in disruptions or turmoil in the credit or financial markets, which could adversely affect our ability to access capital on favorable terms and continue to meet our liquidity needs.

We expect the COVID-19 pandemic will continue to have an adverse impact on our business in the near term. The extent of any future impact is uncertain and outside of our control and will depend on various factors, including the severity of additional outbreaks and strains of the virus and the development, availability and effectiveness of treatments and vaccines, the extent and duration of the pandemic's adverse effect on economic and social activity, consumer confidence, discretionary spending and preferences, labor and healthcare costs, and unemployment rates, any of which may reduce demand for our products, any temporary reduction in our workforce, closures of our offices and facilities, and difficulties in adequately staffing and maintaining our operations, and the ability of our customers and suppliers to continue their operations. If current conditions persist for a prolonged period, or worsen, the COVID-19 pandemic, including any of the above factors and others that are currently unknown, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

General business and economic conditions could have a material adverse effect on the demand for our products and our business, financial condition and results of operations.

General business and economic conditions, both in the United States and elsewhere around the world, could have a material adverse effect on our business, financial condition and results of operations. Factors such as the COVID-19 pandemic, civil unrest, high unemployment levels, inflation, availability and cost of credit, geopolitical issues and trade disputes have contributed in the past, and may contribute in the future, to volatility in worldwide financial markets and disruptions to, and diminished expectations for, the economy and markets. These conditions could adversely affect industrial non-durable goods production, consumer spending, commercial printing and advertising activity, white-collar employment levels and consumer confidence, all of which impact demand for our products. In addition, volatility in the capital and credit markets, which impacts interest rates, currency exchange rates and the availability of credit, could have a material adverse effect on our business, financial condition and results of operations.

Changes in international conditions could have a material adverse effect on our business, business prospects, financial condition and results of operations.

Our business, business prospects, financial condition and results of operations could be materially adversely affected by risks related to the countries outside the United States in which we have manufacturing facilities or sell our products. Five of the seven mills we operate are located outside the United States: three in Brazil, one in Russia and one in France. These countries are exposed to economic, and in some cases political, instability in their respective regions of the world. Fluctuations in the value of local currency versus the U.S. dollar, downturns in economic activity, adverse tax consequences or rulings, nationalization or any change in social, political or labor conditions in any of these countries or regions impacting matters such as sustainability, environmental regulations, and trade policies and agreements, could have a material adverse effect on our results of operations. In addition, a future outbreak of a widespread health epidemic, such as COVID-19 or another coronavirus, influenza and other highly communicable disease or virus, could have a material adverse effect on our business, financial condition and results of operations, including if operations of our customers are adversely impacted.

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 our company, could also have a material adverse effect on our results of operations and business prospects in these countries. For example, our mills in Brazil have historically benefited from policies favoring domestic producers. We cannot guarantee that any such policies will continue or that we will continue to benefit from existing or future policies. Likewise, disruption in existing trade agreements or increased trade friction between countries, which

can result in tariffs, could have a material adverse effect on our business and results of operations by restricting the free flow of goods and services across borders. In addition, our international operations are subject to regulation under U.S. law and other laws related to operations in foreign jurisdictions, including the Foreign Corrupt Practices Act and the policies of the U.S. Department of Treasury's Office of Foreign Asset Control. We may also be subject to anti-dumping and countervailing duties in the United States, which could have an adverse effect on our results of operations. Failure to comply with domestic or foreign laws could result in various adverse consequences, including the imposition of civil or criminal sanctions and the prosecution of executives overseeing our international operations.

Risks Relating to Our Industry, the Products We Offer and Product Distribution

The industry-wide decline in demand for paper and related products could have a material adverse effect on our business, financial condition and results of operations.

We rely heavily on the sale of paper products, an industry that has experienced, and is expected to continue experiencing, a secular decline in demand, which could put pressure on our future revenue, profit margin and growth opportunities. The global demand for UFS decreased at a 0.4% CAGR from 2014 to 2019, based on RISI data. This secular decline in demand is due in large part to competing technologies and materials, including the increased use of e-mail and other electronic forms of communication, increased and permanent product substitution, including less print advertising, more electronic billing, more e-commerce, fewer catalogs and a reduced volume of mail. The secular decline in demand has had a material adverse effect on our business, financial condition and results of operations. As the use of these alternatives grows, demand for paper products is likely to decline further, which could have a material adverse effect on our business, financial condition and results of operations.

The paper industry is cyclical. Fluctuations in the prices of, and the demand for, our paper products could result in lower sales volumes and smaller profit margins.

The paper industry is cyclical. Historically, economic and market shifts, fluctuations in capacity and changes in foreign currency exchange rates have created cyclical changes in prices, sales volume and margins for our paper products. The length and magnitude of industry cycles have varied over time and by product, but generally reflect changes in macroeconomic conditions and levels of industry capacity. Most of our paper products are commodities that are available from other producers. While brand recognition impacts the demand for products, because commodity products have few other distinguishing qualities from producer to producer, competition for these products is based primarily on price, which is determined by supply relative to demand.

The overall levels of demand for the paper products that we manufacture, and consequently our sales and profitability, reflect fluctuations in levels of end-user demand, which depend in part on general macroeconomic conditions, the continuation of the current level of service and cost of postal services, as well as competition from electronic substitution. Generally, our products are produced and sold regionally due to their heavy weight, which makes export costs high relative to selling price, which makes us dependent on demand in the regions in which we operate. See “—The industry-wide decline in demand for paper and related products could have a material adverse effect on our business, financial condition and results of operations.”

Industry supply of paper products is also subject to fluctuation, as changing industry conditions have and will continue to influence producers to idle or permanently close individual machines or entire mills or retool them for different products to offset a decline in demand. Any such closures by us would result in significant cash and non-cash charges. In addition, to avoid substantial cash costs in connection with idling or closing a mill, some producers will choose to continue to operate at a loss, sometimes even a cash loss, which could prolong weak pricing environments due to oversupply.

As a result, prices for our paper products are driven by many factors outside of our control, and we have little influence over the timing and extent of price changes, which are often volatile. Our profitability with respect to our products depends on managing our cost structure, particularly wood fiber, chemicals,

transportation and energy costs, which represent the largest components of our operating costs and can fluctuate based upon factors beyond our control. If the prices or demand for our paper products decline, or if wood fiber, chemicals, transportation or energy costs increase, or both, our business, financial condition and results of operations could be materially adversely affected. See “—Changes in the cost or availability of raw materials, energy and transportation could have a material adverse effect on our business, financial condition and results of operations.”

Competition from other businesses and consolidation within the paper industry could have a material adverse effect on our competitive position, financial condition and results of operations.

We operate in a competitive environment, both in the United States and internationally. Product innovations, manufacturing and operating efficiencies, and marketing, distribution and pricing strategies pursued or achieved by competitors could have a material adverse effect on our business, financial condition and results of operations.

In addition, there has been a trend toward consolidation in the paper industry. Consolidation could result in the emergence of competitors with greater resources and scale than ours, which could adversely impact our competitive position, financial conditions and results of operations. In addition, actual or speculated consolidation among competitors, or the acquisition by, or of, our third party service providers and business partners by competitors could increase the competitive pressures faced by us as customers could delay spending decisions or not purchase our products at all.

Changes in the cost or availability of raw materials, energy and transportation could have a material adverse effect on our business, financial condition and results of operations.

We rely heavily on the use of certain raw materials (principally virgin wood fiber, caustic soda and starch), energy sources (principally biomass, natural gas, electricity and fuel oil) and third-party companies that transport our goods. The market price of virgin wood fiber varies based upon availability, source, and the costs of fuels used in the harvesting and transportation of the fiber. The cost and availability of wood fiber can also be impacted by weather, climate variations, natural disasters, general logging conditions, geography and regulatory activity. The global supply and demand for recycled fiber may be affected by trade policies between countries, legislation and regulations, as well as changes in the global economy. The availability and cost of recycled fiber depends heavily on recycling rates and the domestic and global demand for recycled products. The increase in demand for products manufactured, in whole or in part, from recycled fiber, on a global basis, may cause significant fluctuations in recycled fiber prices. Energy prices, in particular prices for oil and natural gas, have fluctuated dramatically in the past and may continue to fluctuate in the future. The availability of labor and the market price for fuel may affect our costs for third-party transportation. In addition, inflationary cost pressures may make our raw materials more expensive. Our profitability has been, and will continue to be, affected by changes in the cost and availability of the raw materials, energy sources and transportation sources we use.

Due to the commodity nature of our products, the supply and demand for our products determines our ability to increase prices. Consequently, we may be unable to pass on increases in our operating costs to our customers. Any sustained increase in raw material or energy prices without any corresponding increase in product pricing would reduce our operating margins and could have a material adverse effect on our business, financial condition and results of operations.

Reduced truck, rail and ocean freight availability could lead to higher costs or poor service, resulting in lower earnings, and could affect our ability to deliver the products we manufacture in a timely manner.

We rely on third parties for transportation and delivery of raw materials and the products we manufacture. In particular, the goods we manufacture and raw materials we use are transported by railroad, trucks and ships, which are highly regulated. If any of our transportation providers were to fail to deliver the goods that we manufacture in a timely manner, this could result in additional costs in order to remedy the untimely delivery.

Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to manufacture our products in response to customer demand. In addition, if any of these providers were to cease operations or cease doing business with us, we may be unable to replace them at reasonable cost. Any failure of a transportation provider to deliver raw materials to us or finished products to our customers in a timely manner could harm our reputation, negatively impact our customer relationships and have a material adverse effect on our business, financial condition and results of operations.

We are subject to physical and financial risks associated with climate change and global, regional and local weather conditions.

Our operations and the operations of our suppliers are subject to climate variations, which impact the productivity of forests, the frequency and severity of wildfires, the distribution and abundance of species, and the spread of disease or insect epidemics, which in turn may adversely affect timber production and availability of virgin fiber. Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of natural disasters such as hurricanes, earthquakes, hailstorms, snow and ice storms. Any of these natural disasters could also affect timber supply or cause variations in the cost of raw materials, such as virgin fiber. The effects of climate change and global, regional and local weather conditions could also have a material adverse effect on our results of operations.

Risks Relating to Our Operations

Material disruptions at one of our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.

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

- fires, floods, earthquakes, hurricanes or other catastrophes;
- the effect of a drought or reduced rainfall on its water supply;
- the effect of severe weather conditions on equipment and facilities;
- disruption in the supply of raw materials or other manufacturing inputs;
- information system disruptions or failures due to any number of causes, including cyber-attacks;
- domestic and international laws and regulations applicable to our business and our business partners around the world;
- unscheduled maintenance outages;
- prolonged power failures;
- an equipment failure or damage to any of our paper-making machines;
- a chemical spill or release of pollutants or hazardous substances;
- explosion of a boiler or other equipment;
- damage or disruptions caused by third parties operating on or adjacent to one of our manufacturing facilities;
- disruptions in the transportation infrastructure, including roads, bridges, railroad tracks and tunnels;
- a widespread outbreak of an illness or any other communicable disease, such as the COVID-19 pandemic or any other public health crisis;

- failure of our 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.

Our operations require substantial capital, and any significant capital investments could increase fixed costs, which could negatively affect our profitability.

We frequently make capital investments to improve our operations. These capital expenditures could result in increased fixed costs or large one-time capital expenditures, which could negatively affect our profitability. Capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in environmental laws and regulations may be substantial. For example, in the next few years, we expect to replace the two recovery boilers at our Svetogorsk mill with one new recovery boiler, which we estimate will cost \$220 million over that period, beginning in 2022, with approximately 80% of the estimated amount to be spent in 2023 and 2024. If we were to rebuild the two recovery boilers instead, the anticipated total spend would be reduced, but would result in greater downtime, which would have a significant adverse effect on production at the Svetogorsk mill as well as a corresponding adverse effect on our sales and earnings. We cannot guarantee that key pieces of equipment in our various manufacturing facilities will not need to be repaired or replaced or that we will not incur significant additional costs associated with environmental compliance. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our business, financial condition and results of operations. If for any reason we are unable to provide for our operating needs, capital expenditures, and other cash requirements on economically favorable terms, we could experience a material adverse effect on our business, financial condition and results of operations.

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

Our business operations rely upon secure information technology systems for data capture, processing, storage and reporting. Despite careful security and controls design, implementation, updating and independent third-party verification, our information technology systems, and those of our third-party providers or partners, could become subject to employee error or malfeasance, cyber attacks, geopolitical events, natural disasters, failures or impairments of telecommunications networks or other catastrophic events. Network, system, application and data breaches could result in operational disruptions or information misappropriation including, but not limited to, interruption to systems availability, and denial of access to and misuse of applications required by our customers to conduct business with us. Access to applications required to plan our operations, source materials, manufacture and ship finished goods and account for orders could be denied or misused. Theft of intellectual property or trade secrets, and inappropriate disclosure of confidential company, employee, customer or vendor information, could stem from such incidents. Any of these operational disruptions or misappropriation of information could result in lost sales, business delays and negative publicity, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive U.S. federal and state and non-U.S. environmental laws and regulations, and could incur substantial costs as a result of compliance with, violations of or liabilities under these laws and regulations.

We are subject to extensive U.S. federal and state and non-U.S. environmental laws and regulations. Environmental laws and regulations continue to evolve, and we may become subject to increasingly stringent environmental standards in the future, particularly under air quality and water quality laws and standards related to climate change issues, such as reporting of greenhouse gas emissions. Increased regulatory activity at the state, federal and international level is possible regarding climate change as well as other emerging environmental

issues associated with our manufacturing sites. Compliance with regulations that implement new public policy in these areas could require significant expenditures on our part or even the curtailment of certain of our manufacturing operations.

We have incurred, and expect that we will continue to incur, significant capital and operating expenditures complying with applicable environmental laws and regulations. Our environmental expenditures include, among other areas, those related to air and water quality, waste disposal and the cleanup of contaminated soil and groundwater, including situations where we have been identified as a potentially responsible party. For example, as of June 30, 2021 we have reserved \$13 million for remediation work to be performed at our mill in Svetogorsk, Russia, following identification in 2018 of mercury contamination in sediment in a river tributary that traverses the site of the mill. Moreover, we may be directly impacted by, and are working to manage, the risks and costs to us, our customers and our vendors of the effects of climate change, greenhouse gases, and the availability of energy and water resources. These risks include the potentially adverse impact on forestlands, which are a key resource in the production of our products, increased product costs and a change in the types of products that customers purchase. We also face risks arising from the increased public focus, including by governmental and nongovernmental organizations, on these and other environmental sustainability matters, such as packaging and waste, deforestation and land use.

We also face increased pressure to make commitments, set targets or establish additional goals and take actions to meet them. These commitments, targets and goals could expose us to market, operational and execution risks as well as higher costs. 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. We could also incur substantial fines or sanctions, enforcement actions (including orders limiting our operations or requiring corrective measures), natural resource damages claims, investigation, cleanup and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws, regulations, codes and common law. The amount and timing of environmental expenditures is difficult to predict, and, in some cases, liability may be imposed without regard to contribution or to whether we knew of, or caused, the release of hazardous substances.

Further, we are required to comply with environmental laws and the terms and conditions of multiple environmental permits. In particular, the paper industry in the United States is subject to several performance-based rules associated with effluent and air emissions. Federal, state and local laws and regulations require us to routinely obtain authorizations from and comply with the evolving standards of the appropriate governmental authorities, which have considerable discretion over the terms of permits. Failure to comply with environmental laws and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing our operations or requiring us to take corrective measures, install pollution control equipment, or take other remedial actions, such as product recalls or labeling changes. There can be no assurance that future environmental permits will be granted or that we will be able to maintain and renew existing permits, and the failure to do so could have a material adverse effect on our business, financial condition and results of operations.

In addition, as the owner and operator of real property, we may be liable under environmental laws for investigation, cleanup, closure and other damages resulting from the presence and release of hazardous substances on or from our properties or operations, including properties that we no longer own or operate. The amount and timing of environmental expenditures is difficult to predict, and, in some cases, our liability may be imposed without regard to contribution or to whether we knew of, or caused, the release of hazardous substances and may exceed forecasted amounts or the value of the property itself. The discovery of additional contamination or the imposition of additional cleanup obligations at our or third-party sites may result in significant additional costs. Any material liability we incur could preclude us from making capital expenditures that would otherwise benefit our business and have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to a wide variety of laws, regulations and other government requirements that may change in significant ways, and the cost of compliance with such requirements could have a material adverse effect on our business, financial condition and results of operations.

In addition to environmental laws and regulations (see “—We are subject to extensive U.S. federal and state and non-U.S. environmental laws and regulations, and could incur substantial costs as a result of compliance with, violations of or liabilities under these laws and regulations”), our operations are subject to regulation under a wide variety of other U.S. federal and state and non-U.S. laws, regulations and other government requirements, including those relating to 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 us to modify our operations and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs.

For example, we are subject to complex and evolving U.S. and international privacy laws and regulations, including those pertaining to the handling of personal data, such as the General Data Protection Regulation (“GDPR”), Brazil’s Lei General de Proteção de Dados (“LGPD”) and the California Consumer Privacy Act of 2018 (“CCPA”). The GDPR, which became effective on May 25, 2018, with respect to all member states of the European Union, includes operational requirements for companies receiving or processing personal data of EU residents that are partially different from those that had previously been in place and imposes significant penalties for noncompliance. The recently enacted LGPD establishes rules for the collection, use, processing, storage and transfer of personal data. The LGPD gives Brazilian data subjects expanded rights to control their personal data, including the right to access, correct and delete that personal data. In addition, the LGPD imposes obligations on companies processing personal data of individuals in Brazil, including with respect to maintaining the security of personal data, limiting the processing of personal data, reporting data breaches and cross-border data transfers. Failure to comply with the LGPD could result in potentially severe financial penalties. Application of penalties under the LGPD began on August 1, 2021. The LGPD may require additional compliance investment as well as additional changes to policies, procedures and operations. The CCPA, which went into effect on January 1, 2020, affords California residents and households expanded privacy protections. Moreover, governmental authorities around the world are considering, or are in the process of implementing, new data protection regulations.

Many of these laws and regulations are subject to uncertain application, interpretation or enforcement standards that could result in claims, changes to our business practices, data processing and security systems, penalties, increased operating costs or other impacts on our business. The recently enacted laws often provide for civil penalties for violations, as well as private rights of action for data breaches that may increase data breach litigation. Regulatory authorities could determine that our data handling practices fail to address all the requirements of certain new laws, which could subject us to penalties and litigation. In addition, there is no assurance that our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implement will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of the GDPR, the CCPA or of other personal data protection laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions (including fines), or result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines or criminal prosecution, all of which could have a material adverse effect on our business, financial condition and results of operations.

The application of tax law is subject to interpretation and is subject to audit by taxing authorities. Additionally, administrative guidance can be incomplete or vary from legislative intent, and therefore the application of the tax law is uncertain. While we believe the positions reported by Sylvamo comply with relevant tax laws and regulations, taxing authorities could interpret our application of certain laws and regulations differently. We are currently subject to tax audits in the United States, Brazil and other taxing jurisdictions around the world. In some cases, International Paper has appealed, and, following the distribution, we may continue to appeal, assessments by taxing authorities in the court system. As such, tax controversy matters may result in previously unrecorded tax expenses, higher future tax expenses or the assessment of interest and penalties.

For example, the Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by International Paper do Brasil Ltda. (“IP Brasil”), which will be a wholly-owned subsidiary of Sylvamo following the distribution (the “Brazil Tax Dispute”). IP Brasil received assessments for the tax years 2007-2015 totaling approximately \$116 million in tax and \$376 million in interest, penalties and fees as of June 30, 2021 (adjusted for variation in currency exchange rates). We expect that IP Brasil will receive assessments for additional tax years that are expected to increase the total assessment to approximately \$585 million (at June 30, 2021 currency exchange rates). After a previous favorable ruling challenging the basis for these assessments, IP Brasil received other subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. International Paper is appealing this tax litigation in the Brazilian federal courts. The Brazilian government may enact a tax amnesty program that would allow IP Brasil to resolve the Brazil Tax Dispute for less than the assessed amount. If a tax amnesty program is enacted prior to the distribution date and International Paper decides to participate in the amnesty program prior to the distribution date, International Paper would pay 100% of the liability up to \$180 million, Sylvamo would pay up to the next \$60 million of the liability and International Paper would pay 100% of any liability over \$240 million. We cannot assure you that any such amnesty program will be enacted or that International Paper will decide to participate. Any such payment by Sylvamo may have a material adverse effect on our financial condition, results of operations and cash flows.

Pursuant to a tax matters agreement to be entered into between Sylvamo and International Paper, Sylvamo will pay 40% of the first \$300 million of any liability resulting from the resolution (including under any tax amnesty program) of the Brazil Tax Dispute following the distribution (equivalent to a total cap on payments by Sylvamo of \$120 million), with International Paper responsible for paying the 60% of the first \$300 million of any such liability and 100% of any liability over \$300 million. After the distribution, all decisions concerning the conduct of the litigation related to the Brazil Tax Dispute, including as to strategy, settlement, pursuit and abandonment, will continue to be made by International Paper. Sylvamo will thus have no control over any decision related to the ongoing litigation. As legally required by the Brazilian federal court, IP Brasil has provided surety bonds in connection with the Brazil Tax Dispute, which were indemnified by International Paper. International Paper has agreed that after the distribution it will continue to indemnify the provider of the surety bonds during the pendency of the appeal in the Brazilian federal court. If IP Brasil were unable to renew the surety bonds upon their expiration, for example, as a result of a downgrade in International Paper’s credit ratings below investment grade by Moody’s, or if IP Brasil were unable to provide additional surety bonds as and when required by the Brazilian federal court, IP Brasil could be required to post acceptable collateral in order to continue the litigation which additional collateral International Paper has agreed to provide on behalf of IP Brasil. For further details about the Tax Matters Agreement, see “The Distribution—Relationships Between Sylvamo and International Paper Following the Distribution—Tax Matters Agreement.” If the indemnity provided by International Paper does not allow IP Brasil to secure a surety bond or International Paper is unable to provide acceptable collateral and we are not able to continue our appeals, or if the Brazil Tax Dispute is resolved unfavorably, we could incur significant tax and related costs, which costs could have a material adverse effect on our business, financial condition and results of operations. Any resolution of the Brazil Tax Dispute through the Brazilian courts could take six to nine years. In addition, the leverage ratio maintenance covenant under the credit agreement will step down after two years if the Brazil Tax Dispute has not been resolved by such time and for so long as it has not been resolved, and there will be greater limitations under our credit agreement on the amount of dividends, share repurchases and other restricted payments we are permitted to make from the time we enter into the credit agreement until the Brazil Tax Dispute is resolved, which could have an adverse impact on our stock price.

We are subject to tax in the United States and a number of jurisdictions throughout the world, and increases to U.S. federal income tax rates and tax rates in other jurisdictions in which we operate could have an adverse effect on our business, financial condition and results of operations. Tax laws, regulations and administrative practices in various jurisdictions may be subject to significant change, with or without advance notice, due to economic, political and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. Our effective tax rates could be affected by numerous factors, such as changes in tax laws, regulations, administrative practices, principles and

interpretations, the mix and level of earnings in a given taxing jurisdiction or our ownership or capital structures. The Biden Administration has proposed changes to the tax rules that apply to corporations, including an increase in the corporate income tax rate, a minimum tax on book income and changes that generally would increase the tax rates applicable to a U.S. corporation's international income, which could materially affect our tax obligations and effective tax rate. It is difficult to predict whether and when tax law changes will be enacted that would have a material adverse effect on our business, financial condition and results of operations.

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

We may pursue strategic acquisitions, joint ventures, divestitures, capital investments and other corporate transactions. We may not achieve the expected benefits, which could require us to record an impairment charge for goodwill or other intangible assets. Among the benefits we would expect from potential 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 assets to purchasers who place higher strategic value on such assets than we do.

Corporate transactions of this nature which we may pursue involve a number of special risks, including our inability to realize our business goals with respect to such transactions as noted above, the focus of our management's attention on these transactions and the integration of acquired businesses into our operations, the demands on our financial, operational and information technology systems resulting from acquired businesses, and the possibility that we may become responsible for substantial contingent or unanticipated legal liabilities as the result of acquisitions or other corporate transactions.

In addition, if any portion of the Brazil eucalyptus forest plantations owned by Sylvamo as of the Distribution Date are directly or indirectly transferred, subject to certain exceptions for immaterial transfers, a subsidiary of Sylvamo will be required to make a payment of \$100 million to a subsidiary of International Paper. For these purposes, a transfer includes any sale, pledge or transfer of any legal or beneficial interest in the Brazil lands, including any grant of an option or other right or interest or entry into any contract that would result in a reduction or diminution of Sylvamo's economic ownership in the Brazil lands. A change of control of Sylvamo would also result in the payment becoming due and payable. As a result, we will not realize the full value of any transfer of the Brazil eucalyptus forest plantations, which may make any such transaction less attractive to us.

We rely heavily on a small number of significant customers and are exposed to risks associated with the financial viability of our customers and consolidation among our customers.

We rely heavily on a small number of significant customers, and if we were to lose one or more of such customers, it could have a material adverse effect on our sales and profitability. For example, our top ten customers represent approximately one-third of our net sales. In particular, because our business operates in a highly competitive industry, we regularly bid for new business or for renewal of existing business. Generally, our customers are not contractually required to purchase any minimum amount of products. Should our customers purchase products in significantly lower quantities than they have in the past, such decreased purchases could have a material adverse effect on our financial condition, results of operations and cash flows.

We are also exposed to risks associated with the ability of our customers to meet their financial obligations to us. The financial viability of our customers is key to maintaining our sales to those customers and their ability to pay for those sales. Any threat to the financial viability of our customers could result in the reduction, delay or cancellation of customer orders, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, consolidation among our customers could result in changes to the purchasing habits and volumes among our customers and could affect our relationship with our customers. If one of our competitors'

customers acquires any of our customers, we could lose that business. Additionally, as our customers become larger and more concentrated, they could exert pricing pressure on all suppliers, including us. As a result, we could be forced to reduce the prices of our products. The loss or reduction of business from our larger customers, or the renewal of business on less favorable terms, could have a material adverse effect on our financial condition and results of operations.

Our business and business prospects could be materially adversely affected if we fail to attract and retain our senior management team and other key employees.

We are led by a strong senior management team that has extensive experience in the paper industry. Our success and future growth will depend, to a significant degree, on the leadership, knowledge, skills and continuing contributions of these senior management members. There is no guarantee that these individuals will not leave our company. The loss of the services of any members of our senior management team or other key employees or the failure to attract qualified persons to serve in these positions could have a material adverse effect on our business and business prospects.

Adverse results from legal, regulatory and governmental proceedings or other loss contingencies could have a material adverse effect on our business, financial condition and results of operations.

We have been, and from time to time, we could become, party to various legal, regulatory and governmental proceedings and other related matters, including with respect to environmental matters, workers compensation, wage and hour disputes and other employment-related cases. In addition, we could become subject to other loss contingencies, which may relate to past, present and future facts, events, circumstances and occurrences. An unfavorable outcome in connection with any legal, regulatory or governmental proceedings or other loss contingencies could result in significant monetary damages or injunctive relief that could have a material adverse effect on our business, financial condition and results of operations.

A significant write-down of goodwill or other intangible assets could have a material adverse effect on our financial condition and results of operations.

We review our goodwill balance for impairment at least once a year using the qualitative assessment and quantitative goodwill impairment test allowed in accordance with current accounting standards. Future changes in the cost of capital, expected cash flows, or other factors could cause our goodwill and other intangible assets to be impaired, resulting in a non-cash charge against results of operations to write down these assets for the amount of the impairment. In addition, if we make changes in our business strategy or if external conditions adversely affect our business operations, we may be required to record an impairment charge for goodwill or intangibles, which would lead to decreased assets and reduced net operating results. If a significant write down is required, the charge could have a material adverse effect on our financial condition and results of operations.

Failure to achieve expected investment returns on pension plan assets, as well as changes in interest rates or plan demographics, could adversely impact our cash flows, business, financial condition and results of operations.

We sponsor various defined benefit pension plans. The assets of the pension plans are diversified in an attempt to mitigate the risk of a large loss. Required funding for our domestic defined benefit pension plan is determined in accordance with guidelines set forth in the federal Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and foreign defined benefit pension plans are funded in accordance with local statutes or practice. Additional contributions to enhance the funded status of the pension plans can be made at our discretion. We expect the Sylvamo domestic pension plan to be slightly underfunded at the time of the separation and distribution. We may need to make future contributions to reduce any such underfunding. There can be no assurance that the value of the pension plan assets, or the investment returns on those plan assets, will be sufficient to meet the future benefit obligations of such plans. In addition, during periods of adverse market

conditions and declining interest rates, the company may be required to make additional cash contributions to the pension plans that could reduce our financial flexibility. Changes in plan demographics, including an increase in the number of retirements or changes in life expectancy assumptions, may also increase the costs and funding requirements of the obligations related to the company's pension plans. An increase in costs or funding requirements could adversely impact our cash flows, business, financial condition and results of operations.

We could experience disruptions in operations and increased labor costs due to labor disputes.

A portion of our hourly workforce is unionized and operates under various collective bargaining agreements. We must negotiate to renew or extend any union contracts that have recently expired or are expiring in the near future. While we believe that we have satisfactory labor relations, we may not be able to successfully negotiate new agreements without work stoppages or labor difficulties in the future or renegotiate them on favorable terms. If we are unable to successfully or favorably renegotiate the terms of any of these agreements, or if we experience any extended interruption of operations at any of our facilities as a result of strikes or other work stoppages, this could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business, or to defend successfully against intellectual property infringement claims by third parties.

We rely on a combination of contractual rights with third parties and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Although we endeavor to protect our rights, third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability. This would represent a diversion of resources that may be significant and our efforts may not prove successful. The inability to secure or protect our intellectual property assets could harm our reputation and have a material adverse effect on our business and our ability to compete with other companies in our industry. In addition, we have a license from HP Inc. for the right to produce and sell *HP* branded copy paper in almost all geographies globally. If we were to lose such license, our production volumes could decline and our business, financial condition and results of operations could be materially adversely affected.

In addition, we may be subject to claims by third parties for (i) patent, trademark or copyright infringement, (ii) breach of patent, trademark or copyright license usage rights or (iii) misappropriation of trade secrets. Any such claims or resulting litigation could result in significant expense and liability for damages. If we were found to have infringed or misappropriated a third-party patent or other intellectual property right, we could in some circumstances be enjoined from providing certain products or services to our customers or from utilizing and benefiting from certain patents, copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly alternative. Any of these scenarios could harm our reputation and have a material adverse effect on our business and results of operations.

This information statement contains forward-looking information, targets, projections and forecasts, which are inherently uncertain and actual results may differ.

This information statement contains information that is based on or includes forward-looking information, targets, projections and forecasts, including industry demand and capacity forecasts by RISI, targeted Adjusted EBITDA margins and financial leverage ratio, and future use of free cash flow, all of which are inherently uncertain. These forward-looking statements, targets, projections and forecasts are based on estimates and assumptions. Actual results will depend on numerous factors, which are difficult or impossible to predict, and which may be unknown to us. Actual results may differ, including materially.

Risks Relating to the Separation and Distribution

We may be unable to operate profitably as a stand-alone company or provide benefits and services or have the advantage of equivalent financial strength and resources as International Paper.

We have no operating history as a separate, stand-alone public company and cannot assure you that we will be able to operate profitably as such. Historically, because the printing papers, industrial packaging and global cellulose fibers businesses of International Paper have been under one ultimate parent, they have been able to rely, to some degree, on the earnings, assets, and cash flows of each other for capital requirements. After the distribution, we will be able to rely only on the Printing Papers business for such requirements. We cannot assure you that, as a separate, public company, operating results will continue at historical levels, or that we will be profitable. Further, we will have a different credit profile than International Paper following the separation. Our failure to obtain or maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs under our indebtedness and access to capital markets. Additionally, we have relied on International Paper for various financial, administrative and managerial services in conducting our operations. Following the distribution, we will maintain our own credit and banking relationships and will perform our own financial and investor relations functions. We cannot assure you that we will be able to successfully put in place, or thereafter maintain, the financial functions, administration and management necessary to operate as a separate company or that we will not incur additional costs operating as a separate, public company. For example, prior to the distribution, we, as a segment of International Paper's business, were able to use International Paper's size to procure raw materials, products and services on favorable terms. We could experience some increased costs after the distribution as a result of the absence of such economies of scale. Any such additional or increased costs could have a material adverse effect on our business, financial condition and results of operations.

Further, after the distribution, we will no longer benefit from International Paper's resources, other than pursuant to the transition services agreement and the other commercial agreements we anticipate entering into prior to the separation. We cannot assure you that we will be able to adequately replace all of the resources provided by International Paper or replace them at the same cost. If we are not able to replace the resources provided by International Paper, are unable to replace them at the same cost or are delayed in replacing the resources provided by International Paper, our business, financial condition and results of operations could be materially adversely affected.

We and International Paper will enter into certain commercial agreements prior to the separation, the loss of which could have an adverse effect on our business, financial condition and results of operation.

In connection with the separation, we and International Paper will enter into agreements that will govern certain commercial relationships following the separation, including related to the supply and purchase of certain raw materials and finished products. See "The Distribution—Relationships Between Sylvamo and International Paper Following the Distribution." The expiration or termination of one or more of these agreements could have an adverse effect on our business, financial condition and results of operation if we are unable to acquire or sell the raw materials or finished products to third parties on similar terms or at all. For example, the offtake agreement related to the Georgetown mill may be terminated by International Paper as of January 1, 2023 and the offtake agreement related to the Riverdale mill may be terminated by International Paper as of January 1, 2024, in each case on six months notice, which could significantly reduce our UFS production capacity in the United States. Moreover, we are required to pay certain fixed costs under the offtake agreements regardless of the level of orders received, and we will not be able to terminate the offtake agreements for Georgetown and Riverdale until January 1, 2025 and January 1, 2026, respectively, even if demand has decreased such that we are no longer able to sell the UFS and other products produced at those facilities. As a result, until the early termination dates, we will not be able to reduce or eliminate the costs associated with the offtake agreements, which may have an adverse effect on our business, financial condition, results of operations and cash flow.

Our historical and pro forma financial information may not be indicative of our future results as a separate, public company.

The historical and *pro forma* financial information we have included in this information statement may not reflect what our results of operations, financial position and cash flows would have been had we been a separate, public company during the periods presented or be indicative of what our results of operations, financial position, and cash flows may be in the future when we are a separate, public company. Our historical financial information reflects allocations for services historically provided by International Paper, and we expect these allocated costs to be different from the actual costs we will incur for these services in the future as a separate, public company. In some instances, the costs incurred for these services as a separate, public company may be higher than the share of total International Paper expenses allocated to our business historically.

The historical financial information does not reflect the increased costs associated with being a separate, public company, including changes that we expect in our cost structure, personnel needs, financing and operations of our business as a result of the distribution. In addition, the *pro forma* financial information we have included in this information statement is based in part upon a number of estimates and assumptions. These estimates and assumptions, which reflect the reasonable and good faith views of management, may prove not to be accurate, and accordingly, our *pro forma* financial information should not be assumed to be indicative of what our financial condition or results of operations actually would have been as a separate company and may not be a reliable indicator of what our financial condition or results of operations actually may be in the future. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Unaudited Pro Forma Combined Financial Statements” and our audited and unaudited combined financial statements and the notes thereto included elsewhere in this information statement.

We may be unable to achieve some or all of the benefits that we expect to achieve from the distribution and the separation from International Paper, and the cost of achieving such benefits may be more than we estimated.

We believe that, as a separate, public company, we will be able to, among other matters, allow for the more efficient use of capital expenditures by Sylvamo to invest in our business, reduce costs, and optimize the capital structure and leverage level for the distinctive business profile of Sylvamo. However, we may be unable to achieve some or all of these benefits. These actions may not provide the benefits we currently expect, may cost more to achieve than we have estimated, and could lead to disruption of our operations, and loss of, or inability to recruit, key personnel needed to operate and grow our business following the distribution. As a result, these actions could cause a weakening of our internal standards, controls or procedures and impairment of our key customer and supplier relationships. Further, even if our strategic initiatives are successful, we may nonetheless still experience increased costs as a result of becoming a stand-alone, public company. See “—Fulfilling our obligations incident to being a public company, including with respect to the requirements of and related rules under the Sarbanes-Oxley Act of 2002, will be expensive and time-consuming, and our accounting, management and financial reporting systems may not be adequately prepared to comply with public company reporting, disclosure controls and internal control over financial reporting requirements.”

The realization of the anticipated benefits of the distribution and the separation from International Paper is subject to a number of factors, including Sylvamo’s ability to access capital markets, obtain credit ratings, maintain or improve initial credit ratings and demonstrate financial resilience as a separate company. There are also many factors that are outside the control of Sylvamo and International Paper, including the performance of financial markets, consumer behavior, and regulatory, legislative and tax changes. There can be no guarantee that the anticipated benefits of the distribution and the separation from International Paper will be realized in full or in part, or as to the timing of when any such benefits may be realized.

In addition, completion of the distribution will require a significant amount of management’s time and effort, which may divert management’s attention from operating our business. If we fail to achieve some or all of the benefits that we expect to achieve as a separate company, or do not achieve them in the time we expect, our business, financial condition and results of operations could be materially adversely affected.

Fulfilling our obligations incident to being a public company, including with respect to the requirements of and related rules under the Sarbanes-Oxley Act of 2002, will be expensive and time-consuming, and our accounting, management and financial reporting systems may not be adequately prepared to comply with public company reporting, disclosure controls and internal control over financial reporting requirements.

Following the distribution, we will be required to prepare and file annual and quarterly financial statements and other reports with the SEC. We will also be subject to other reporting and corporate governance requirements under the listing standards of the NYSE and the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), which will impose significant compliance costs and obligations. The requirements of becoming a public company will necessitate a significant commitment of additional resources and management oversight which will increase our operating costs. These requirements will also place significant additional demands on our finance and accounting staff and on our financial accounting and information systems and may require us to upgrade our systems, implement additional financial and management controls, reporting systems, IT systems and procedures, and hire additional accounting, legal and finance staff in the future or as services terminate under the transition services agreement. Other expenses associated with being a public company include increases in auditing, accounting and legal fees and expenses, investor relations expenses, increased directors’ fees and director and officer liability insurance costs, registrar and transfer agent fees and listing fees, as well as other expenses. We estimate that our incremental recurring expenses relating to operating as a separate, publicly traded company will be approximately \$15 million per year.

As a public company, we will be required, among other things, to:

- prepare and file periodic and current reports, and distribute other stockholder communications, in compliance with U.S. federal securities laws and NYSE rules;
- define and expand the roles and the duties of our board of directors and its committees;
- institute comprehensive compliance, investor relations and internal audit functions; and
- evaluate and maintain our system of internal control over financial reporting, and report on management’s assessment thereof, in compliance with rules and regulations of the SEC and the Public Company Accounting Oversight Board.

In particular, beginning with the year ending December 31, 2022, we will be required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404(a) of the Sarbanes-Oxley Act. Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. In addition, following the distribution, we will be required under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to maintain disclosure controls and procedures and internal control over financial reporting. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could have a material adverse effect on our results of operations or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, or if our independent registered public accounting firm is unable to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting (at such time as it is required to do so), investors could lose confidence in the reliability of our financial statements. This could result in a decrease in the value of our common stock. Failure to comply with the Sarbanes-Oxley Act could potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. If we are unable to upgrade our systems, implement additional financial and management controls, reporting systems, IT systems and procedures, and hire additional accounting, legal and finance staff in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act and the Sarbanes-Oxley Act could be impaired.

If the distribution were to fail to qualify for non-recognition treatment for U.S. federal income tax purposes, then International Paper, Sylvamo and International Paper's shareholders may be subject to significant U.S. federal income taxes.

International Paper intends to receive an opinion of a nationally recognized accounting firm or tax counsel or a private letter ruling from the U.S. Internal Revenue Service (the "IRS") regarding the qualification of the distribution and certain related transactions as a transaction that is generally tax-free for U.S. federal income tax purposes to International Paper, Sylvamo and International Paper shareholders. 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. If any of the representations or covenants relied upon for a tax opinion or a private letter ruling becomes inaccurate, incomplete or not complied with by International Paper, Sylvamo or any of their respective subsidiaries, the private letter ruling or tax opinion, if applicable, may be invalid and the conclusions reached therein could be jeopardized.

If the IRS ultimately determines that the distribution is taxable, then the distribution could be treated as a taxable dividend or capital gain to International Paper shareholders for U.S. federal income tax purposes, and International Paper could incur significant U.S. federal income tax liabilities. Sylvamo may be required to indemnify International Paper for such tax liability pursuant to the tax matters agreement; however, there can be no assurance that Sylvamo would have the resources or liquidity required to indemnify International Paper for any such tax liability.

Even if the distribution otherwise qualifies for non-recognition of gain or loss under Section 355 of the Code, the distribution may be taxable to International Paper (but not International Paper shareholders) pursuant to Section 355(e) of the Code if there is a 50% or more (by vote or value) change in ownership of either International Paper or Sylvamo, directly or indirectly, as part of a plan or series of related transactions that include the distribution. For this purpose, any acquisitions of International Paper's or Sylvamo's common stock within two years before or after the distribution are presumed to be part of such a plan, although International Paper or Sylvamo may be able to rebut that presumption based on either applicable facts and circumstances or a "safe harbor" described in the U.S. tax regulations.

We will be unable to take certain actions after the distribution because such actions could jeopardize the tax-free status of the distribution, and such restrictions could be significant.

The tax matters agreement will prohibit us from taking actions that could reasonably be expected to cause the distribution to be taxable or to jeopardize the conclusions of the tax opinion or the IRS ruling received by us or International Paper. In particular, we expect the tax matters agreement will provide that for two years after the distribution, we must refrain from engaging in certain transactions, including:

- entering into any agreement, understanding or arrangement or engaging in any substantial negotiations with respect to any transaction involving the acquisition, issuance, repurchase or change of ownership of our capital stock, or options or other rights in respect of our capital stock, subject to certain exceptions relating to open market stock repurchases;
- issuing equity securities beyond certain thresholds;
- ceasing the active conduct of our business; and
- dissolving, liquidating, merging or consolidating with any other person.

The tax matters agreement will provide that, nevertheless, we are permitted to take any of the actions described above if we obtain International Paper's consent, or if we obtain an IRS private letter ruling or a tax opinion that is reasonably acceptable to International Paper to the effect that the action will not affect the tax-free status of the distribution. However, the receipt by us of any such consent, opinion or ruling will not relieve us of any obligation we have to indemnify International Paper for an action we take that causes the distribution to be taxable to International Paper.

The tax matters agreement will also prohibit us from taking or failing to take any other action, including restrictions on the repurchase of shares, that would prevent the distribution and certain related transactions from qualifying as a transaction that is generally tax-free for U.S. federal income tax purposes.

Because of these restrictions, for two years after the distribution we may be limited in the amount of capital stock that we can issue to make acquisitions or to raise additional capital. Also, our expected indemnity obligation to International Paper may discourage, delay or prevent a third party from acquiring control of us during this two-year period in a transaction that our stockholders might consider favorable. See “The Distribution—Relationships between International Paper and Sylvamo Following the Distribution— Tax Matters Agreement” and “Material U.S. Federal Income Tax Consequences of the Distribution.”

The combined post-distribution value of International Paper and Sylvamo shares may not equal or exceed the pre-distribution value of International Paper shares.

We intend to apply to list the shares of our common stock on the NYSE. We cannot assure you that the combined trading prices of International Paper common stock and our common stock after the distribution will be equal to or greater than the trading price of International Paper common stock prior to the distribution. Until the market has fully evaluated the business of International Paper without our business and potentially thereafter, the price at which International Paper common stock trades may fluctuate significantly. Similarly, until the market has fully evaluated our business and potentially thereafter, the price at which our common stock trades may fluctuate significantly.

We expect that we will incur significant one-time and ongoing costs associated with the separation that could affect our period-to-period operating results following the completion of the distribution.

We anticipate that we will incur one-time costs of approximately \$55 million through the end of 2022 as result of costs associated with the separation, including initial IT set-up costs and restructuring costs, of which approximately \$23 million are expected to be incurred in 2021 (all of which are expected to be incurred in the fourth quarter of 2021) and approximately \$32 million in 2022. We will not be able to quantify the exact amount of these charges or the period in which they will be incurred until after the distribution is completed. The amount and timing of these charges could adversely affect our period-to-period operating results, which could result in a reduction in the market price of our common stock.

In connection with the separation, we will enter into a transition services agreement with International Paper, pursuant to which International Paper will provide us with certain specified services on a transitional basis, including in areas such as IT, payroll, sourcing and other areas where we may need assistance and support following the distribution. Depending on the particular service being provided, the services may be extended for up to six months after the initial one-year term, but may be terminated earlier under certain circumstances, including a default. If one or more of these services are terminated, we may be required to obtain such services from a third party. This may be more expensive than the fees that we will be required to pay under the agreements with International Paper. We expect to make payments to International Paper under the transition services agreement of approximately \$8 million and \$25 million in 2021 and 2022, respectively.

In addition, following the expiration of the transition services agreement, we will need to replicate certain services and systems to which we will no longer have access from International Paper. We may misjudge our requirements for these services and systems on a stand-alone basis, and may incur greater than expected capital and other costs associated with developing and implementing our own support functions. These costs may exceed the costs we will pay to International Paper during the transition period. There may be an adverse operational effect on our business as a result of the significant time our management and other employees and internal resources will need to dedicate to building these capabilities during the first few years following the distribution that otherwise would be available for other business initiatives and opportunities. When we begin to operate these functions independently, if we have not developed adequate systems and business functions, or obtained

them from other providers, we may not be able to operate our company effectively and our profitability may decline. See “—We may be unable to operate profitably as a stand-alone company or provide benefits and services or receive access to equivalent financial strength and resources as International Paper.”

After the distribution, certain of our directors and officers may have actual or potential conflicts of interest because of their International Paper equity ownership or their former International Paper positions.

Certain of the persons who we expect to become our executive officers have been, and will be until the distribution, International Paper officers, or employees, and thus will have professional relationships with International Paper’s executive officers, directors or employees. In addition, because of their former International Paper positions, following the distribution, certain of our executive officers may own International Paper common stock or restricted stock, and, for some of these individuals, their individual holdings may be significant compared to their total assets. These relationships and financial interests may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for International Paper and us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between International Paper and us regarding the terms of the agreements governing the distribution and the separation, and the relationship thereafter between the companies. These agreements include the separation and distribution agreement, the tax matters agreement, the employee matters agreement, the transition services agreement, the registration rights agreement, the offtake agreements and any other commercial agreements between the parties or their affiliates.

No vote of International Paper shareholders is required in connection with the distribution.

No vote of International Paper shareholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive Sylvamo common stock in the distribution, your only recourse will be to divest your International Paper common stock prior to the record date for the distribution.

The distribution is subject to certain conditions, and therefore, the distribution may not be consummated on the terms or timeline currently contemplated, or at all.

The distribution is subject to the satisfaction or waiver by International Paper in its sole and absolute discretion of a number of conditions, including: (i) the Form 10, of which this information statement is a part, being declared effective by the SEC and not subject to any stop order or other proceeding by the SEC seeking a stop order; (ii) International Paper’s receipt of an opinion from a nationally recognized accounting firm or tax counsel satisfactory to it or a private letter ruling from the IRS regarding the qualification of the distribution as a transaction that is generally tax-free for U.S. federal income tax purposes under Section 355 of the Code; (iii) International Paper’s receipt of one or more opinions from nationally recognized valuation or accounting firms or investment banks as to the adequacy of surplus under applicable state law of Sylvamo and International Paper to effect the Special Payment and the distribution, respectively; (iv) International Paper’s and Sylvamo’s execution of the separation and distribution agreement, the tax matters agreement, the transition services agreement, the employee matters agreement, the registration rights agreement and other ancillary agreements relating to the distribution; (v) Sylvamo’s consummation of the Financing Arrangements with aggregate proceeds of at least \$1.5 billion; (vi) the receipt by International Paper of the Special Payment; (vii) no event or development existing or occurring that in the judgment of the board of directors of International Paper makes it inadvisable to effect the separation and distribution; and (viii) Sylvamo’s common stock having been approved for listing on NYSE, subject to official notice of the distribution. See “The Distribution—Conditions to the Distribution.” We cannot assure you that the distribution will be consummated on the terms or timeline currently contemplated.

Further, until the distribution occurs, International Paper will have the sole and absolute discretion to determine and change the terms of the distribution, including the Record Date and the Distribution Date. These changes may be unfavorable to us. In addition, International Paper may decide at any time not to proceed with the distribution in its sole discretion.

The transfer to us of certain contracts, permits and other assets and rights may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights, which could have a material adverse effect on our business, financial condition and results of operations.

The separation and distribution agreement will provide that certain contracts, permits and other assets and rights are to be transferred from International Paper to Sylvamo in connection with the separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or governmental authorities or provide other rights to third parties. Some parties may use consent requirements or other rights to seek to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of price increases, require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or require us to seek arrangements with new third parties or obtain letters of credit or other forms of credit support. If we are unable to obtain required consents or approvals, we may be unable to obtain all of the benefits, permits, assets and contractual commitments that are intended to be allocated to us as part of our separation from International Paper, and we may be required to seek alternative arrangements to obtain services and assets which may be more costly or of lower quality. The termination or modification of these contracts or permits or the failure to timely complete the transfer of these contracts or permits could have a material adverse effect on our business, financial condition and results of operations.

Satisfaction of indemnification obligations following the distribution could have a material adverse effect on our financial condition, results of operations and cash flows.

Pursuant to the separation and distribution agreement and certain other agreements we expect to enter into with International Paper in connection with the distribution, International Paper will agree to indemnify us for certain liabilities, and we will agree to indemnify International Paper for certain liabilities, in each case for uncapped amounts, as discussed further in “The Distribution— Relationships Between International Paper and Sylvamo Following the Distribution.” Indemnities that we may be required to provide International Paper are not subject to any cap, may be significant and could negatively impact our business, particularly with respect to indemnities provided in the tax matters agreement.

We may also incur significant costs related to environmental liabilities that we assume from International Paper in connection with the distribution arising at our mills and other sites that were not owned by International Paper at the time of distribution but were primarily operated or used by International Paper’s Printing Papers business. For example, as of June 30, 2021, we have reserved \$13 million for remediation work to be performed at our mill in Svetogorsk, Russia, following identification in 2018 of mercury contamination in sediment in a river tributary that traverses the site of the mill.

Third parties could also seek to hold us responsible for any of the liabilities that International Paper has agreed to retain. The indemnity from International Paper may not be sufficient to protect us against the full amount of such liabilities if, for example, International Paper is not able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from International Paper any amounts for which it is held liable, we may be temporarily required to bear these losses ourselves, requiring us to divert cash that would otherwise have been used in furtherance of our operating business. Each of these risks could have a material adverse effect on our financial condition, results of operations and cash flows.

Federal and state fraudulent transfer laws and New York and Delaware corporate law may permit a court to void the distribution and related transactions, which could have a material adverse effect on our business, financial condition and results of operations.

In connection with the distribution, International Paper intends to undertake a series of internal corporate reorganization transactions which, along with the contribution of certain of the entities and assets associated with

International Paper's Printing Papers business to Sylvamo, the distribution of shares of Sylvamo common stock to International Paper's shareholders, and the Special Payment by Sylvamo to International Paper, may be subject to challenge under federal and state fraudulent conveyance and transfer laws as well as under New York or Delaware corporate law. Under applicable laws, any transaction, contribution or distribution contemplated as part of the distribution could be voided as a fraudulent transfer or conveyance if, among other things, the transferor received less than reasonably equivalent value or fair consideration in return and the transferor was insolvent or rendered insolvent by reason of the transfer.

We cannot be certain as to the standards a court would use to determine whether or not any entity involved in the distribution was insolvent at the relevant time. In general, however, a court would look at various facts and circumstances related to the entity in question, including evaluation of whether or not:

- the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could pay its debts as they become due.

If a court were to find that any transaction, contribution or distribution involved in the distribution was a fraudulent transfer or conveyance, the court could void the transaction, contribution or distribution. In addition, the distribution could also be voided if a court were to find that it is not a legal distribution or dividend under New York corporate law. The resulting complications, costs and expenses of either finding could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Our Indebtedness

In connection with the distribution, we expect to incur substantial indebtedness, which could have a material adverse effect on our financial condition and prevent us from fulfilling our obligations under anticipated agreements governing our indebtedness.

In connection with the distribution, we expect to enter into a \$450 million cash flow-based revolving credit facility (under which we expect to borrow up to \$100 million prior to the distribution date), \$450 million term loan "B" facility and \$520 million term loan "F" facility and to issue \$450 million of senior notes, for an aggregate principal amount of long-term debt of \$1,540 million, with the net proceeds, together with cash on hand in excess of \$100 million, to be used to fund the Special Payment to International Paper immediately prior to the distribution. Our level of debt could have important consequences to our stockholders, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, product development, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, product development, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- increasing our effective tax rate;
- exposing us to the risk of increased interest rates to the extent that our borrowings are at variable rates of interest;
- limiting our ability to deduct the full amount of the interest payments on any debt we incur in connection with the separation or any other borrowings from our taxable income;

- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a competitive disadvantage compared to other, less leveraged competitors or competitors with comparable debt and more favorable terms; and
- increasing our cost of borrowing.

We and our subsidiaries may incur significant additional indebtedness in the future. If new indebtedness is added to our anticipated indebtedness levels after the distribution, the related risks that we face would increase.

We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our anticipated debt obligations will depend on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors beyond our control, including those discussed under “—Risks Relating to Our Business.” We might not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

We expect that the agreements governing our indebtedness will contain a number of restrictive covenants that will limit our ability to conduct our business, including our ability to dispose of assets and the use of the proceeds from those dispositions, require that we use the proceeds from any future incurrence of debt or issuance of equity to repay existing indebtedness and limit our ability to incur additional indebtedness. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could have a material adverse effect on our financial condition and results of operations and our ability to satisfy our obligations under our indebtedness.

A failure to make scheduled payments on our debt, or a breach of any of the covenants under the agreements governing our indebtedness, if not waived by lenders or noteholders, as applicable, or to the extent applicable, cured within specified periods, would result in an event of default under those agreements. Lenders or noteholders under the agreements governing our indebtedness could declare all outstanding principal and interest to be due and payable, and lenders could further terminate their commitments to loan money under our expected revolving credit facility or foreclose against the assets securing their borrowings, which could force us to file for bankruptcy protection and either restructure or liquidate. Any of these events could result in you losing some or all of the value of your investment. Further, an event of default may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In the event the lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

Risks Relating to Our Common Stock

No market for our common stock currently exists and an active trading market may not develop or be sustained after the distribution.

There is currently no public market for our common stock. We have applied to list our common stock on the NYSE. We anticipate that trading of shares of our common stock will begin on a “when-issued” basis as early as

two trading days prior to the record date for the distribution and that trading will continue through the close of trading on the day prior to the Distribution Date. However, an active trading market for our common stock may not develop as a result of the distribution or, if one does develop, may not be sustained. The lack of an active market may make it more difficult for you to sell our shares at an attractive price, or at all, and could lead to our share price being depressed or volatile.

The market price for our common stock may be volatile, and you may not be able to sell your common stock at the initial trading price.

We cannot predict the prices at which our common stock may trade after the distribution. The price of our common stock in any market that develops may be higher or lower than the initial trading price. Many factors could cause the trading price of our common stock to rise and fall, including the following:

- actual or anticipated fluctuations in our operating results due to factors related to our business;
- success or failure of our business strategies;
- our quarterly or annual earnings, or those of other companies in our industry;
- our ability to obtain financing as needed;
- our announcements or our competitors' announcements regarding new products, enhancements, significant contracts, acquisitions or strategic investments;
- the failure of securities analysts to cover our common stock after the distribution;
- changes in the estimates of our operating performance or changes in recommendations by any securities analysts that elect to follow our stock;
- our business profile, dividend policy or market capitalization may not fit the investment objectives of International Paper's current shareholders;
- actions by institutional stockholders and other large stockholders (including International Paper), including future sales of our common stock;
- overall market fluctuations;
- changes in laws, rules and regulations affecting our business;
- the gain or loss of significant customers or changes in our customers' preferences;
- developments related to the COVID-19 pandemic or another epidemic; and
- general economic conditions and other external factors.

In particular, we cannot assure you that you will be able to resell your common stock after the distribution. Stock markets have experienced extreme volatility in recent years that has been unrelated to the operating performance of a particular company. These broad market fluctuations could also adversely affect the trading price of our common stock. In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the affected company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management's attention and resources, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Substantial sales of our common stock following the distribution, or the perception that such sales might occur, could depress the market price of our common stock.

Following the distribution, all of the shares of our common stock will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), unless the shares are

owned by our “affiliates” as that term is defined in the rules under the Securities Act. Shares of our common stock held by “affiliates” may be sold in the public market if registered or if they qualify for an exemption from registration under Rule 144 under the Securities Act and satisfy the volume, manner of sale and holding period limitations under Rule 144.

The Sylvamo common stock that International Paper distributes to its shareholders in the distribution may be sold immediately in the public market, if a market for our common stock exists at such time. It is likely that some International Paper shareholders, including some large shareholders, may sell our common stock received in the distribution for various reasons, including our business profile or market capitalization as a stand-alone company following the distribution not fitting their investment objectives. In particular, International Paper is a member of the S&P 500 stock market index and other indices, while Sylvamo will not initially be and may not be in the future. Accordingly, certain International Paper shareholders may elect or be required to sell our shares following the distribution due to investment guidelines or other reasons. The sales of significant amounts of our common stock or the perception in the market that this will occur could have a negative impact on the market price of our common stock.

A fund associated with International Paper’s 401(k) plans will receive shares of Sylvamo common stock in the distribution as a result of its ownership of International Paper common stock, representing approximately 1.2% of Sylvamo’s common stock as of the Distribution Date. We anticipate that the 401(k) plans will sell all of these shares, to the extent not sold by individual 401(k) plan participants by April 8, 2022.

In addition, after completion of the distribution, International Paper will retain no more than 19.9% of our total shares outstanding. International Paper intends to dispose of such shares of our common stock that it owns after the distribution in either a registered offering or pursuant to an exemption from registration, which is expected to occur within 12 months of the Distribution Date and will occur no later than five years after the distribution. We will agree that, upon the request of International Paper and pursuant to the terms of the registration rights agreement, we will use our reasonable best efforts to effect a registration under applicable federal and state securities laws of any shares of our common stock retained by International Paper to the extent that International Paper wishes to sell the shares of our common stock it retains in a registered offering. These shares will be restricted securities within the meaning of Rule 144 under the Securities Act and will also be eligible for resale by International Paper in the public market without registration subject to volume, manner of sale and holding period limitations under Rule 144 under the Securities Act.

If securities or industry analysts do not publish research or publish misleading or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have, and may never obtain, research coverage for our common stock. If there is no research coverage of our common stock, the trading price for our stock could be negatively impacted. In the event we obtain research coverage for our common stock or if one or more of securities or industry analysts downgrades our stock or publishes misleading or unfavorable research about our business, our stock price would likely decline. If one or more of the analysts ceases coverage of our common stock or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price or trading volume to decline.

Future offerings of debt or equity securities ranking senior to our common stock could adversely affect the market price of our common stock.

In the future, we may decide to issue senior or subordinated debt securities or preferred stock or other equity securities that rank senior to our common stock. Indentures or other instruments governing such securities may include covenants restricting our operating flexibility and ability to pay dividends and make other distributions to our stockholders. Additionally, any convertible or exchangeable securities that we issue in the future could have

rights, preferences and privileges more favorable than those of our common stock and could result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock will bear the risk of our future offerings, reducing the market price of our common stock and diluting the value of their common stock holdings in us.

We do not expect to declare or pay dividends on our common stock or repurchase our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We do not expect to declare or pay dividends on our common stock or repurchase our common stock. Therefore, the success of an investment in shares of our common stock will depend upon any future appreciation in their value and any future dividends we may declare. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have received their shares in the distribution. The credit agreement governing our senior secured credit facility and the indenture governing our senior notes limit the amount of dividends and share repurchases that we are permitted to make while our indebtedness remains outstanding, including greater restrictions until the Brazil Tax Dispute (as defined below) is resolved. Any future declaration and payment of dividends, stock repurchases or other distributions of capital will be at the discretion of our board of directors and will depend on many factors, including our earnings, financial condition, results of operations, capital requirements, level of indebtedness, covenants contained within agreements governing our indebtedness, contractual restrictions with respect to payment of dividends and the repurchase of shares, our ability to obtain cash or other assets from our subsidiaries, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant. See “Dividend Policy.” There can be no assurance that we will establish a dividend policy, pay dividends in the future or continue to pay any dividend if we do commence paying dividends or repurchase our common stock.

Your percentage ownership in Sylvamo may be diluted in the future.

Your percentage ownership in Sylvamo may be diluted in the future because of equity awards that we expect to grant to our directors, officers and other employees. Prior to completion of the distribution, we expect to approve an incentive plan that will provide for the grant of common stock-based equity awards to our directors, officers and other employees. In addition, we may issue equity as all or part of the consideration paid for acquisitions and strategic investments that we may make in the future or as necessary to finance our ongoing operations.

Anti-takeover provisions in our amended and restated certificate of incorporation and amended and restated by-laws could discourage, delay or prevent a change of control of our company and could affect the trading price of our common stock.

We expect that our amended and restated certificate of incorporation and amended and restated by-laws will contain certain provisions that may discourage, delay or prevent a change in our management or change of control. For example, we expect our amended and restated certificate of incorporation and amended and restated by-laws to, collectively:

- authorize the issuance of “blank check” preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- provide that vacancies on our board of directors, including vacancies resulting from an enlargement of our board of directors, may be filled only by a majority vote of directors then in office;
- prohibit stockholder action by written consent, thereby requiring all actions to be taken at a meeting of the stockholders; and
- establish advance notice requirements for nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders.

These provisions could prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions could adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future. See “Description of Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Amended and Restated By-Laws and Applicable Law.”

Our amended and restated certificate of incorporation and amended and restated by-laws could also make it difficult for stockholders to replace or remove our management. Furthermore, the existence of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions could facilitate management entrenchment that could delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our current or former directors, officers or stockholders.

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any (i) derivative action or proceeding brought on our behalf, (ii) action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers, employees or agents, (iii) action asserting a claim arising out of or pursuant to the Delaware General Corporation Law (the “DGCL”) or our amended and restated certificate of incorporation or amended and restated bylaws, or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) action asserting a claim governed by the internal affairs doctrine. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, the Exchange Act, and the rules and regulations thereunder. Neither this provision nor the exclusive forum provision will mean that stockholders have waived our compliance with federal securities laws and the rules and regulations thereunder. By becoming a stockholder of our company, you will be deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to choice of forum. The choice of forum provision in our amended and restated certificate of incorporation may limit our stockholders’ ability to bring a claim in a judicial forum that they find favorable for disputes with us or any of our current or former directors, officers or stockholders, which may discourage lawsuits with respect to such claims. Additionally, a court could determine that the exclusive forum provision is unenforceable. If a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable to, or unenforceable in respect of, one or more specified types of actions and proceedings, we could incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition and results of operations.

Our amended and restated certificate of incorporation will include provisions limiting the personal liability of our directors for breaches of fiduciary duty under the DGCL.

Our amended and restated certificate of incorporation will contain provisions permitted under the DGCL relating to the liability of directors. These provisions will eliminate a director’s personal liability to the fullest extent permitted by the DGCL for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving:

- any breach of the director’s duty of loyalty;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law;
- under Section 174 of the DGCL (unlawful dividends); or
- any transaction from which the director derives an improper personal benefit.

The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director unless the stockholder is able to demonstrate a basis for liability for which indemnification is not available under the DGCL. These provisions, however, should not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of a director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws. The inclusion of this provision in our amended and restated certificate of incorporation could discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS AND INFORMATION

This information statement contains information that includes or is based upon forward-looking statements. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “assume,” “could,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “should,” “will” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. Forward-looking statements include statements relating to the formation of Sylvamo, the separation, the contribution and the distribution, including the timing and expected benefits thereof, the amount of the Special Payment and any future use of our free cash flow, our ability to outperform the UFS industry demand, our ability to achieve our targeted Adjusted EBITDA margins and targeted financial leverage ratio and our ability to return cash to stockholders in the form of dividends or stock repurchases.

Any or all forward-looking statements may turn out to be incorrect. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of Sylvamo, its subsidiaries and affiliates. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others:

- the impact of the COVID-19 pandemic and the measures implemented to contain it;
- general business or economic conditions which might affect demand for our products and our business;
- changes in international conditions;
- industry-wide decline in demand for paper and related products;
- the cyclical nature of the paper industry, which may result in fluctuations in the prices of, and demand for, our paper products;
- competition from other businesses and consolidation within the paper industry;
- changes in the cost or availability of raw materials, energy and transportation;
- reduced truck, rail and ocean freight availability which could result in higher costs or poor service;
- climate change and the physical and financial risks associated with fluctuating regional and global weather conditions or patterns;
- material disruptions at one or more of our manufacturing facilities;
- information technology risks related to potential breaches of security which may result in the distribution of company, customer, employee and vendor information;
- extensive U.S. federal and state and non-U.S. environmental laws and regulations, which could result in substantial costs to the company as a result of compliance with, violations of or liabilities under these laws and regulations;
- numerous laws, regulations and other government requirements that may change in significant ways;
- our inability to achieve the expected benefits from strategic acquisitions, joint ventures, divestitures, capital investments and other corporate transactions;
- our reliance on a small number of significant customers;
- failure to attract and retain senior management and other key employees;
- adverse results from legal, regulatory and governmental proceedings or other loss contingencies;
- a significant write-down of goodwill or other intangible assets;

- failure to achieve expected investment returns on pension plan assets, as well as changes in interest rates or plan demographics;
- a disruption in operations and increased labor costs due to labor disputes;
- our failure to adequately protect our intellectual property and other proprietary rights, or to defend successfully against intellectual property infringement claims by third parties;
- forward-looking information, targets, projections and forecasts are inherently uncertain and actual results may differ;
- our inability to operate profitably as a stand-alone company or provide benefits and services or receive access to equivalent financial strength and resources as International Paper;
- the loss of commercial agreements with International Paper;
- our historical pro forma financial information may not be indicative of our future results as a separate public company;
- our inability to achieve some or all of the benefits we expect to achieve from the distribution and the separation from International Paper and the cost of achieving such benefits possibly being higher than anticipated;
- the fulfillment of our obligations as a public company, including with respect to the requirements of, and related to, rules under the Sarbanes-Oxley Act of 2002;
- the failure of the distribution to qualify for non-recognition treatment for U.S. federal income tax purposes, in which case, International Paper, Sylvamo and International Paper's shareholders may be subject to significant U.S. federal income taxes;
- our inability to take certain actions after the distribution given such actions could jeopardize the tax-free status of the distribution;
- the combined post-distribution value of International Paper and Sylvamo shares may not equal or exceed the pre-distribution value of International Paper shares;
- significant one-time and ongoing costs associated with the separation that could affect our period-to-period operating results following the completion of the distribution;
- potential conflicts of interest with certain of our directors or officers following the distribution because of International Paper equity ownership or their former International Paper positions;
- the failure of the distribution to be consummated on the terms or timeline currently contemplated, or at all;
- the transfer to us of certain contracts, permits and other assets and rights which may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights;
- the satisfaction of indemnification obligations following the distribution;
- federal and state fraudulent transfer laws and New York and Delaware corporate law, which may permit a court to void the distribution and related transactions;
- substantial indebtedness, in connection with the distribution, which could prevent us from fulfilling our obligations under anticipated agreements governing our indebtedness;
- our inability to generate sufficient cash to service our indebtedness, which may force us to take other actions to satisfy our obligations under our indebtedness, which may not be successful;
- the failure of an active trading market to develop or be sustained following the distribution;

- the market price for our common stock may be volatile, and you may not be able to sell your common stock at the initial trading price;
- the actual sale, or perception of a sale, of substantial amounts of common stock following the distribution, which could depress the market price for our common stock;
- the future offerings of debt or equity securities ranking senior to our common stock could adversely affect the market price of our common stock;
- the inability to achieve a return on your investment due to a lack of appreciation in the price of our common stock;
- the dilution of your ownership percentage in Sylvamo;
- the discouragement or delay in preventing change of control of our company;
- the designation of the Court of Chancery of the State of Delaware as the sole and exclusive forum for litigation may limit stockholders ability to obtain a favorable judicial forum for disputes;
- the limitation of personal liability of our directors for breaches of fiduciary duty; and
- other factors described under “Risk Factors” in this information statement.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements included and the risks, uncertainties and other factors identified elsewhere in this information statement, including in the section entitled “Risk Factors.” Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

THE DISTRIBUTION

Introduction

International Paper intends to transfer certain of the entities and the related assets and liabilities associated with the Printing Papers business of International Paper to Sylvamo and then distribute approximately 80.1% of the outstanding shares of Sylvamo common stock to holders of International Paper common stock. Immediately following the distribution, International Paper will own approximately 19.9% of the outstanding shares of Sylvamo common stock and Sylvamo will be a separate public company.

Holders of International Paper common stock will receive one share of Sylvamo common stock for every 11 shares of International Paper common stock owned on the Record Date for the distribution. The shares of Sylvamo common stock will be distributed by book-entry. We will not issue any physical stock certificates to any stockholders, even if requested. If you hold your International Paper shares in your own name, then your account statement reflecting the Sylvamo shares will be mailed to you on or about the Distribution Date. You should allow several days for the mail to reach you. If you hold your International Paper shares through your broker or other nominee, your receipt of Sylvamo shares depends on your arrangements with the nominee that holds your International Paper shares for you. We anticipate that brokers and other nominees generally will credit their customers' accounts with Sylvamo shares on or about the Distribution Date, but you should check with your broker or other nominee. See “—When and How You Will Receive Sylvamo Common Stock.”

Background of the Distribution

International Paper's board of directors and management team evaluated a variety of strategic options intended to maximize shareholder value and position the company for long-term growth. These options included whether to continue to operate the Printing Papers business and whether to sell or otherwise dispose of the Printing Papers business. As a result of this process, the board of directors of International Paper determined that the interests of International Paper and its shareholders would be best served by separating International Paper's Printing Papers segment into a distinct company, subject to the satisfaction or waiver of certain conditions and the board of directors' ongoing consideration of the transaction and its final approval. See “—Conditions to the Distribution” for further discussion.

In connection with the distribution, International Paper will undertake the internal reorganization described below under “—Internal Reorganization.” Following the internal reorganization, International Paper will distribute approximately 80.1% of the shares of Sylvamo common stock to its shareholders on a *pro rata* basis and retain approximately 19.9% ownership interest in Sylvamo. Following the distribution, Sylvamo will operate independently from International Paper. International Paper's shareholders will not be required to vote to effectuate the distribution. International Paper's shareholders will not have appraisal rights with regards to the distribution.

The internal reorganization and, in turn, the distribution, are subject to the satisfaction, or waiver by International Paper, of a number of conditions. Additionally, International Paper may determine not to complete the internal reorganization or the distribution if, at any time, the board of directors of International Paper determines, in its sole discretion, that the distribution is not in the best interest of International Paper or its shareholders or is otherwise not advisable.

Reasons for the Distribution

The board of directors and management of International Paper believe that the distribution is in the best interests of International Paper and its shareholders. Following the separation, International Paper and Sylvamo would each have greater financial, management and operational focus, the ability to tailor its capital structure to its specific business needs, a management team dedicated to seizing strategic growth opportunities with maximum flexibility, including by providing an opportunity for improved equity currency for use in connection with acquisitions and employee compensation and an investor base aligned with the respective businesses. The

board of directors of International Paper considered the following potential benefits in making its determination to effect the distribution:

- allowing each of International Paper and Sylvamo to focus on their respective businesses;
- allowing for the more efficient use of capital expenditures by both International Paper and Sylvamo to invest in their respective businesses;
- enhancing the effectiveness of International Paper's and Sylvamo's equity-linked compensation to more closely align the interests of management and employees of each of International Paper and Sylvamo with their respective stockholders;
- a management team dedicated to seizing strategic growth opportunities with maximum flexibility, including by providing an opportunity for improved equity currency for use in connection with acquisitions;
- optimizing the capital structure and leverage level for the distinctive business profile of each of International Paper and Sylvamo;
- the Special Payment to International Paper
- International Paper's retention of approximately a 19.9% stake in Sylvamo, which International Paper intends to subsequently dispose; and
- increased value to International Paper's shareholders, in particular Sylvamo's anticipated value on a stand-alone basis.

In determining whether to pursue the distribution, International Paper's board of directors considered the costs and risks associated with the transaction, including the cost associated with preparing Sylvamo to become an independent public company (including the dedication of sufficient resources to replicate certain technology applications and hardware, infrastructure and personnel), the time and effort required by this transaction from International Paper's and Sylvamo's management and the potential diversion of their attention away from their respective businesses and the loss of scale from operating as a single company. Notwithstanding these costs and risks, and taking into account the factors discussed above, International Paper's board of directors determined that the separation and the distribution was the most attractive alternative to enhance shareholder value.

International Paper's board of directors considered the incurrence of indebtedness to fund the Special Payment to International Paper as neither a positive or negative factor in making its determination to pursue the distribution. However, as International Paper currently has a level of debt which is supported in part by the operations of Sylvamo, the board of directors and management of International Paper determined that the incurrence of debt at Sylvamo and cash payment to International Paper with a portion of the proceeds thereof was prudent as a way to set the post-distribution capitalization structure of both companies in a way that the board of directors of International Paper felt was in the best interests of International Paper's shareholders.

Internal Reorganization

The separation and distribution agreement between International Paper and Sylvamo will provide for the transfers of entities, assets and liabilities so that, as of the distribution, International Paper will retain the entities, assets and liabilities associated with International Paper's Industrial Packaging and Global Cellulose Fibers businesses and Sylvamo will hold certain of the entities and related assets and liabilities associated with the Printing Papers business.

The internal reorganization is expected to include various restructuring transactions pursuant to which (1) most of the operations, assets and liabilities of International Paper used to conduct the Printing Papers business will be separated from the operations, assets and liabilities of International Paper used to conduct the Industrial Packaging and Global Cellulose Fibers segments' operations, (2) such separated Printing Papers operations, assets and liabilities will be contributed, transferred or otherwise allocated to Sylvamo or one of its

direct or indirect subsidiaries. These restructuring transactions may take the form of asset or equity transfers, mergers, demergers, distributions, contributions and similar transactions, and will involve the formation of new U.S. and foreign subsidiaries to own and operate International Paper's Industrial Packaging and Global Cellulose Fibers businesses and Sylvamo's Printing Papers business in such jurisdictions.

Following the distribution, International Paper will continue to own its Industrial Packaging and Global Cellulose Fibers businesses. Sylvamo may experience increased costs following the distribution or be unable to operate profitably after becoming a stand-alone company. See "Risk Factors—Risks Relating to the Separation and the Distribution."

Manner of Effecting the Distribution

The general terms and conditions relating to the distribution will be set forth in an agreement between Sylvamo and International Paper, which we refer to as the "separation and distribution agreement." See "The Distribution—Relationships Between International Paper and Sylvamo Following the Distribution—Separation and Distribution Agreement."

International Paper will transfer to Sylvamo certain of the entities and the related assets and liabilities associated with International Paper's Printing Papers business (which we refer to collectively as the "contribution"). In exchange for the contribution, Sylvamo will:

- issue to International Paper approximately 44,232,752 shares of Sylvamo common stock, of which approximately 35,430,435 shares will be distributed to International Paper's shareholders on a *pro rata* basis as described below; and
- transfer to International Paper a portion of the cash from the proceeds of debt financing Sylvamo anticipates arranging prior to the distribution.

After the contribution, International Paper will spin off Sylvamo to the shareholders of International Paper by distributing approximately 80.1% of the shares of Sylvamo common stock to holders of International Paper common stock on a *pro rata* basis.

As a result of the distribution, Sylvamo will become an independent public company, although Sylvamo will continue to have a number of significant commercial and operational arrangements with International Paper and International Paper will continue to hold approximately a 19.9% stake in Sylvamo following the distribution. International Paper intends to dispose of the shares of Sylvamo common stock it retains within five years of the distribution. We have applied to list Sylvamo common stock on the NYSE under the symbol "SLVM".

Holders of International Paper common stock will receive one share of Sylvamo common stock for every 11 shares of International Paper common stock owned on the Record Date for the distribution.

Based on the number of shares of International Paper common stock outstanding on August 15, 2021 and the distribution ratio, approximately 35,430,435 shares of Sylvamo common stock will be distributed to International Paper shareholders. The actual number of shares distributed will be based upon the number of International Paper shares outstanding on the Record Date. The shares of Sylvamo common stock to be distributed will constitute approximately 80.1% of the outstanding shares of Sylvamo common stock.

When and How You Will Receive Sylvamo Common Stock

International Paper will use a book-entry system to distribute shares of Sylvamo common stock. No stock certificates will be issued for Sylvamo shares. Following the distribution, each record holder of International Paper common stock on the Record Date will receive from the transfer agent a statement of the amount of shares of Sylvamo common stock credited to his or her account. If you are not a record holder of International Paper

common stock on the Record Date because your shares are held on your behalf by your broker or other nominee, your shares of Sylvamo common stock should be credited to your account with your broker or other nominee on or about the Distribution Date, but you should check with your broker or other nominee.

No International Paper shareholder will be required to pay any cash or other consideration for shares of Sylvamo common stock received in the distribution, or to surrender or exchange shares of International Paper common stock in order to receive shares of Sylvamo common stock. No vote of International Paper shareholders is required or sought in connection with the distribution, and International Paper shareholders will have no appraisal rights in connection with the distribution.

In order to receive shares of Sylvamo common stock in the distribution, International Paper shareholders must have been shareholders as of 5:00 p.m., Eastern Time, on the Record Date.

Treatment of Fractional Shares

The transfer agent will not deliver any fractional shares of Sylvamo common stock in connection with the distribution. Instead, the transfer agent will aggregate all fractional shares and sell them on behalf of those holders who otherwise would be entitled to receive a fractional share. The transfer agent will determine in its sole discretion when, how and through which broker-dealers and at which price to sell aggregated fractional shares. We anticipate that these sales will occur as soon as practicable after the Distribution Date. Those holders will then receive a cash payment, in the form of a check, in an amount equal to their *pro rata* share of the total proceeds of those sales, which proceeds will not be reduced by any fees or expenses. It is expected that all fractional shares held in street name will be aggregated and sold by brokers or other nominees according to their standard procedures. You should contact your broker or other nominee for additional details.

None of International Paper, Sylvamo, or the transfer agent will guarantee any minimum sale price for the fractional shares of Sylvamo common stock. Neither Sylvamo nor International Paper will pay any interest on the proceeds from the sale of fractional shares. The receipt of cash in lieu of fractional shares will generally be taxable to the recipient shareholders. See “Material U.S. Federal Income Tax Consequences of the Distribution.”

Results of the Distribution

After the distribution, Sylvamo will be a separate public company operating the existing Printing Papers business of International Paper. Immediately after the distribution, Sylvamo expects to have approximately 44,232,752 shares of common stock outstanding, approximately 8,802,317 shares of which will be held by International Paper, based on the number of shares of International Paper common stock outstanding on August 15, 2021 and the distribution ratio of one share of Sylvamo common stock for every 11 shares of International Paper common stock. The actual number of shares distributed (and held by International Paper following the distribution) will be based upon the number of International Paper shares outstanding on the Record Date. The distribution will not affect the number of shares of International Paper common stock outstanding or any rights of International Paper shareholders.

Relationships Between Sylvamo and International Paper Following the Distribution

For purposes of governing the separation of Sylvamo from International Paper as well as certain of the ongoing relationships between International Paper and Sylvamo after the distribution, Sylvamo will enter into the agreements with International Paper described in this section. The forms of agreements summarized in this section will be included as exhibits to the registration statement on Form 10 filed with the SEC to which this information statement is attached. The following summaries are qualified in their entirety by reference to the agreements as filed. See “Where You Can Find More Information.” International Paper and Sylvamo intend to execute the separation and distribution agreement and the other agreements described below on or before the Distribution Date.

Separation and Distribution Agreement

Transfer of Assets and Assumption of Liabilities

The separation and distribution agreement will identify the entities and related assets to be transferred to, and the liabilities to be assumed by, Sylvamo or International Paper, as applicable, in the internal reorganization. In particular, the separation and distribution agreement will provide that, among other things, subject to the terms and conditions and any exceptions contained therein:

- certain assets related to International Paper's Printing Papers business, which we refer to as the "Sylvamo Assets," will be transferred to Sylvamo or one of its subsidiaries, including:
 - equity interests in certain International Paper subsidiaries that hold assets relating to the Printing Papers business;
 - certain registered trade names and trademarks, patents and other intellectual property exclusively used in the Printing Papers business;
 - Sylvamo's paper mills and other facilities related to the Printing Papers business;
 - contracts (or portions thereof) that relate to the Printing Papers business;
 - rights and assets expressly allocated to Sylvamo pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the distribution;
 - permits that are exclusively used in the Printing Papers business; and
 - other assets that are included in Sylvamo's pro forma balance sheet, included in Sylvamo's Unaudited Pro Forma Combined Financial Statements, which appear in the section entitled "Unaudited Pro Forma Combined Financial Statements";
- certain liabilities related to the Printing Papers business or the Sylvamo Assets, which we refer to as the "Sylvamo Liabilities," will be retained by or transferred to Sylvamo, including liabilities that have not otherwise been expressly allocated to International Paper:
 - certain liabilities associated with previously consummated divestitures by various legal entities that will be subsidiaries of Sylvamo following the distribution or associated with divestitures primarily related to the Printing Papers business and not related to any asset retained by International Paper;
 - certain liabilities associated with discontinued businesses primarily related to the Printing Papers business and not related to any asset retained by International Paper;
 - certain latent injury liabilities associated with the Printing Papers business, Sylvamo Assets or divested or discontinued operations primarily related to the Printing Papers business and not related to any asset retained by International Paper;
 - certain environmental liabilities relating to Sylvamo Assets, the Printing Papers business or divested or discontinued operations primarily related to the Printing Papers business and not related to any asset retained by International Paper, in each case that will not be retained by International Paper;
 - liabilities arising from businesses and operations in Brazil and the United Kingdom;
 - liabilities that are expressly allocated to Sylvamo pursuant to the terms of the separation and distribution agreement or certain other agreements entered into in connection with the distribution; and
 - other liabilities that are included in Sylvamo's pro forma balance sheet, included in Sylvamo's Unaudited Pro Forma Combined Financial Statements, which appear in the section entitled "Unaudited Pro Forma Combined Financial Statements";

- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the Sylvamo Assets and Sylvamo Liabilities will be retained by or transferred to International Paper (such assets and liabilities, we refer to as the “International Paper Assets” and “International Paper Liabilities,” respectively).

Except as expressly set forth in the separation and distribution agreement or any ancillary agreement, neither International Paper nor Sylvamo will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the internal reorganization, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either International Paper or Sylvamo, or as to the legal sufficiency of any document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. Except as expressly set forth in the separation and distribution agreement or any ancillary agreement, all assets will be transferred on an “as is,” “where is” basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law, agreements, security interests or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement, unless the context otherwise requires. The separation and distribution agreement will provide that in the event that the transfer of certain assets and liabilities to International Paper or Sylvamo, as applicable, does not occur prior to the distribution, then until such assets or liabilities are able to be transferred, International Paper or Sylvamo, as applicable, will hold such assets on behalf and for the benefit of the other party and will pay, perform and discharge such liabilities, for which the other party will reimburse International Paper or Sylvamo, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

The Distribution

The separation and distribution agreement will govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, International Paper will distribute to its shareholders that hold International Paper common stock as of the Record Date approximately 80.1% of the issued and outstanding shares of Sylvamo common stock on a pro rata basis, using a distribution ratio of one share of Sylvamo common stock for every 11 shares of International Paper common stock held by a shareholder. Shareholders will receive cash in lieu of any fractional shares. Following the distribution, International Paper shareholders will own directly approximately 80.1% of the outstanding shares of common stock of Sylvamo, and Sylvamo will be a separate company from International Paper. International Paper will retain no more than 19.9% of the outstanding shares of common stock of Sylvamo following the distribution.

Conditions to the Distribution

The separation and distribution agreement will provide that the distribution is subject to satisfaction or waiver by International Paper of certain conditions. These conditions are described under “The Distribution—Conditions to the Distribution.” International Paper, in its sole and absolute discretion, will determine the terms of, and to determine whether to proceed with, the distribution and, to the extent that it determines to proceed, to determine the Record Date, the Distribution Date and the distribution ratio.

Eastover and Other Restrictions

In the separation and distribution agreement, for ten years from the distribution date, Sylvamo will agree not to convert the production capabilities of the Eastover mill to produce any products other than printing papers and

those products the mill was capable of producing on the distribution date. The prohibition will survive a change of control of Sylvamo and a transfer of the Eastover mill. Sylvamo will also grant International Paper a perpetual, one-time right of first refusal over a transfer of the Eastover mill if Sylvamo proposes to sell the mill to a third party, subject to the terms and conditions set forth in the separation and distribution agreement. If International Paper waives its right to exercise the right of first refusal and ten years have not elapsed from the distribution date, the prohibition on conversion would survive the transfer. Sylvamo also agrees to comply with restrictive covenants applicable to the Printing Papers business prior to the spin in connection with prior transactions by International Paper, including the sale of the Kwidzyn mill in Poland.

Releases

The separation and distribution agreement will provide that Sylvamo and its subsidiaries will release and discharge International Paper and its subsidiaries from all liabilities assumed by Sylvamo as part of the separation, from all acts and events occurring and all conditions existing prior to the distribution relating to Sylvamo's business, and from all liabilities arising in connection with the implementation of the separation and distribution, except as expressly set forth in the separation and distribution agreement. International Paper and its subsidiaries will release and discharge Sylvamo and its subsidiaries from all liabilities retained by International Paper and its subsidiaries as part of the separation, from all acts and events occurring and all conditions existing prior to the distribution relating to International Paper's business, and from all liabilities arising in connection with the implementation of the separation, except as expressly set forth in the separation and distribution agreement.

These releases will not extend to third parties or obligations or liabilities under any agreements between the parties that remain in effect following the distribution, which agreements include the separation and distribution agreement and the other agreements described under "Certain Relationships and Related Person Transactions."

Indemnification

In the separation and distribution agreement, Sylvamo will agree to indemnify, defend and hold harmless International Paper, each of International Paper's subsidiaries and each of International Paper and its subsidiaries' respective directors, officers and employees and agents, from and against all liabilities relating to, arising out of or resulting from:

- Sylvamo Liabilities;
- the failure of Sylvamo or any of its subsidiaries to pay, perform or otherwise promptly discharge any of the Sylvamo Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- any breach by Sylvamo or its subsidiaries of the separation and distribution agreement or any of the ancillary agreements;
- except to the extent relating to a International Paper Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of Sylvamo or any of its subsidiaries by International Paper or any of its subsidiaries that survives the distribution; and
- any untrue statement or alleged untrue statement or omission or alleged omission of material fact in the Form 10 or in this information statement (as amended or supplemented), except for any such statements or omissions made explicitly in International Paper's name.

International Paper will agree to indemnify, defend and hold harmless Sylvamo, each of Sylvamo's subsidiaries and each of Sylvamo and Sylvamo's subsidiaries' respective directors, officers and employees and agents from and against all liabilities relating to, arising out of or resulting from:

- the International Paper Liabilities;

- the failure of International Paper or any of its subsidiaries to pay, perform or otherwise promptly discharge any of the International Paper Liabilities, in accordance with their respective terms whether prior to, at or after the distribution;
- any breach by International Paper of the separation and distribution agreement or any of the ancillary agreements;
- except to the extent relating to a Sylvamo Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of Parent or any of its subsidiaries by Sylvamo or any of its subsidiaries that survives the distribution; and
- any untrue statement or alleged untrue statement or omission or alleged omission of a material fact made explicitly in International Paper's name in the Form 10 or in this information statement (as amended or supplemented).

The separation and distribution agreement will also establish procedures with respect to claims subject to indemnification and related matters, including the defense and settlement of third-party claims. Certain ancillary agreements have indemnification provisions and procedures that will govern with respect to the matters addressed in those ancillary agreements.

Insurance

The separation and distribution agreement will provide for the allocation between the parties of rights and obligations under existing International Paper insurance policies with respect to occurrences prior to the distribution and set forth procedures for the administration of insured claims and related matters.

Further Assurances

In addition to the actions specifically provided for in the separation and distribution agreement, except as otherwise set forth therein or in any ancillary agreement, both International Paper and Sylvamo will agree in the separation and distribution agreement to use reasonable best efforts, prior to, on and after the distribution, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation and distribution agreement and the ancillary agreements.

Dispute Resolution

The separation and distribution agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between International Paper and Sylvamo related to the separation or distribution and that are unable to be resolved through good faith discussions between International Paper and Sylvamo. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to executives of International Paper and Sylvamo, and that, if such efforts are not successful, either International Paper or Sylvamo may submit the dispute, controversy or claim to binding alternative dispute resolution, subject to the provisions of the separation and distribution agreement.

Expenses

Except as expressly set forth in the separation and distribution agreement or in any ancillary agreement, International Paper will be responsible for all costs and expenses incurred in connection with the separation and distribution incurred prior to the distribution, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation and distribution. Except as expressly

set forth in the separation and distribution agreement or in any ancillary agreement, all costs and expenses incurred in connection with the separation and distribution after the distribution will be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation and distribution agreement will include access to financial and other information, public filing of financial statements, confidentiality, access to and provision of records, ownership of privileged materials, domain name use, and treatment of outstanding guarantees and similar credit support.

Termination

The separation and distribution agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole and absolute discretion of International Paper without the approval of any other person, including Sylvamo. In the event of a termination of the separation and distribution agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other party or any other person. After the distribution, the separation and distribution agreement may not be terminated, except by an agreement in writing signed by both International Paper and Sylvamo.

Transition Services Agreement

In connection with the distribution, International Paper and Sylvamo will enter into a transition services agreement, pursuant to which International Paper and Sylvamo will provide to each other certain specified services on an interim, transitional basis, where Sylvamo and International Paper may need assistance and support following the distribution. Services to be provided by International Paper to Sylvamo include, but are not limited to: (i) information technology; (ii) finance; (iii) operations support and planning; (iv) facility access and services comparable to such access and services currently provided in certain locations; (v) legal consultation resources; (vi) knowledge transfer and other services with respect to sourcing; and (vii) supply chain services. Services to be provided by Sylvamo to International Paper include tax and accounting services for the French packaging business and environmental process management services.

The charges for the transition services are expected to allow the providing company to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit during the initial 12-month term of the services.

The services provided under the transition services agreement will generally commence on the Distribution Date and expire at various times to be specified in the agreement, but not exceeding 12 months following the Distribution Date. The receiving party may terminate certain specified services by giving prior written notice to the provider of such services. The receiving party may also extend any service for a maximum period of three months following the end of the term to the extent such service is required beyond the initial term. We anticipate that we will generally be in a position to complete transition of more services within 12 months following the Distribution Date. Services under the transition services agreement cannot be extended beyond 15 months following the Distribution Date.

The liabilities of each party providing services under the transition services agreement will generally be limited to the aggregate fees actually paid to International Paper by Sylvamo during the term pursuant to the transition services agreement.

Tax Matters Agreement

In connection with the separation and distribution, International Paper and Sylvamo will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to

taxes (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests, and other tax matters).

Under the tax matters agreement, International Paper generally will be responsible for all U.S. federal, state or foreign taxes imposed on, measured by or calculated with respect to income or net worth and any other franchise or similar taxes imposed on or payable by International Paper or any member of its Group (including any such taxes due and owing on any consolidated, combined or unitary tax return that is required to be filed by International Paper or any member of its Group), and Sylvamo generally will be responsible for all U.S. federal, state or foreign taxes imposed on, measured by or calculated with respect to income or net worth and any other franchise or similar taxes imposed on or payable by Sylvamo or one or more members of its Group (other than taxes due and owing on any consolidated, combined or unitary return for which International Paper is responsible), except (1) special rules will apply with respect to certain taxes imposed in connection with the separation and distribution, (2) Sylvamo will be responsible for certain taxes specifically allocated to Sylvamo under the tax matters agreement, (3) Sylvamo will be responsible for taxes resulting from any breach of certain representations or covenants made by Sylvamo, as applicable, in the tax matters agreement or other separation-related agreements, (4) International Paper will be responsible for certain taxes specifically allocated to International Paper under the tax matters agreement and (5) International Paper will be responsible for taxes resulting from any breach of covenant made by International Paper, as applicable, in the tax matters agreement or other separation-related agreements.

The tax matters agreement will provide special rules that allocate tax liabilities in the event either (1) the distribution, together with certain related transactions, fails to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or (2) certain internal separation transactions that are intended to qualify as transactions that are generally tax-free fail to so qualify. Under the tax matters agreement, each party generally will be responsible for any taxes and related amounts imposed on International Paper or Sylvamo as a result of the failure to so qualify, to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant covenants made by that party in the tax matters agreement.

In addition, the tax matters agreement will impose certain restrictions on Sylvamo and its subsidiaries during the two-year period following the distribution that will be intended to prevent either of the distributions, together with certain related transactions, from failing to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Specifically, during such period, except in specific circumstances, Sylvamo and its subsidiaries will generally be prohibited from (1) ceasing to conduct certain businesses, (2) entering into certain transactions or series of transactions pursuant to which all or a portion of the shares of Sylvamo common stock would be acquired or all or a portion of certain assets of Sylvamo and its subsidiaries would be acquired, (3) liquidating or merging or consolidating with any other person, (4) issuing equity securities beyond certain thresholds, (5) repurchasing Sylvamo stock other than in certain open-market transactions or (6) taking or failing to take any other action that would cause the distribution, together with certain related transactions, to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for other applicable non-U.S. income tax purposes. Further, the tax matters agreement will impose similar restrictions on Sylvamo's subsidiaries during the two-year period following the distribution that are intended to prevent certain transactions undertaken as part of the internal reorganization from failing to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for applicable non-U.S. income tax purposes.

The tax matters agreement also allocates liability for any and all taxes, interest, penalties or legal charges imposed by any Brazilian governmental authority resulting from the Brazil Tax Dispute (the "Brazil Income Tax Liabilities"). If a tax amnesty program is enacted prior to the distribution date and International Paper decides to participate in the amnesty program prior to the distribution date, International Paper would pay 100% of the liability up to \$180 million, Sylvamo would pay up to the next \$60 million of the liability and International Paper would pay 100% of any liability over \$240 million. Unless International Paper decides to resolve the Brazil Tax Dispute prior to the date of the distribution (including by becoming party to an applicable amnesty program),

International Paper will pay 60%, and Sylvamo will pay 40%, on up to \$300 million of the Brazil Income Tax Liabilities (equivalent to a total cap on Sylvamo payments of \$120 million), and International Paper will pay all amounts of the Brazil Income Tax Liabilities over \$300 million. If any of the surety bonds provided by IP Brasil are drawn to pay any Brazil Income Tax Liabilities in connection with the Brazil Tax Dispute and International Paper has indemnified the provider of such surety bonds and reimburses the surety bond providers for such amounts, Sylvamo will be required to pay International Paper an amount equal to 40% of up to \$300 million of the amounts so reimbursed by International Paper. After the distribution, all decisions concerning the conduct of the litigation related to the Brazil Tax Dispute, including as to strategy, settlement, pursuit and abandonment, will continue to be made by International Paper. International Paper's right to be reimbursed will be junior (but not subordinated) to Sylvamo's existing and future senior secured indebtedness, including the credit agreements expected to be entered into prior to the distribution. International Paper has agreed that after the distribution it will continue to indemnify the provider of the surety bonds during the pendency of the appeal in the Brazilian federal court, for which Sylvamo will pay International Paper an annual guarantee fee calculated at an annual rate of 1.5% based on 40% of up to \$300 million of the face amount of the surety bond, which face amount was \$351 million as of June 30, 2021. International Paper has agreed to reimburse Sylvamo for 60% of the premium paid to the surety bond providers with a face amount of up to \$300 million and 100% of any incremental premium attributable to the portion of such surety bonds that exceeds \$300 million. In the event that International Paper is required to post collateral to secure its obligations under the surety bonds, the guarantee fee will terminate, and Sylvamo will pay International Paper a collateral fee calculated at an annual rate equal to LIBOR plus 3% based on 40% of up to \$300 million of the fair market value of the collateral unless Sylvamo elects to post collateral in satisfaction of 40% of up to \$300 million of the liability, in which case the collateral fee shall be zero.

Employee Matters Agreement

In connection with the distribution, we will enter into an employee matters agreement with International Paper that addresses the treatment of employees and former employees of the Printing Papers business with respect to their participation in employee benefit plans that currently exist or that Sylvamo intends to establish in connection with the separation and distribution. The employee matters agreement also allocates responsibility for employment-related liabilities associated with persons who have performed services for the Printing Papers business and addresses certain other employment and compensation matters, including the treatment of the collective bargaining agreements pertaining to persons who will become our employees.

Transfer of Employment and Assumption of Liabilities; Collective Bargaining Agreements

Prior to the distribution, Sylvamo will either offer employment to each employee working in the Printing Papers business, or otherwise cause the employment of each such Printing Papers employee to transfer to Sylvamo (including pursuant to automatic employment transfers under applicable non-U.S. law), except those specifically designated to remain with International Paper. In general, Sylvamo will assume all employment-related liabilities related to transferred Printing Papers employees and all non benefit plan-related employment liabilities for former Printing Papers employees, and International Paper will assume or retain all employment-related liabilities related to its retained employees and benefit plan-related liabilities for former employees of the Printing Papers business. However, International Paper will reimburse Sylvamo for payments made under certain U.S. non-qualified retirement plans, as set forth below, and an International Paper affiliate will continue to provide coverage for certain U.S. worker's compensation claims of Printing Papers employees. As described below, Sylvamo will also assume certain benefit plan-related liabilities related to former Printing Papers employees outside the United States in accordance with the requirements of applicable law. At or prior to the distribution, Sylvamo will assume obligations and contractual commitments under existing collective bargaining agreements covering employees of the Printing Papers business. The employee matters agreement provides that, for the 18-month period following the initial transfer of U.S.-based Printing Papers employees to Sylvamo (which is anticipated to occur one month prior to the distribution), neither Sylvamo nor International Paper may solicit or hire the other's employees, subject to specified customary exceptions and any limitations imposed by applicable law.

Continuation of Compensation and Benefits

Upon the transfer of employment, transferring Printing Papers employees will generally cease active participation in International Paper's employee benefit plans and commence participation in Sylvamo employee benefit plans. For a period of one year following the distribution, Sylvamo shall provide each transferred employee of the Printing Papers business with, at a minimum, the same rate of base salary and the same target annual bonus opportunity that were provided prior to the transfer and employee benefits under employee benefit plans of Sylvamo that include health insurance, a tax-qualified defined contribution retirement plan and paid time off. Any new plans established by Sylvamo will generally provide each transferred employee with credit for all service, compensation and any other factors affecting benefit determinations that were recognized under the corresponding International Paper benefit plan to the same extent as such International Paper plan. Sylvamo must establish a U.S. qualified and non-qualified defined benefit pension plan and a U.S. qualified and non-qualified defined contribution savings plan, each of which will provide benefits to transferred employees in the U.S. that are substantially identical to the corresponding International Paper benefit plan in effect prior to the initial transfer of employment of Printing Papers employees to Sylvamo. Compensation and benefits for non-U.S. Printing Papers employees will also be provided in accordance with the requirements of applicable law.

Retirement Plans

Sylvamo's qualified U.S. defined benefit pension plan will accept all liabilities relating to transferred Printing Papers employees under the corresponding International Paper pension plan. As soon as administratively practical following the distribution, the International Paper pension plan will transfer cash to Sylvamo's pension plan in an amount equal to the present value of the accrued benefit liabilities the Sylvamo pension plan assumed on the date such Printing Papers employees transfer to Sylvamo. Sylvamo shall also assume, under its non-qualified U.S. defined benefit pension plan, all liabilities relating to transferred Printing Papers business employees under the corresponding International Paper pension plan. International Paper shall be responsible for reimbursing Sylvamo, on a net-after tax basis, for payments made under such plan to the extent of each such transferred employee's entitlements under the corresponding International Paper plan as of the date the employee transfers to Sylvamo. Outside of the United States, Sylvamo shall assume all International Paper plans providing pension or retirement benefits to Printing Papers employees, except for certain non-transferring Printing Papers employees working in Italy and Spain, where International Paper shall retain responsibility for all such plans. Any assets or liabilities transferred or assumed in connection with U.S. defined benefit pension plans shall be calculated and certified in accordance with the employee matters agreement, and asset and liabilities transfers outside the United States shall be effected in accordance with applicable local law.

From and after the date that transferred Printing Papers employees transfer to Sylvamo, Sylvamo will have established a qualified defined contribution savings plan that will accept a transfer of all account balances of transferred Printing Papers employees in the United States from the corresponding International Paper savings plans, including the transfer of any participant loans outstanding under such plans. Sylvamo shall also establish and maintain a non-qualified defined contribution savings plan for such transferring employees who participated in the corresponding International Paper non-qualified defined contribution savings plan and shall assume under such Sylvamo plan all liabilities for such transferring employees under such corresponding International Paper plan. International Paper shall be responsible for reimbursing Sylvamo, on a net-after tax basis, for payments made under Sylvamo's non-qualified savings plan to the extent of each such transferred employee's entitlements under the corresponding International Paper plan as of the date the employee transfers to Sylvamo.

Cash and Equity Incentive Compensation Plans

In connection with the distribution, equity-based awards granted by International Paper prior to the separation will be treated as described below.

PSP Awards. Effective as of the distribution, the number of shares of International Paper common stock subject to each outstanding performance share plan ("PSP") award, including reinvested dividends, held by a

transferring Printing Papers employee will be adjusted to cover a number of shares of International Paper common stock equal to (i) the number of shares covered by such award prior to the distribution multiplied by (ii) a fraction, the numerator of which is the number of months of the applicable performance period that have been completed as of the distribution, and the denominator of which is the total number of months in the performance period applicable to such award. Any remaining shares subject to such PSP award shall be cancelled and forfeited as of the date of the distribution. The adjusted PSP award shall remain outstanding and eligible to vest and be paid based on the applicable performance criteria at the same time and on the same terms as if such Printing Papers employee had remained employed by International Paper through the end of the applicable performance period.

Restricted Share Unit and Restricted Stock Awards. Effective as of the distribution, each outstanding award of restricted shares or restricted stock units of International Paper common stock held by a transferring employee of the Printing Papers business will be cancelled and forfeited.

Replacement Awards. Effective as of the distribution, Sylvamo shall grant to each transferred employee of the Printing Papers business who forfeits awards as described above with replacement awards in Sylvamo. For each forfeited PSP award, the holder will be granted a replacement award in Sylvamo shares of equivalent value (as of the distribution) to the shares forfeited under the PSP award, which will be eligible to vest and become payable in three equal installments on each of the three payment dates applicable to the forfeited PSP awards, based solely on the employee's continued service with Sylvamo through such dates. For each forfeited restricted stock unit or restricted share award that is not settled by International Paper prior to the distribution, the holder will be granted a replacement award in Sylvamo shares of equivalent value (as of the distribution) to the shares forfeited under the International Paper restricted share award with terms substantially identical to those of the forfeited award, except that Sylvamo shall replace International Paper for all purposes of such award, including any continued service requirement.

Short Term Incentive Compensation. Within 30 days following the distribution, International Paper shall pay any transferred Printing Papers employee with a title below senior vice president, a cash bonus under International Paper's Management Incentive Plan, equal to a pro-rated portion of such employee's target annual incentive opportunity under such plan, based on the number of months prior to the distribution date in the calendar year in which the distribution occurs in which the employee worked 15 days or more. For any transferred Printing Papers employee with a title of senior vice president or higher, International Paper will pay to such employee, at the same time that bonuses are paid to other officers of International Paper, an amount under the Management Incentive Plan that such employee would have been eligible to receive, but pro-rated based on the number of months worked prior to the distribution in the same manner as described in the immediately preceding sentence. Sylvamo is required to maintain the hourly incentive plans and sales incentive plans of International Paper for Printing Papers employees until the first anniversary of the distribution, subject to adjustment, to performance metrics or otherwise, as may be necessary to reflect the distribution.

Registration Rights Agreement

In connection with the distribution, we will enter into a registration rights agreement with International Paper to provide International Paper with registration rights relating to shares of Sylvamo common stock held by International Paper following the distribution. International Paper and its permitted transferees may require us to register under the Securities Act, all or any portion of these shares, a so-called "demand request," subject to certain limitations and requirements.

International Paper and its permitted transferees will also have "piggyback" registration rights, such that International Paper and its permitted transferees may include their respective shares in any future registrations of Sylvamo equity securities, whether or not that registration relates to a primary offering by Sylvamo or a secondary offering by or on behalf of any of Sylvamo's stockholders. The demand registration rights and piggyback registration rights will be each subject to market cut-back exceptions.

The registration rights agreement will set forth customary registration procedures. Sylvamo will also agree to indemnify International Paper and its permitted transferees with respect to liabilities resulting from untrue statements or omissions in any registration statement used in any such registration, other than untrue statements or omissions resulting from information furnished to us for use in a registration statement by International Paper or any permitted transferee.

Supply and Offtake Agreements

In connection with the separation, International Paper and Sylvamo will enter into two supply and offtake agreements (the “offtake agreements”), pursuant to which International Paper will continue to produce uncoated freesheet and, in the case of Georgetown, wallboard tape, uncoated bristols and specialty papers at its mills in Selma, Alabama and Georgetown, South Carolina for Sylvamo following the distribution. Sylvamo will purchase these products from International Paper at the total cash costs of the mill for producing each ton of product. Sylvamo will use reasonable best efforts to keep the paper machines at the mills operating at full budgeted capacity and will bear financial responsibility for lack of orders under the offtake agreements.

The term of each offtake agreement will commence on or around the Distribution Date and expire after 10 years. The Riverdale offtake agreement may be terminated early by International Paper effective as early as January 1, 2024 and by Sylvamo effective as early as January 1, 2026, in each case with six months notice. The Georgetown offtake agreement may be terminated early by International Paper effective as early as January 1, 2023 and by Sylvamo effective as early as January 1, 2025, in each case with six months notice. International Paper may also terminate the offtake agreements if orders are less than 80% of budgeted capacity for a period of 60 days.

Corrugated Packaging Purchase Agreement

In connection with the separation, International Paper through its French subsidiary Papeteries d’Espaly SAS, and Sylvamo, through its French subsidiary, will continue their contractual relationship pursuant to an agreement entered into on May 1, 2020 pursuant to which Sylvamo will purchase corrugated boxes produced by International Paper. The agreement contains pricing and minimum order quantity, including the revision formula applicable quarterly. The agreement has an initial term of three years, with renewal by mutual agreement. For the year ended December 31, 2020, Sylvamo paid International Paper €3.9 million.

Corrugated Packaging Supply Agreement

In connection with the separation, International Paper and Sylvamo will enter into a Supply Agreement pursuant to which Sylvamo will agree to purchase 100% of its requirements for certain corrugated packaging products, primarily corrugated boxes, from International Paper. The Supply Agreement contains pricing and minimum order quantities, with pricing being subject to quarterly price adjustments based on certain industry pricing indices. The Supply Agreement will have an initial term of three years, with automatic one year renewals that either party may decline with at least 90 days’ notice.

Fiber Purchase Agreement

In connection with the separation, International Paper and Sylvamo will enter into a Fiber Purchase Agreement (the “Fiber Agreement”) whereby International Paper will facilitate the sale and delivery of to Sylvamo 100% of Sylvamo’s requirements for hardwood, softwood, roundwood and chips, and fiber fuel at Sylvamo’s mills located in Ticonderoga, New York and Eastover, South Carolina. Sylvamo will pay International Paper a monthly procurement fee for its procurement services. The Fiber Agreement has an initial term of ten years, which may be extended for additional ten years periods upon mutual written agreement of the parties.

Recyclable Material Master Purchase Agreement

In connection with the separation, International Paper and Sylvamo will enter into a Recyclable Material Master Purchase Agreement (“RMMPA”) pursuant to which International Paper will agree to purchase 100% of certain recyclable commodities that are not consumed in Sylvamo’s own operations, primarily hard white envelope, old corrugated containers, cores and mixed paper. Pricing is primarily based on corresponding regional Fastmarkets RISI indices. The RMMPA will have an initial term of three years, with automatic one year renewals that either party may decline with notice.

Tax-Exempt Bond Agreement (Eastover)

In connection with the separation, International Paper and Sylvamo will enter into a Tax-Exempt Bond Agreement (the “Eastover TEBA”) pursuant to which Sylvamo will agree to use certain assets at the Eastover mill that were financed with proceeds of tax-exempt bonds (the “Eastover Bonds”) in a qualifying manner and to assist International Paper in connection with any audit of the Eastover Bonds. The Eastover TEBA will remain in effect while the Eastover Bonds are outstanding.

Tax-Exempt Bond Agreement (Ticonderoga)

In connection with the separation, International Paper and Sylvamo will enter into a Tax-Exempt Bond Agreement (the “Ticonderoga TEBA”) pursuant to which Sylvamo will agree to use certain assets at the Ticonderoga Mill that were financed with proceeds of tax-exempt bonds (the “Ticonderoga Bonds”) in a qualifying manner and to assist International Paper in connection with any audit of the Ticonderoga Bonds. The Ticonderoga TEBA will remain in effect while the Ticonderoga Bonds are outstanding.

Temporary Occupancy Agreement

In connection with the separation, Sylvamo will enter into a short-term temporary occupancy agreement with International Paper for approximately 40,493 square feet of office space at the current International Paper headquarters in Memphis, Tennessee. The agreement will begin September 1, 2021, and Sylvamo will pay rent in the amount of \$180,666.67 per month, and the agreement term will be approximately seven months, or until the new Sylvamo headquarters is ready for occupancy.

La Mirada, California Lease

In connection with the separation, Sylvamo will enter into a three-year lease agreement with International Paper with respect to an approximately 236,069 square foot warehouse in La Mirada, California.

Intellectual Property Licenses

In connection with the separation, International Paper and Sylvamo will enter into a number of license agreements that will provide to each other ongoing rights to use, under specified conditions, certain intellectual property following the separation.

We will enter into a Retained Intellectual Property License Agreement, Retained Copyright License Agreement and Retained Know-How and Technology License Agreement that will grant Sylvamo a perpetual and non-exclusive license to use certain patents (and the know-how associated therewith), copyrights and general know-how and technology, respectively, owned by or licensed to International Paper.

In addition, we will enter into a Transferred Intellectual Property License Agreement that will grant International Paper a perpetual and non-exclusive license to use certain patents (and the know-how associated therewith) owned by Sylvamo to make, have made, sell, offer to sell, import and export products and services.

Under a Transitional Trademark License Agreement, Sylvamo will receive a non-exclusive license, to use the “International Paper” name, subject to certain quality control provisions, (i) on finished product inventory or packaging materials, existing as of the separation or manufactured by Sylvamo thereafter, for a period of either six (6) or twelve (12) months depending on the products, and (ii) to otherwise transition off of the use of such name, for a period of six (6) months.

Brazil Payment Agreement

In connection with the separation, a subsidiary of International Paper and a subsidiary of Sylvamo will enter into a letter agreement, pursuant to which the Sylvamo subsidiary will make a payment of \$100 million to the International Paper subsidiary if any portion of the Brazil eucalyptus forest plantations owned by Sylvamo as of the Distribution Date are directly or indirectly transferred, subject to certain exceptions for immaterial transfers. A transfer includes any sale, pledge or transfer of any legal or beneficial interest in the Brazil lands, including any grant of an option or other right or interest or entry into any contract that would result in a reduction or diminution of Sylvamo’s economic ownership in the Brazil lands. A change of control of Sylvamo would also result in the payment becoming due and payable. A U.S. subsidiary of Sylvamo will guarantee this payment obligation to the subsidiary of International Paper.

Trading Prior to the Distribution Date

We expect a “when-issued” market in our common stock to develop as early as two trading days prior to the Record Date for the distribution and continue through the close of trading on the day prior to the Distribution Date. When-issued trading refers to a sale or purchase made conditionally before the Distribution Date because the securities of the spun-off entity have not yet been distributed. If you own shares of International Paper common stock on the Record Date, you will be entitled to receive shares of our common stock in the distribution. You may trade this entitlement to receive shares of our common stock, without the shares of International Paper common stock you own, on the when-issued market. We expect when-issued trades of our common stock to settle within three trading days after the Distribution Date. On the Distribution Date, we expect that when-issued trading of our common stock will end and “regular-way” trading will begin.

We also anticipate that, as early as two trading days prior to the Record Date and continuing through the close of trading on the day prior to the Distribution Date, there will be two markets in International Paper common stock: a “regular-way” market and an “ex-distribution” market. Shares of International Paper common stock that trade on the regular-way market will trade with an entitlement to receive shares of our common stock in the distribution. Shares that trade on the ex-distribution market will trade without an entitlement to receive shares of our common stock in the distribution. Therefore, if you sell shares of International Paper common stock in the regular-way market up to and continuing through the close of trading on the day prior to the Distribution Date, you will be selling your right to receive shares of our common stock in the distribution. However, if you own shares of International Paper common stock on the Record Date and sell those shares in the ex-distribution market up to and continuing through the close of trading on the day prior to the Distribution Date, you will still receive the shares of our common stock that you would otherwise be entitled to receive in the distribution.

Following the Distribution Date, we expect shares of our common stock to be listed on the NYSE under the trading symbol “SLVM”. If when-issued trading occurs, the listing for our common stock is expected to be under a trading symbol different from our regular-way trading symbol. We will announce our when-issued trading symbol when and if it becomes available. If the distribution does not occur, all when-issued trading will be null and void.

Listing and Trading of the Shares of Sylvamo Common Stock

As of the date of this information statement, we are a wholly-owned subsidiary of International Paper and, accordingly, there is currently no public market for our common stock, although a “when-issued” market in our common stock may develop on or shortly before the Record Date. See “—Trading Prior to the Distribution Date”

above for an explanation of a “when-issued” market. We have applied to list our shares of common stock on the NYSE under the symbol “SLVM”.

We cannot assure you as to the price at which our common stock will trade before, on or after the Distribution Date, and the price at which such stock trades may fluctuate significantly. In addition, the combined trading prices of International Paper common stock and Sylvamo common stock following the distribution may be less than, equal to or greater than the current trading price of International Paper common stock. There can be no assurance that, following the distribution, the combined trading prices of International Paper common stock and Sylvamo common stock will equal or exceed what the trading price of International Paper common stock would have been in the absence of the distribution. See “Risk Factors—Risks Relating to Our Common Stock.”

Shares of Sylvamo common stock distributed to International Paper’s shareholders will be freely transferable, except for such shares that are distributed to persons who are considered our affiliates. Individuals or entities may be deemed to be affiliates of Sylvamo if they control, are controlled by, or are under common control with, Sylvamo, as those terms generally are interpreted for U.S. federal securities law purposes. These persons may include certain or all of our directors, officers and significant shareholders. In addition, individuals who are affiliates of International Paper on the Distribution Date may be deemed to be affiliates of Sylvamo. Individuals who are our affiliates, or are deemed our affiliates, will be permitted to sell their shares of Sylvamo common stock only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as those afforded by Section 4(a)(1) of the Securities Act or Rule 144 thereunder.

Conditions to the Distribution

We expect that the distribution will be effective on the Distribution Date, provided that the conditions described below have been satisfied or waived by International Paper:

- the SEC having declared effective the Form 10, of which this information statement forms a part, and the Form 10 shall not be the subject of any stop order or any legal, administrative, arbitral or other action, suit, investigation, proceeding, complaint, indictment or litigation by the SEC seeking a stop order;
- this information statement shall have been sent or otherwise made available to International Paper shareholders;
- International Paper shall have received an opinion from a nationally recognized accounting firm or tax counsel satisfactory to it or a private letter ruling from the IRS, regarding the qualification of the Distribution as a transaction that is generally tax-free for U.S. federal income tax purposes under Section 355 of the Code;
- the completion of the internal reorganization, the contribution by International Paper to Sylvamo of certain of the entities and the related assets and liabilities associated with International Paper’s Printing Papers business as described herein;
- the receipt by International Paper’s board of directors of customary solvency and surplus opinions of a nationally recognized investment banking or appraisal firm;
- the actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws or blue sky laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted;
- International Paper’s and Sylvamo’s execution of the separation and distribution agreement, the tax matters agreement, the transition services agreement, the employee matters agreement, the registration rights agreement and all ancillary agreements relating to the distribution;
- the absence of any order issued by any governmental authority of competent jurisdiction or other legal impediment preventing or making illegal the consummation of the Separation, the Distribution or any of the transactions related thereto;

- Sylvamo's common stock having been approved for listing on the NYSE, subject to official notice of issuance;
- Sylvamo's entry into the financing arrangements and incurrence of at least \$1.5 billion aggregate principal amount of new indebtedness pursuant thereto;
- the receipt by International Paper of the proceeds from the Special Payment; and
- no other events or developments shall exist or shall have occurred that, in the judgment of the board of directors of International Paper, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the transactions contemplated by the separation and distribution agreement or any ancillary agreement.

The fulfillment of the above conditions will not create any obligation on International Paper's part to effect the distribution. International Paper, in its sole and absolute discretion, will determine the terms of, and whether to proceed with, the distribution and, to the extent it determines to proceed, determine the Record Date and Distribution Date.

Regulatory Approval

Apart from the registration under U.S. federal securities laws of the Sylvamo common stock to be distributed in the distribution and related stock exchange listing requirements, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the distribution.

No Appraisal Rights

International Paper shareholders will not have appraisal rights in connection with the distribution.

FINANCING ARRANGEMENTS

Senior Secured Credit Facilities

In connection with the the distribution, we expect to enter into a credit agreement with Bank of America, N.A., as administrative agent, and the other financial institutions and lenders from time to time party thereto (the “Credit Agreement”), providing for senior secured credit facilities comprised of (i) a \$450.0 million revolving credit facility (the “Revolving Credit Facility”), (ii) a \$450.0 million term loan “B” facility (the “Term Loan B Facility”) and (iii) a \$520.0 million term loan “F” facility (the “Term Loan F Facility” and together with the Term Loan B Facility, the “Term Loan Facilities; and the Term Loan Facilities, together with the Revolving Credit Facility, the “Senior Secured Credit Facilities”).

The principal terms of our Senior Secured Credit Facilities are anticipated to be as summarized in the foregoing paragraph and below. However, the parties and principal amounts set forth in the foregoing paragraph and the applicable interest rates and other terms of the Senior Secured Credit Facilities described below may not be definitively determined until shortly before our entry into the Senior Secured Credit Facilities and may differ from those described, depending on market conditions and other factors.

General

The Term Loan B Facility is expected to mature on the seven-year anniversary of the signing date of the Senior Secured Credit Facilities. The Term Loan F Facility is expected to mature on the six-year anniversary of the signing date of the Senior Secured Credit Facilities. The Revolving Credit Facility is expected to mature on the five-year anniversary of the signing date of the Senior Secured Credit Facilities. In addition, however, we expect the Credit Agreement will provide the right upon the request of the Company and without the consent of any other lender (i) for individual lenders under each of the Term Loan Facilities, to extend the maturity date of their loans under the applicable Term Loan Facility and (ii) for individual lenders under the Revolving Credit Facility, to extend the commitment expiration date of their portion of the commitments under the Revolving Credit Facility. The Revolving Credit Facility is expected to include a sub-facility of \$100.0 million for standby and commercial letters of credit and a sub-facility of \$25.0 million for swing line loans. Loans under the Revolving Credit Facility may be requested to be drawn and repaid in U.S. dollars and, with respect to up to 50% of the commitments thereunder, drawn and repaid in euros and, subject to certain conditions including the approval of the administrative agent and all lenders thereunder, drawn and repaid in certain other requested currencies.

Subject to certain conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), we expect that the Term Loan Facilities and the Revolving Credit Facility may be expanded (or a new term loan facility added) by up to (i) the greater of (x) \$ 250.0 million and (y) an amount equal to 50% of consolidated EBITDA plus (ii) the principal amount of certain voluntary repayments of the loans under the Senior Secured Credit Facilities (with, in the case of the Revolving Credit Facility, accompanying permanent commitment reductions) and open market purchases (which if made below par, will be given credit at the purchase price) plus (iii) an unlimited amount as will not cause the pro forma consolidated secured leverage ratio after giving effect to the incurrence of such additional amount and any use of proceeds thereof to exceed a specified consolidated secured leverage ratio. Amounts available pursuant to clause (iii) of the preceding sentence may be utilized prior to amounts under clauses (i) and (ii).

Subject to our agreement that the proceeds of the Term Loan F Facility are used solely to finance new or refinance previous investments (which financing or refinancing may take the form of a distribution to International Paper) that allow our and our subsidiaries’ pulp and paper mills to generate electric power from renewable energy sources (namely, energy conversion systems fueled by biomass) and to use the renewable power for their operations, the loans under the Term Loan Facilities are expected to be incurred prior to the consummation of the distribution, and the proceeds of the Term Loan B Facility may be used to finance, in part, the Special Payment, and to pay certain fees and expenses relating to the Transactions. The loans under the

Revolving Credit Facility (i) are expected to be incurred prior to the consummation of the distribution in an amount not exceeding \$100.0 million to finance, in part, the Special Payment, with additional loan proceeds in excess of \$100.0 million available to be incurred to pay certain fees and expenses relating to the Transactions and (ii) may be used after consummation of the distribution for working capital and for other general corporate purposes. Letters of credit may be issued on and after the initial funding date of the Senior Secured Credit Facilities.

Interest Rates and Fees

The loans under the Term Loan B Facility will bear interest at an annual rate equal to (i) LIBOR plus an applicable margin, or (ii) the base rate (which will be the highest of (x) the base rate established by the administrative agent as its prime rate in effect from time to time, (y) the federal funds effective rate plus 0.50% per annum and (z) one-month LIBOR (adjusted for maximum reserves) plus 1.00% per annum) plus an applicable margin. The loans under the Term Loan B Facility are expected to be subject to a LIBOR “floor” of 0.50%.

The loans under the Term Loan F Facility and the Revolving Credit Facility are expected to bear interest at an annual rate equal to (i) LIBOR (or in the case of euro denominated loans, EURIBOR) plus an applicable margin initially expected to be set at 1.90% with respect to the Term Loan F Facility and 1.75% with respect to the Revolving Credit Facility or (ii) other than in the case of non-U.S. dollar denominated loans, the base rate (which will be the highest of (x) the base rate established by the administrative agent as its prime rate in effect from time to time, (y) the federal funds effective rate plus 0.50% per annum and (z) one-month LIBOR (adjusted for maximum reserves) plus 1.00% per annum) plus an applicable margin initially expected to be set at 0.90% with respect to the Term Loan F Facility and 0.75% with respect to the Revolving Credit Facility. The loans under the Term Loan F Facility and the Revolving Credit Facility are expected to be subject to a LIBOR “floor” of 0.00%. Following the delivery of financial statements for the first full fiscal quarter completed after the initial funding date of the Senior Secured Credit Facilities, interest rate spreads under the Term Loan F Facility and the Revolving Credit Facility are expected to be determined by reference to a leveraged-based pricing grid.

In addition to paying interest on outstanding principal under our Senior Secured Credit Facilities, we are required to pay customary agency fees, letter of credit fees and a commitment fee in respect of the unutilized commitments under the Revolving Credit Facility that is initially expected to be set at 0.275% and, following the delivery of financial statements for the first full fiscal quarter completed after the initial funding date of the Senior Secured Credit Facilities, such commitment fee to be determined by reference to a leverage-based pricing grid. We also expect to be required to pay certain ticking fees in respect of the commitments under the Senior Secured Credit Facilities prior to the earlier of the initial funding date of the Senior Secured Credit Facilities and termination of applicable commitments thereunder.

We expect that we will have the option to amend the Revolving Credit Facility to establish environmental, social and governance targets which will be used to adjust pricing under the Revolving Credit Facility, subject to parameters to be set forth in the Credit Agreement.

Prepayments

The Term Loan Facilities are expected to be subject to mandatory prepayment and reduction in an amount equal to (a) for each of our fiscal years (commencing with our fiscal year ending December 31, 2022), 75% of excess cash flow (to be defined in the Credit Agreement) for such fiscal year, with a reduction to 50% of excess cash flow based upon achievement of a consolidated total leverage ratio of less than 3.50 to 1.00, 25% of excess cash flow based upon achievement of a consolidated total leverage ratio of less than 3.00 to 1.00 and a further reduction to zero based upon achievement of a consolidated total leverage ratio of less than 2.50 to 1.00, in each case as calculated as of the last day of the applicable fiscal year, (b) 100% of the net cash proceeds received from the incurrence of indebtedness by us or any of our restricted subsidiaries (other than indebtedness permitted under the Credit Agreement, excluding certain specified refinancing indebtedness), and (c) subject to a threshold, 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by us or

any of our restricted subsidiaries (including certain insurance and condemnation proceeds), and subject to our and our restricted subsidiaries' right to reinvest such proceeds within a specified period of time, and other exceptions to be set forth in the Credit Agreement. Any such prepayments shall be applied pro rata among the Term Loan Facilities.

If at any time the sum of the outstanding revolving credit loans under the Revolving Credit Facility (including revolving loans, letters of credit outstanding and swing line borrowings thereunder) exceeds the total amount of lenders' revolving commitments thereunder, prepayments of revolving loans and/or swing line borrowings and/or cash collateralization of letters of credit will be required in an amount equal to such excess.

Voluntary prepayments of borrowings under the Senior Secured Credit Facilities will be permitted at any time, in minimum principal amounts to be set forth in the Credit Agreement, subject to reimbursement of the lenders' breakage and redeployment costs actually incurred in the case of a prepayment of adjusted LIBOR or EURIBOR borrowings. Prior to the date that is twelve months after the initial funding date of the Senior Secured Credit Facilities, we expect certain voluntary prepayments of the Term Loan B Facility to be subject to a 1.0% "soft call" premium.

We are required to make quarterly payments under each of the Term Loan B Facility and the Term Loan F Facility on the last business day of the first full fiscal quarter ending after the initial funding date of the Senior Secured Credit Facilities and each subsequent fiscal quarter thereafter, equal in each case to 0.625% (increasing after the fourth quarterly payment to 1.25%) of the original principal amount of the loans made on the initial funding date under such Term Loan Facility, with the balance due and payable on the maturity date of such Term Loan Facility.

Guarantee; Security

We expect that all of our obligations under the Senior Secured Credit Facilities and our and our restricted subsidiaries' obligations under certain treasury management, interest protection or other hedging arrangements will be guaranteed by us and, subject to certain exclusions, each current and future, direct and indirect, wholly-owned restricted subsidiary that is organized under the laws of (x) a U.S. jurisdiction and (y) certain additional jurisdictions including Luxembourg, Brazil, Finland and, subject to certain conditions, Belgium (the "Approved Jurisdictions").

All of our and each guarantor's obligations are expected to be secured by a perfected first priority security interest in (x) substantially all of our and the subsidiary guarantors' (excluding guarantors organized under the laws of Brazil) present and after-acquired tangible and intangible assets, including a pledge of all of the capital stock of any subsidiary held directly by us or any such subsidiary guarantors, such pledge of capital stock limited to 65% of the voting capital stock and 100% of the non-voting capital stock of each subsidiary held directly that (i) is a "controlled foreign corporation" within the meaning of Section 957(a) of the Internal Revenue Code of 1986, as amended (a "CFC") (other than CFCs organized in an Approved Jurisdiction), or (ii) has no material assets other than equity interests (or equity interests and indebtedness) of one or more CFCs (other than CFCs organized in an Approved Jurisdiction), and (y) all capital of any subsidiary directly held by any of the guarantors organized under the laws of Brazil.

Covenants, Representations and Warranties

The Senior Secured Credit Facilities are expected to contain customary representations and warranties and customary affirmative and negative covenants. The negative covenants will, among other things and subject to certain exceptions, limit our and the ability of our restricted subsidiaries to:

- incur additional indebtedness, guarantees or other contingent obligations;
- incur liens;
- pay dividends, redeem stock or make other distributions in respect of capital stock;

- make investments, loans and acquisitions;
- amend, prepay, redeem or purchase subordinated, junior lien or unsecured debt for borrowed money;
- transfer or sell assets;
- change the nature of our business;
- engage in transactions with affiliates;
- create restrictions on the ability of our restricted subsidiaries to pay dividends to us or make other intercompany transfers;
- make negative pledges;
- enter into sale and leaseback transactions; and
- amend organizational documents or the definitive documentation related to the Spin-Off.

With respect to our Revolving Credit Facility and Term Loan F Facility, we will also be required to comply with a minimum consolidated interest charge coverage ratio of 3.00 to 1.00 and a maximum consolidated total leverage ratio of 4.25 to 1.00, stepping down to 4.00 to 1.00 following the third fiscal quarter after the Applicable First Testing Quarter (as defined below), and with a further step down to 3.50 to 1.00 on and after the second anniversary of the signing date of the Senior Secured Credit Facilities if and so long as certain conditions related to our potential liability in connection with the Brazil Tax Dispute have not been satisfied. These financial maintenance covenants are to be tested on the last day of each fiscal quarter beginning with the fiscal quarter during which the initial funding date of the Senior Secured Credit Facilities occurs, or, to the extent such initial funding date occurs after the first 45 days of such fiscal quarter, the next fiscal quarter (such fiscal quarter, the “Applicable First Testing Quarter”). In addition, until certain conditions related to our potential liability in connection with the Brazil Tax Dispute have been satisfied, our ability to make certain restricted payments will be capped at an annual amount equal to \$25 million, which amount shall be increased to \$50 million in any calendar year if our pro forma consolidated total leverage ratio is below 2.50:1.00 and \$75 million in any calendar year if our pro forma consolidated total leverage ratio is below 2.00:1.00.

Events of Default

The Senior Secured Credit Facilities are expected to contain certain events of default, subject to customary thresholds, notices and grace periods, including nonpayment of principal when due, nonpayment of interest or other amounts, inaccuracy of representations or warranties in any material respect, violation of covenants, cross-default to other material debt, certain bankruptcy or insolvency events, inability to pay debts, certain ERISA events, certain material judgments, actual or asserted invalidity of material guarantees and certain other loan documents or security interests, a change of control, failure to consummate the Spin-Off within two business days of the initial funding date of the Senior Secured Credit Facilities and the failure by International Paper to reimburse or pay (or procure payment of) certain minimum payments that may be made in connection with the Brazil Tax Dispute. See “Risk Factors—Risks Relating to Our Operations— Our business is subject to a wide variety of laws, regulations and other government requirements that may change in significant ways, and the cost of compliance with such requirements could have a material adverse effect on our business, financial condition and results of operations.”

Senior Notes

On August 20, 2021, we priced \$450 million in aggregate principal amount of our 7.000% Senior Notes due 2029 (the “Senior Notes”) to be issued under the Indenture, to be entered into on September 3, 2021 (the “Base Indenture”), among Sylvamo, International Paper and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The offering is expected to close, and the Senior Notes are expected to be issued on September 3, 2021, subject to customary closing conditions. Prior to the distribution, the Base Indenture will be

supplemented by the First Supplemental Indenture (the “Supplemental Indenture” and, together with the Base Indenture, the “Indenture”), among Sylvamo, the subsidiary guarantors party thereto and the Trustee, pursuant to which the subsidiary guarantors will become party to the Indenture.

Interest on the Senior Notes will accrue at the rate of 7.000% per annum and will be payable semi-annually in arrears on March 1 and September 1, commencing on March 1, 2022.

Ranking

The Senior Notes are our senior unsecured obligations. The Senior Notes rank senior in right of payment to our subordinated indebtedness; rank equally in right of payment with all of our existing and future senior indebtedness, including the indebtedness to be incurred under the Senior Secured Credit Facilities and any future senior secured credit facility; are effectively subordinated to our secured senior indebtedness, including indebtedness under the Senior Secured Credit Facilities and any future senior secured credit facility, to the extent of the value of the collateral securing such indebtedness; and are structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of any of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our subsidiary guarantors).

Guarantees

The Senior Notes will be initially guaranteed on a senior unsecured basis by International Paper. Upon the completion of the spin-off on the Distribution Date, the International Paper Guarantee will terminate and be automatically and unconditionally released and discharged.

The Senior Notes will be fully and unconditionally guaranteed on a senior unsecured basis by the subsidiary guarantors, which are expected to become guarantors prior to the consummation of the distribution. Each subsidiary guarantee is a senior unsecured obligation of such subsidiary guarantor. Each subsidiary guarantee ranks senior in right of payment to all subordinated obligations of the subsidiary guarantor; is effectively subordinated to the subsidiary guarantor’s existing secured obligations, including the subsidiary guarantor’s guarantee of obligations under the Senior Secured Credit Facilities and any future senior secured credit facility, to the extent of the value of the collateral securing such guarantee; ranks equally in right of payment with all of the subsidiary guarantor’s existing and future senior obligations, including the subsidiary guarantor’s guarantee of the Senior Secured Credit Facilities and any future senior secured credit facility; and is structurally subordinated in right of payment to all existing and future indebtedness and other liabilities of any non-guarantor subsidiary of the subsidiary guarantor (other than indebtedness and liabilities owed to Sylvamo or one of our subsidiary guarantors). Any subsidiary guarantee of the Senior Notes may be released in certain circumstances.

Special Mandatory Redemption

In the event and upon the earliest of (x) the distribution has not been consummated on or prior to January 4, 2022 (the “Outside Date”), (y) prior to the Distribution Date, the Issuer notifies the Trustee in writing that International Paper will not effect the consummation of the Transaction by the Outside Date or (z) prior to the Distribution Date, the Board of Directors of International Paper has made a public announcement that it has determined not to proceed with the spin-off, then the Company will be required to redeem all outstanding Senior Notes on the special mandatory redemption date at a special mandatory redemption price equal to 100.0% of the principal amount thereof, plus accrued and unpaid interest thereon (if any) to, but not including, the special mandatory redemption date (subject to the rights of holders of Senior Notes on the relevant record date to receive interest on the relevant interest payment date).

Optional Redemption

At any time prior to September 1, 2024, we may on any one or more occasions redeem up to 40% of the aggregate principal amount of Senior Notes (including the aggregate principal amount of any additional

securities constituting Senior Notes) issued under the Indenture, at our option, at a redemption price equal to 107.000% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest thereon, if any, to (but not including) the date of redemption (subject to the rights of holders of Senior Notes on the relevant record date to receive interest on the relevant interest payment date), with funds in an aggregate amount equal to the net cash proceeds of one or more equity offerings by Sylvamo or any contribution to Sylvamo's common equity capital made with the net cash proceeds of one or more equity offerings by Sylvamo's direct or indirect parent; provided that: (1) at least 50% of the aggregate principal amount of Senior Notes originally issued under the Indenture (including the aggregate principal amount of any additional securities constituting Senior Notes issued under the Indenture) remains outstanding immediately after the occurrence of such redemption; and (2) the redemption occurs within 180 days of the date of, and may be conditioned upon, the closing of such equity offering.

The Senior Notes may be redeemed, in whole or in part, at any time prior to September 1, 2024, at the option of Sylvamo, at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus the applicable make-whole premium as of, and accrued and unpaid interest thereon, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

On or after September 1, 2024, we may redeem all or a part of the Senior Notes, at our option, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, on the Senior Notes to be redeemed to the applicable redemption date (subject to the rights of holders of Senior Notes on the relevant record date to receive interest on the relevant interest payment date), if redeemed during the twelve-month period beginning on September 1 of the years indicated below:

<i>Period</i>	<i>Redemption Price</i>
2024	103.500%
2025	101.750%
2026 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control, which is defined in the Base Indenture, each holder of the Senior Notes has the right to require us to repurchase some or all of such holder's Senior Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

Covenants

The Indenture contains covenants limiting, among other things, our ability and the ability of most of our subsidiaries to: incur additional indebtedness or issue certain preferred shares; pay dividends on or make distributions in respect of our or its capital stock or make investments or other restricted payments; create restrictions on the ability of our restricted subsidiaries to pay dividends to us or make certain other intercompany transfers; sell certain assets; create liens; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and enter into certain transactions with its affiliates.

Events of Default

The Indenture will also provide for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on Senior Notes to become or to be declared due and payable.

DIVIDEND POLICY

We do not expect to declare or pay dividends on our common stock or repurchase our common stock following the distribution, as we intend to use excess cash to reduce outstanding indebtedness. In the future, as we achieve our targeted financial leverage ratio, we anticipate that we will be in a position to return a portion of the cash flow generated by our business to our stockholders through a combination of dividends and stock repurchases, depending on market conditions and subject to approval by our board of directors. The credit agreement governing our senior secured credit facility and the indenture governing our senior notes limit the amount of dividends and share repurchases that we are permitted to make while our indebtedness remains outstanding, including greater restrictions until the Brazil Tax Dispute (as defined below) is resolved. Any payment of dividends or stock repurchase will be at the discretion of our board of directors and will depend upon various factors then existing, including earnings, financial condition, results of operations, capital requirements, level of indebtedness, covenants contained within agreements governing our indebtedness, contractual restrictions with respect to payment of dividends or repurchasing stock, our ability to obtain cash or other assets from our subsidiaries, restrictions imposed by applicable law, general business conditions and other factors that our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash and temporary investments and our capitalization as of June 30, 2021 on an historical and *pro forma* basis to give effect to the separation, the incurrence of debt, the Special Payment and other matters, as discussed in “The Distribution.”

The *pro forma* adjustments are based upon available information and assumptions that management believes are reasonable; however, such adjustments are subject to change based on the finalization of the terms of the separation and the agreements which define our relationship with International Paper after the completion of the separation. In addition, such adjustments are estimates and may not prove to be accurate.

You should read the information in the following table together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Unaudited Pro Forma Combined Financial Statements,” and our unaudited condensed combined financial statements and the notes thereto included elsewhere in this information statement.

We are providing the capitalization table for information purposes only. The capitalization table below may not reflect the capitalization or financial condition that would have resulted had we been operating as an independent, publicly-traded company on June 30, 2021 and is not necessarily indicative of our future capitalization or financial condition.

<i>In millions, except per-share amounts</i>	As of June 30, 2021	
	Actual	Pro Forma (Unaudited)
Cash and temporary investments(1)	<u>\$ 226</u>	<u>\$ 121</u>
Indebtedness(1):		
Short-term:		
Notes payable and current maturities of long-term debt	2	2
Long-term:		
Long-term debt	20	1,522
Total indebtedness	<u>22</u>	<u>1,524</u>
Equity:		
Common stock, \$1.00 par value, 200.0 shares authorized and 44.4 shares outstanding, pro forma(2)	—	44
Additional paid-in-capital	—	1,910
Parent company investment	3,777	—
Accumulated other comprehensive income (loss)	(1,493)	(1,493)
Total equity	<u>2,284</u>	<u>461</u>
Total capitalization	<u>\$ 2,306</u>	<u>\$ 1,985</u>

- (1) We currently estimate that we will have \$121 million in cash and temporary investments at separation. Sylvamo expects to enter into new financing arrangements in connection with the distribution consisting of \$970 million of term loans, \$100 million of borrowings under the Revolving Credit Facility and \$450 million of senior unsecured notes. Sylvamo intends to use the net proceeds from the financing arrangements, together with cash on hand in excess of \$100 million, to make the Special Payment to International Paper immediately prior to the distribution. Sylvamo also expects to enter into a \$450 million cash flow-based revolving credit facility that will be available for immediate working capital needs and for general corporate purposes. We expect to draw \$100 million prior to separation.
- (2) We have estimated the number of outstanding shares of our common stock based on the number of shares of International Paper common stock outstanding on June 30, 2021 and a distribution ratio of one share of our common stock for every 11 shares of International Paper common stock.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined financial statements consist of an unaudited pro forma combined balance sheet as of June 30, 2021 and unaudited pro forma combined statements of operations for the six months ended June 30, 2021 and the year ended December 31, 2020. The unaudited pro forma combined financial statements should be read in conjunction with our unaudited condensed combined financial statements and our audited combined financial statements and the notes thereto, along with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included elsewhere in this information statement. The unaudited pro forma combined balance sheet has been prepared to give effect to the Pro Forma Transactions (as defined below) as though the Pro Forma Transactions had occurred as of June 30, 2021. The unaudited pro forma combined statements of operations for the six months ended June 30, 2021 and the year ended December 31, 2020 have been prepared to give effect to the Pro Forma Transactions as if the Pro Forma Transactions had occurred or became effective as of January 1, 2020, the beginning of our most recently completed fiscal year. The unaudited pro forma combined financial statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See “Cautionary Statement Concerning Forward-Looking Statements and Information.”

The unaudited pro forma combined financial statements presented below have been derived from our unaudited condensed combined financial statements and audited combined financial statements included elsewhere in this information statement and do not purport to represent what our financial position and results of operations would have been had the separation occurred on the dates indicated and are not necessarily indicative of our future financial position and future results of operations. In addition, the unaudited pro forma combined financial statements are provided for illustrative and informational purposes only. The *pro forma* adjustments are based on available information and assumptions we believe are reasonable; however, such adjustments are subject to change.

International Paper did not account for us as, and we were not operated as, an independent, publicly-traded company for the periods presented. Our unaudited pro forma combined financial statements have been prepared to reflect adjustments to our historical financial information for the following autonomous entity adjustments and transaction accounting adjustments (the “Pro Forma Transactions”):

- The contribution by International Paper to us of all the assets and liabilities that comprise our business and the retention by International Paper of certain specified assets and liabilities reflected in our historical combined financial statements, in each case, pursuant to the separation;
- The anticipated post-separation capital structure, including: (i) the incurrence of third-party debt and the funding of the Special Payment to International Paper; (ii) the distribution of our common stock to holders of International Paper common stock; and (iii) the resulting elimination of International Paper’s net investment in us; and
- The impact of, and transactions contemplated by, the Separation and Distribution Agreement, Tax Matters Agreement, Transition Services Agreement, Employee Matters Agreement, Intellectual Property License Agreements, Supply and Offtake Agreements, Corrugated Packaging and Supply Agreement, Global Sourcing Agreement, Recyclable Material Master Purchase Agreement, Fiber Supply Agreement and other agreements related to the separation between us and International Paper and the provisions contained therein. See “The Distribution—Relationships between Sylvamo and International Paper Following the Distribution.”

Subject to the terms of the Separation and Distribution Agreement, International Paper will pay all nonrecurring third-party costs and expenses related to the separation and incurred prior to the completion of the separation. Such nonrecurring amounts are expected to include costs to separate and duplicate information technology systems, investment banking, third-party legal and accounting fees and similar costs. After the completion of the separation, subject to the terms of the Separation and Distribution Agreement, all costs and expenses related to the separation incurred by either International Paper or us will be borne by the party incurring the costs and expenses.

Unaudited Pro Forma Combined Balance Sheet
As of June 30, 2021

<i>In millions at June 30, except per-share amounts</i>	Historical	Autonomous Entity Adjustments	Transaction Accounting Adjustments		Pro Forma
ASSETS					
Current Assets					
Cash and temporary investments	\$ 226	\$ —	\$ (105)	(a)	\$ 121
Accounts and notes receivable (less allowance)	417	—	—		417
Related-party receivable	223	—	(223)	(b)	—
Inventories	340	—	(28)	(c)	312
Other current assets	108	—	(1)	(c)	107
Total Current Assets	1,314	—	(357)		957
Plants, Properties and Equipment, net	944	—	—		944
Forestlands	309	—	—		309
Goodwill	147	—	—		147
Right of Use Assets	42	—	—		42
Deferred Charges and Other Assets	353	—	29	(d)(h)(i)	382
TOTAL ASSETS	\$ 3,109	\$ —	\$ (328)		\$ 2,781
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts payable	\$ 289	\$ —	\$ (28)	(c)	\$ 261
Notes payable and current maturities of long-term debt	2	—	—		2
Accrued payroll and benefits	65	—	(14)	(c)(e)	51
Related party payable	43	—	(9)	(b)	34
Other current liabilities	142	—	(6)	(c)(f)	136
Total Current Liabilities	541	—	(57)		484
Long-Term Debt	20	—	1,502	(d)	1,522
Deferred Income Taxes	166	—	(6)	(i)	160
Other Liabilities	98	—	56	(f)(g)(h)	154
Commitments and Contingent Liabilities					
Equity					
Common stock, \$1.00 par value, 200.0 shares authorized and 44.4 shares outstanding, pro forma	—	—	44	(j)	44
Additional paid-in-capital	—	—	1,910	(j)	1,910
Parent company investment	3,777	—	(3,777)	(j)	—
Accumulated other comprehensive income (loss)	(1,493)	—	—		(1,493)
Total Equity	2,284	—	(1,823)		461
TOTAL LIABILITIES AND EQUITY	\$ 3,109	\$ —	\$ (328)		\$ 2,781

See Notes to Unaudited Pro Forma Combined Financial Statements

Unaudited Pro Forma Combined Statement of Operations
Six Months Ended June 30, 2021

In millions for the six months ended June 30, except per-share amounts

	<u>Historical</u>	<u>Autonomous Entity Adjustments</u>	<u>Transaction Accounting Adjustments</u>	<u>Pro Forma</u>
Net sales	\$ 1,622	\$ —	\$ —	\$ 1,622
Costs and expenses				
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested)	1,050	(21) (k)(l)	—	1,029
Selling and administrative expenses	99	21 (k)	—	120
Depreciation, amortization and cost of timber harvested	71	—	—	71
Distribution expenses	178	—	—	178
Taxes other than payroll and income taxes	13	—	—	13
Interest (income) expense, net	(29)	—	33 (d)	4
Income (loss) before income taxes	240	—	(33)	207
Income tax provision (benefit)	63	— (m)	(8) (m)	55
Net income (loss)	\$ 177	\$ —	\$ (25)	\$ 152
Pro forma earnings per share of common stock:				
Basic				\$ 3.40
Diluted				\$ 3.40
Pro forma weighted-average shares outstanding:				
Basic				44.5
Diluted				44.5

See Notes to Unaudited Pro Forma Combined Financial Statements

Unaudited Pro Forma Combined Statement of Operations
Year Ended December 31, 2020

<i>In millions for the year ended December 31, except per-share amounts</i>	Historical	Autonomous Entity Adjustments	Transaction Accounting Adjustments	Pro Forma
Net sales	\$ 3,009	\$ —	\$ —	\$ 3,009
Costs and expenses				
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested)	2,101	(23) (k)(l)	—	2,078
Selling and administrative expenses	209	98 (k)	8 (k)	315
Depreciation, amortization and cost of timber harvested	154	—	—	154
Distribution expenses	321	—	—	321
Taxes other than payroll and income taxes	30	—	—	30
Interest (income) expense, net	(4)	—	67 (d)	63
Income (loss) before income taxes	198	(75)	(75)	48
Income tax provision (benefit)	28	(18) (m)	(18) (m)	(8)
Net income (loss)	\$ 170	\$ (57)	\$ (57)	\$ 56
Pro forma earnings per share of common stock:				
Basic				\$ 1.27
Diluted				\$ 1.27
Pro forma weighted-average shares outstanding:				
Basic				44.6
Diluted				44.6

See Notes to Unaudited Pro Forma Combined Financial Statements

Notes to Unaudited Pro Forma Combined Financial Statements

- (a) Reflects adjustments to present an expected cash and temporary investments balance of \$121 million at separation, including \$21 million to offset the total net unfunded pension liability related to transferred pension plans:

	As of June 30, 2021 (In millions)
Cash received from borrowings	\$ 1,520
Special Payment to International Paper	(1,605)
Cash paid for debt issuance costs	(20)
Total pro forma adjustments to cash and temporary investments	<u>\$ (105)</u>

- (b) Reflects a reclassification adjustment to extinguish the related party receivable and related party payable balances with International Paper in connection with the separation, except for a reclassification to accounts payable of \$16 million related to inventory purchases from JSC Ilim Group that will be paid in cash on an ongoing basis following the separation, and the establishment of a \$34 million related party payable to International Paper related to existing inventory produced by mills owned by International Paper that will be paid in cash after the separation.

The following represents adjustments to related party payable:

	As of June 30, 2021 (In millions)
Reclassification to additional paid-in-capital	\$ (27)
Reclassification to accounts payable	(16)
Establishment of related party payable to International Paper	34
Total pro forma adjustments to related party payable	<u>\$ (9)</u>

- (c) Reflects the removal of certain current assets and current liabilities that will be retained by International Paper, along with the reclassification of select related party payable balances.

The following represents adjustments to current assets:

	As of June 30, 2021 (In millions)
Inventories	\$ (28)
Other current assets	(1)
Total pro forma adjustments to current assets	<u>\$ (29)</u>

We expect to purchase this inventory from International Paper beginning in January 2022 for inventory at International Paper's Riverdale mill and April 2022 for inventory at International Paper's Georgetown mill, which will be paid for, in each case, in three equal installments.

The following represents adjustments to current liabilities:

	As of June 30, 2021 (In millions)
Accounts payable, net of reclassification of related party payable	\$ (28)
Accrued payroll and benefits	(8)
Other current liabilities	(3)
Total pro forma adjustments to current liabilities	<u>\$ (39)</u>

- (d) Reflects \$1.5 billion of borrowings expected to be incurred in connection with the separation, including \$1.4 billion of term loans and senior notes, offset by debt issuance costs of \$18 million for these borrowings, and \$100 million of borrowings related to a five-year cash flow-based revolving credit facility with debt issuance costs of \$2 million. We will use substantially all of the borrowings to make the Special Payment to International Paper immediately prior to the distribution. The pro forma combined statements of operations reflect estimated interest expense of \$67 million expected to be incurred within the first 12 months following the separation and \$33 million expected to be incurred within the subsequent six month period related to the \$1.5 billion of long-term debt, amortization of deferred debt issuance costs and an annual fee assessed on the unused portion of the revolving credit facility. We currently estimate the weighted average interest rate to be approximately 4.1%. Interest expense was calculated assuming constant debt levels throughout the period. Interest expense may be higher or lower if the actual interest rate changes or if we prepay debt with excess cash. A 1/8% change to the annual interest rate would change annual interest expense by approximately \$1.9 million.

The following represents adjustments to long-term debt:

	As of June 30, 2021 (In millions)
Cash received from borrowings	\$ 1,520
Cash paid for debt issuance costs on long-term debt	(18)
Total pro forma adjustments to long-term debt	<u>\$ 1,502</u>

The following represents adjustments to deferred charges and other assets:

	As of June 30, 2021 (In millions)
Cash paid for debt issuance costs on revolving credit facility	\$ 2
Total pro forma adjustments to deferred charges and other assets	<u>\$ 2</u>

The following represents adjustments to interest (income) expense, net:

	Six months ended June 30, 2021 (In millions)	Year ended December 31, 2020 (In millions)
Interest expense related to long-term debt	\$ 32	\$ 63
Amortization of deferred debt issuance costs	1	3
Annual fee assessed on unused portion of revolving credit facility	—	1
Total pro forma adjustments to interest (income) expense, net	<u>\$ 33</u>	<u>\$ 67</u>

- (e) Reflects an adjustment to remove \$6 million in employee-related accrued liabilities for incentive and sales commission programs that are expected to be retained by International Paper.
- (f) Reflects an adjustment to remove \$6 million related to a deferred liability of the Federal Insurance Contributions Act (FICA) tax related to our employees permitted by the Coronavirus, Aid, Relief and Economic Security Act (CARES Act), which is expected to be retained by International Paper.

The following accounts were adjusted for the removal of this liability:

	As of June 30, 2021 (In millions)
Other current liabilities	\$ (3)
Other liabilities	(3)
Total pro forma adjustments	<u>\$ (6)</u>

- (g) Reflects the addition of accrued liabilities of \$1 million related to the Brazilian Industrial Packaging business divested by International Paper in October 2020, which are expected to be transferred to us in accordance with the separation.
- (h) Reflects the addition of the \$10 million net unfunded pension plan liability related to the U.S. Qualified Pension Plan and a \$13 million net unfunded pension plan liability related to international pension plans for our active employees participating in these plans, as the net unfunded liabilities will transfer to us in connection with the separation. This adjustment also reflects the addition of \$19 million and \$16 million of accrued liabilities related to the non-qualified Deferred Compensation Savings Plan and non-qualified Pension Restoration Plan, respectively, as these liabilities will transfer to us in connection with the separation and the addition of \$19 million and \$16 million of other assets related to the non-qualified Deferred Compensation Savings Plan and non-qualified Pension Restoration Plan, respectively, as International Paper will reimburse us for payments to employees to the extent of the accrued liability as of the separation date. Our participation in these plans was accounted for as multi-employer plans in the unaudited condensed combined financial statements. Accordingly, the related assets and liabilities were not reflected.

The following represents adjustments to other liabilities:

	As of June 30, 2021 (In millions)
Deferred Compensation Savings Plan	\$ 19
Pension Restoration Plan	16
International pension plans	13
U.S. Qualified Pension Plan	10
Total pro forma adjustments to other liabilities	<u>\$ 58</u>

The following represents adjustments to deferred charges and other assets:

	As of June 30, 2021 (In millions)
Deferred Compensation Savings Plan	\$ 19
Pension Restoration Plan	16
Total pro forma adjustments to deferred charges and other assets	<u>\$ 35</u>

- (i) Reflects adjustments to remove a deferred tax asset of \$13 million resulting from a historical net operating loss expected to be retained by International Paper and the reclassification of a deferred tax liability of \$4 million related to operations in France and add deferred tax assets resulting from the pro forma adjustments herein. Deferred income taxes adjustments reflect an addition of \$7 million tax basis in goodwill related to the Brazilian Industrial Packaging business that will be transferred to us in accordance with the separation, the \$4 million reclassification and deferred income tax adjustments related to the pro forma adjustments herein. Certain U.S. state tax credits, which have a full valuation allowance, are also expected to be retained by International Paper.

The following represents adjustments to deferred charges and other assets:

	As of June 30, 2021 (In millions)
Net operating loss deferred tax asset	\$ (13)
Reclassification of deferred tax liability	4
Deferred tax assets related to international pension plans	1
Total pro forma adjustments to deferred charges and other assets	<u>\$ (8)</u>

The following represents adjustments to deferred income taxes:

	As of June 30, 2021 (In millions)
Industrial Packaging goodwill tax basis	\$ (7)
Reclassification of deferred tax liability	4
Deferred income tax adjustments, net	(3)
Total pro forma adjustments to deferred income taxes	<u>\$ (6)</u>

- (j) Reflects the reclassification of International Paper's investment in us, the issuance of common stock, related party balances with International Paper, the estimated Special Payment to International Paper immediately prior to the distribution and the additional net liabilities expected to be transferred to us by International Paper into additional paid-in-capital.

The following represents adjustments to additional paid-in-capital:

	As of June 30, 2021 (In millions)
Reclassification of parent company investment	\$ 3,777
Special Payment to International Paper	(1,605)
Reclassification of related party receivable	(223)
Reclassification of related party payable	27
Issuance of common stock	(44)
Net liabilities expected to be transferred to us	(22)
Total pro forma adjustments to additional paid-in-capital	<u>\$ 1,910</u>

We have assumed the number of outstanding shares of our common stock based on the number of shares of International Paper common stock outstanding on June 30, 2021 and a distribution ratio of one share of our common stock for every 11 shares of International Paper common stock.

- (k) As an independent, publicly-traded company, we expect to incur certain additional costs, including costs resulting from:
- separation and establishment of Sylvamo as a stand-alone company, including incremental costs related to information technology, supply chain, corporate affairs, legal, finance, human resources and other corporate functions previously shared with International Paper to be incurred on a recurring basis, offset by a decrease in royalty expense related to licensing agreements with International Paper that we do not expect to incur following the separation;
 - services to be provided by International Paper under the Transition Services Agreement primarily related to information technology, supply chain, operations and administrative support functions within 12 months following the completion of the separation;
 - occupancy agreements related to transitional use of certain International Paper corporate facilities within 12 months following the completion of the separation; and
 - one-time expenses primarily related to the separation and establishment of information technology capabilities, professional fees related to stand-alone transition, rebranding and legal fees within 12 months following the completion of the separation.

We expect to incur approximately \$103 million of expenses within 12 months following the completion of the separation (including one-time expenses of approximately \$55 million that are expected to be incurred within 12 months following the completion of the separation, including \$8 million of one-time transaction costs directly attributable to the separation) and approximately \$17 million of expenses within the subsequent six month period in addition to corporate and shared costs allocated by International Paper to us in the audited combined statement of operations and unaudited condensed combined statement of operations, respectively. Accordingly, the pro forma combined statements of operations have been adjusted to depict Sylvamo as an autonomous entity and reflect one-time transaction costs expected to be incurred in connection with the separation. The additional expenses have been estimated based on assumptions that management believes are reasonable. However, actual additional costs that will be incurred could be different from the estimates and would depend on several factors, including the economic environment and strategic decisions made in areas such as information technology, supply chain, sales and marketing, operations and infrastructure.

- (l) Reflects an adjustment to remove \$17 million and \$20 million of allocated fixed costs related to facility charges recorded during the six months ended June 30, 2021 and the year ended December 31, 2020, respectively, that will not be incurred following the separation in accordance with the Supply and Offtake Agreements.

- (m) The pro forma income tax expense adjustments reflect a blended statutory tax rate of 24.3% based on statutory rates by jurisdiction. Management believes the blended statutory tax rate provides a reasonable basis for the pro forma adjustments.

The following summarizes the calculation of our pro forma income tax expense adjustments:

	Six months ended June 30, 2021 (In millions)	Year ended December 31, 2020 (In millions)
Total autonomous entity adjustments to income (loss) before income taxes	\$ —	\$ (75)
Blended statutory tax rate	24.3%	24.3%
Total autonomous entity pro forma adjustment to income taxes	\$ —	\$ (18)
	Six months ended June 30, 2021 (In millions)	Year ended December 31, 2020 (In millions)
Total transaction accounting adjustments to income (loss) before income taxes	\$ (33)	\$ (75)
Blended statutory tax rate	24.3%	24.3%
Total transaction accounting pro forma adjustment to income taxes	\$ (8)	\$ (18)

As reflected in Note 9, Income Taxes, of our audited combined financial statements, there is an income tax provision of \$28 million on \$198 million of income before taxes, resulting in an effective tax rate of 14% for the year ended December 31, 2020. Our 2020 income tax provision includes a tax benefit of \$10 million relating to tax audits and a tax benefit of \$5 million relating to the impact of rate differentials on non-U.S. permanent differences and earnings. After including the income tax benefit of the pro forma adjustments above, the pro forma combined statement of operations for the year ended December 31, 2020 reflects an income tax benefit of \$(8) million on \$48 million of income before taxes, resulting in an effective tax rate of (17)%. We have reflected an income tax benefit following recording of the pro forma autonomous entity adjustments and transaction accounting adjustments as we believe the benefit, including the carryforward (deferred tax asset) expected to be generated by the additional U.S. interest expense, will be realizable based on our forecasts of future taxable income. Going forward, our effective tax rate could be different depending on actual operating results by jurisdiction and the application of enacted tax law to those specific results.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations for the six months ended June 30, 2021 and 2020 and the three years ended December 31, 2020, 2019 and 2018, together with our unaudited condensed combined financial statements and our audited combined financial statements and the notes thereto included elsewhere in this information statement, as well as the information presented under "Unaudited Pro Forma Combined Financial Statements" and "Business." This discussion contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in the sections of this information statement entitled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements and Information."

OVERVIEW

On December 3, 2020, International Paper Company ("International Paper") announced that its Board of Directors had approved a plan to spin-off its Printing Papers segment along with certain coated paperboard and pulp businesses in North America, France and Russia (collectively referred to herein as the "Company," "business," "we," "us," or "our") and separate into two distinct publicly-traded companies.

The Company is one of the world's largest producers of printing and writing papers, manufacturing uncoated freesheet into a variety of papers for business and home use. The business produces papers for use in copiers, desktop and laser printers, and digital imaging. End-use applications include advertising and promotional materials such as brochures, pamphlets, greeting cards, books, annual reports and direct mail. The business also produces a variety of grades that are converted by customers into envelopes, tablets, business forms and file folders. The Company's products are sold under private labels and Company-owned brand names that include *Hammermill*®, *Springhill*, *Williamsburg*, *Postmark*®, *Accent*®, *Great White*®, *Chamex*®, *Ballet*®, *REY*® and *SvetoCopy*®. The business also produces high-quality coated paperboard for a variety of packaging end uses along with paper-grade pulp and Bleached Chemical Thermo-Mechanical Pulp ("BCTMP").

The Company is organized into three reportable business segments, consistent with the internal structure used to manage these businesses. Uncoated paper, pulp and coated paperboard capacity are presented in short tons.

- **North America.** The primary product in this segment is uncoated papers, along with market pulp production. Our North American mills, located in the United States (New York and South Carolina), have annual uncoated paper and market pulp production capacity of 975,000 and 115,000 tons, respectively. Our historical operations have been further supported by paper production at International Paper's North American Riverdale and Georgetown mills. As part of the separation, we expect to enter into offtake agreements with International Paper for 520,000 tons of uncoated freesheet and 160,000 tons of uncoated bristols, a heavier weight paper grade used in products such as file folders. The papers produced in this segment are for use in copiers, desktop and laser printers and digital imaging, which are sold under private labels and such Company brand names as *Hammermill*®, *Springhill*, *Williamsburg*, *Accent*®, *DRM*® and *Postmark*®.
- **Latin America.** With a presence in Brazil for more than 50 years, our operations focus on uncoated papers through the ownership or management of approximately 250,000 acres of forestlands in Brazil. The system of printing and writing paper production in Brazil consists of three mills, two of which are integrated, with a total annual capacity of approximately 1.1 million tons and also produces an additional 165,000 tons of market pulp annually: two in the State of São Paulo and one in Mato Grosso do Sul. Our Brazilian brands *Chamex*®, *Chamequinho* and *Chambril* are produced exclusively from eucalyptus grown on Company-owned land that is independently certified for sustainable forestry.

under the Brazilian National Forest Certification Program (“CERFLOR”) and the Forest Stewardship Council (“FSC”). We expect existing FSC certifications to be transferred to Sylvamo from International Paper prior to the distribution.

- **Europe.** Europe produces and offers a broad portfolio of uncoated papers for a multitude of uses and applications, along with coated paperboard and market pulp. We operate two mills in the region: Saillat, France and Svetogorsk, Russia. Located in the Limousin region of France, the Company’s Saillat mill produces both paper and market pulp. It is the only mill in France to cover the entire production process from harvesting to paper and is one of the leading cutsizes producers in France. The Saillat mill produces entry-level to high value-added products such as tinted and colored laser printing paper under leading brands *REY® Adagio* and *Pro-Design*, as well as graphic and high-speed inkjet printing under the brands *Preprint S* and *Jetstar*. We have harvesting rights to approximately 860,000 acres of forestlands in Russia with our Svetogorsk facility being one of the leading paper and pulp mills. It covers some 494 acres on the Karelian Isthmus, and comprises three pulp mills, two papermaking machines, and A3 and A4 cutsizes finishing. Our Svetogorsk mill produces high-quality printing paper and pulp products such as BCTMP and a variety of our *Ballet®* office papers, including *Ballet Brilliant*, *Ballet Premier*, *Ballet Classic*, *Ballet Universal* and *SvetoCopy®*. We also produce coated paperboard at our mill in Russia with an annual capacity of 130,000 tons. Our Europe paper and pulp mills have a total annual capacity of approximately 685,000 and 300,000 tons, respectively.

In addition, we present a “Corporate” category for purposes of reconciliation of net sales and operating profit, which is not considered a reportable operating segment.

Components of Results of Operations

Net Sales

Net sales represent gross sales of our printing paper, coated paperboard and pulp products, that are adjusted to reflect estimates for customer rebates, primarily volume rebates, early payment discounts and other customer refunds. Product prices are affected by general economic trends, inventory levels, currency exchange rate movements and worldwide capacity utilization. We expect recent positive pricing trends will benefit Sylvamo in the near term.

Cost of Products Sold

Cost of products sold includes all material, labor and overhead costs incurred in the production process for our products. These costs are impacted by various drivers, the most significant of which include changes in raw material costs, principally wood, pulp and chemical costs, energy costs, mill outage costs, salary and benefits costs and manufacturing conversion costs. Cost of products sold does not include the associated depreciation, amortization and cost of timber harvested for assets involved in the manufacturing process, as we separately report those expenses in our combined statement of operations. We estimate depreciation and amortization to be approximately \$140 million in 2021 and 2022.

Cost of products sold includes allocations of costs for certain centralized functions and programs provided and administered by International Paper. See “Basis of Presentation and Separation from International Paper” below, Note 2 Basis of Combination to our unaudited condensed combined financial statements and Note 2 Significant Accounting Policies to our audited combined financial statements for further details on our methodology for allocating these costs. Allocations of expenses from International Paper are not necessarily indicative of future expenses and do not necessarily reflect results that we would have achieved as an independent, publicly-traded company for the periods presented. We estimate that our incremental recurring expenses relating to operating as a separate, publicly traded company will be approximately \$15 million per year. See “Unaudited Pro Forma Combined Financial Statements” for more information.

Selling and Administrative Expenses

Selling and administrative expenses include salary, benefit and travel expenses for selling and administrative employees, real estate and other office expenses for these employees, advertising and other administrative expenses. Selling and administrative expenses are primarily driven by headcount, which impacts related salary, benefit and travel costs.

Selling and administrative expenses include allocations of costs for certain centralized functions and programs provided and administered by International Paper. See “Basis of Presentation and Separation from International Paper” below, Note 2 Basis of Combination to our unaudited condensed combined financial statements and Note 2 Significant Accounting Policies to our audited combined financial statements for further details on our methodology for allocating these costs. Allocations of expenses from International Paper are not necessarily indicative of future expenses and do not necessarily reflect results that would have been achieved as an independent, publicly-traded company for the periods presented. We estimate that our incremental recurring expenses relating to operating as a separate, publicly traded company will be approximately \$15 million per year. See “Unaudited Pro Forma Combined Financial Statements” for more information.

Distribution Expenses

Distribution expenses principally include outbound freight costs to customers’ destinations and warehouse rental costs. In addition to our sales volumes, distribution expenses are most significantly impacted by changes in transportation costs.

Taxes other than Payroll and Income Taxes

Taxes other than payroll and income taxes include real estate taxes, sales taxes and use taxes, along with excise taxes and duties paid related to energy produced and purchased.

Restructuring and other charges, Net

Restructuring and other charges represent periodic expenses incurred to realign operating capacity, including any related headcount actions.

Interest Income, Net

Interest income, net includes the interest earned on our cash and temporary investment balances and interest expense incurred on our debt obligations, along with interest income related to a Brazilian VAT refund that is explained further below. Our future capital structure will include the addition of third-party debt. This will result in a substantial increase in annual interest expense to approximately \$63 million.

Significant Factors and Trends That May Affect Our Results of Operations

Macroeconomic Conditions

The Company’s operating results are typically closely tied to changes in the general economic conditions in North America, Europe and Latin America, as well as general global economic conditions. The Company’s profitability and operating results are dependent on the price of our products and the market price of raw materials (primarily virgin wood fiber, recycled fiber and caustic soda and starch), energy sources and third-party transport of our goods.

Consumer Behavior

Factors that impact the demand for our products include consumer preferences, consumer spending, commercial printing and advertising activity, adoption of electronic mediums, white-collar employment, including the shift to work-from-home during the COVID-19 pandemic, remote schooling and movements in currency exchange rates.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization (“WHO”) declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. Many of these restrictive measures have been lifted or reduced as the number of COVID-19 cases has declined in the United States and various other countries in comparison to earlier levels at the height of the pandemic, and economic conditions have improved. In addition, most of our facilities have remained open and operational during the pandemic and at the current time our facilities are generally operational.

Demand for printing papers products, which account for the majority of our net sales, initially was significantly impacted by the pandemic, but has seen a steady increase over the first half of 2021. Our operations have experienced higher supply chain costs and constrained transportation due in part to the impacts of COVID-19. There continue to be significant uncertainties associated with the COVID-19 pandemic, including with respect to the various economic reopening plans and the resurgence of new variants of the virus in many areas globally; additional actions that may be taken by governmental authorities and private businesses to attempt to contain the COVID-19 outbreak or to mitigate its impact; the efficacy and, availability of various vaccines and associated levels of vaccination, as well as the possibility that strains of the virus may be resistant to current available vaccines; and the impact of COVID-19 on unemployment, economic activity and consumer confidence. COVID-19 has significantly adversely affected portions of our business, and could have a material adverse effect on our financial condition, results of operations and cash flows if public health and/or global economic conditions deteriorate.

Basis of Presentation and Separation from International Paper

Under the plan, International Paper will retain approximately 19.9% of the shares of the Company and would execute a spin-off of the Company in a manner that is intended to be tax-free to International Paper’s shareholders for U.S. federal income tax purposes, except for cash that shareholders receive in lieu of fractional shares, by way of a *pro rata* distribution of the remaining approximately 80.1% of the common stock of the Company to International Paper’s shareholders of record whereby each holder of International Paper common stock will receive one share of Sylvamo common stock for every 11 shares of International Paper stock held as of the spin-off transaction record date. For additional information, see “The Distribution.” International Paper will dispose of such shares of our common stock that it owns after the distribution in either a registered offering or pursuant to an exemption from registration, which is expected to occur within 12 months of the Distribution Date and will occur no later than five years after the distribution.

We have historically operated as part of International Paper and not as a stand-alone company. The accompanying audited combined financial statements included in this information statement were prepared on a “carve-out” basis in connection with the separation and were derived from the consolidated financial statements and accounting records of International Paper. These combined financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented as the Company was historically managed within International Paper. The combined financial statements have been prepared in United States (“U.S.”) dollars and in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”). The combined financial statements may not be indicative of the Company’s future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it operated as an independent company during the periods presented.

The combined balance sheets include certain assets and liabilities that have historically been held at the International Paper corporate level but are specifically identifiable or otherwise attributable to the Company. The combined statements of operations also include expense allocations for certain functions provided by International Paper, including, but not limited to general corporate expenses related to finance, legal, information technology, human resources, communications, insurance and stock-based compensation. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder principally

allocated on the basis of percent of capital employed, headcount or other measures. During the six months ended June 30, 2021 and 2020, and for the years ended December 31, 2020, 2019 and 2018, the Company was allocated \$85 million, \$78 million, \$167 million, \$209 million and \$203 million, respectively, of such general corporate expenses, which were included within cost of products sold and selling and administrative expenses in the combined statements of operations. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expenses the Company would have incurred if the Company had been an independent company for the periods presented. Actual costs that may have been incurred if the Company had been an independent company would depend on several factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. The Company is unable to determine what such costs would have been had the Company been independent. Following the separation, the Company may perform these functions using its own resources or purchased services. For an interim period following the separation, however, some of these functions will continue to be provided by International Paper under a transition services agreement. Additionally, we will provide some services to International Paper under a transition services agreement. We expect to make payments to International Paper under the transition services agreement of \$8 million and \$25 million in 2021 and 2022, respectively. We will also enter into certain commercial agreements with International Paper in connection with the separation. See “The Distribution—Relationships Between Sylvamo and International Paper Following the Distribution.”

Following completion of the separation, we expect to incur expenditures to establish certain stand-alone functions and information technology systems and other one-time costs. Recurring stand-alone costs include accounting, financial reporting, tax, regulatory compliance, corporate governance, treasury, legal, internal audit and investor relations functions, as well as the annual expenses associated with running an independent, publicly-traded company including listing fees, board of director fees and external audit costs. We estimate that our incremental recurring expenses relating to operating as a separate, publicly traded company will be approximately \$15 million per year. See “Unaudited Pro Forma Combined Financial Statements” for more information.

The Company operates on a calendar year-end. All percentages shown in the tables below and the discussion that follows have been calculated using unrounded numbers.

Results of Operations

The following summarizes our results of operations for the periods presented:

<i>In millions</i>	<u>Six Months Ended June 30,</u>			<u>Years Ended December 31,</u>			<u>Percent Change</u>	
	<u>2021</u>	<u>2020</u>	<u>Percent Change</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020</u>	<u>2019</u>
NET SALES (including sales to a related party of \$23, \$8 and \$19 for 2020, 2019 and 2018, respectively)	\$1,622	\$1,475	10.0	\$3,009	\$4,017	\$ 4,119	(25.1)	(2.5)
COSTS AND EXPENSES (including purchases from a related party of \$372, \$513 and \$572 for 2020, 2019 and 2018, respectively)								
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	1,050	1,062	(1.1)	2,101	2,638	2,620	(20.3)	0.7
Selling and administrative expenses	99	100	(1.0)	209	262	288	(20.2)	(9.1)
Depreciation, amortization and cost of timber harvested	71	79	(9.9)	154	192	198	(19.8)	(2.6)
Distribution expenses	178	156	14.1	321	393	408	(18.3)	(3.8)
Taxes other than payroll and income taxes	13	12	8.5	30	33	35	(10.1)	(5.2)
Restructuring and other charges, net	—	—	—	—	6	4	(100.0)	62.3
Interest (income) expense, net	(29)	(1)	2844.6	(4)	(9)	(7)	(57.3)	14.4
INCOME (LOSS) BEFORE INCOME TAXES	240	67	257.7	198	502	573	(60.5)	(12.4)
Income tax provision (benefit)	63	13	384.6	28	125	154	(78.0)	(18.6)
NET INCOME (LOSS)	\$ 177	\$ 54	227.3	\$ 170	\$ 377	\$ 419	(54.7)	(10.1)

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Net Sales

For the six months ended June 30, 2021, the Company reported net sales of \$1.6 billion, compared with \$1.5 billion for the six months ended June 30, 2020. The net sales increase of 10% was driven by a 268,000 ton increase in sales volume of uncoated freesheet reflecting recovery from the negative demand impact of the COVID-19 pandemic. International net sales (based on the location of the seller and including U.S. exports) totaled \$860 million, or 53% of total sales for the six months ended June 30, 2021. This compares with international net sales of \$773 million, or 52% for the six months ended June 30, 2020. Additional details on net sales are provided in the section titled “Business Segment Results.”

Cost of Products Sold

Cost of products sold decreased by \$12 million, or 1.1%, primarily due to the recognition of a Brazilian VAT refund, a portion of which (\$42 million) is recorded in and reduced our cost of products sold. The decrease in cost of products sold was partially offset by an increase in raw materials (\$20 million) and packaging costs (\$11 million) due to the recovery from the negative demand impact of the COVID-19 pandemic. Additional details regarding the Brazilian VAT refund are provided in “Non-GAAP Financial Measures” and in Note 11 Commitments and Contingent Liabilities to our unaudited condensed combined financial statements included elsewhere in this information statement.

Depreciation, Amortization and Cost of Timber Harvested

The \$8 million, or 9.9%, decrease in depreciation, amortization and cost of timber harvested was a direct result of the decline in our capital spending in response to the COVID-19 pandemic, noted in “Liquidity and Capital Resources—Investment Activities” below.

Distribution Expenses

The \$22 million, or 14.1%, increase in distribution expenses was the direct result of the increase in net sales activity. The cost increase was primarily driven by higher out-bound freight expense (\$24 million), slightly offset by a decrease in warehousing expense (\$2 million).

Interest (Income) Expense, net

The increase in net interest income was the result of the recognition of \$28 million of interest income related to a Brazilian VAT refund recorded during the six months ended June 30, 2021. Additional details regarding the Brazilian VAT refund are provided in “Non-GAAP Financial Measures” and in Note 11 Commitments and Contingent Liabilities to our unaudited condensed combined financial statements included elsewhere in this information statement.

Income Taxes

A net income tax provision of \$63 million was recorded for the six months ended June 30, 2021. A net income tax provision of \$13 million was recorded for the six months ended June 30, 2020. The effective income tax rate was 26.3% for the six months ended June 30, 2021 compared to 19.2% for the six months ended June 30, 2020. The income tax provision and effective income tax rate increased for the six months ended June 30, 2021 by approximately \$50 million and 7.1%, respectively, primarily due to the change in the jurisdictional mix of earnings and the recognition of a VAT refund special item.

2020 Compared to 2019***Net Sales***

For the year ended December 31, 2020, the Company reported net sales of \$3.0 billion, compared with \$4.0 billion in 2019. The net sales decline of 25% was driven by unprecedented demand decline due to the COVID-19 pandemic, resulting in a 1 million ton, or 26%, decline in sales volume of freesheet in 2020 when compared to 2019. International net sales (based on the location of the seller and including U.S. exports) totaled \$1.6 billion, or 53% of total sales in 2020. This compares with international net sales of \$2.1 billion, or 54% in 2019.

Additional details on net sales are provided in the section titled “Business Segment Results.”

Cost of Products Sold

Cost of products sold decreased by \$537 million, or 20%, due to decreased production, reducing our consumption of raw materials. The decrease was primarily driven by declines in roll-stock (\$191 million), fiber (\$142 million), purchased stock (\$131 million) and chemicals (\$46 million). The 20% decline in cost of products sold was less than the 25% decline in our net sales due to unabsorbed fixed costs.

Selling and Administrative Expenses

Selling and administrative expenses decreased by \$53 million, or 20%, primarily due to a decline in administrative (\$14 million) and selling (\$4 million) salaries and benefits, travel and entertainment (\$8 million), and professional fees (\$4 million) due to cost reduction initiatives and stronger cost management necessitated by economic conditions. The remaining decline is due to a reduction in International Paper corporate expenses allocated to us due to our reduced direct usage and a reduction in expenses allocated to our business due to the outsized impact of COVID-19 on our business in comparison to other International Paper businesses.

Depreciation, Amortization and Cost of Timber Harvested

The \$38 million, or 20%, decline in depreciation, amortization and cost of timber harvested was a direct result of the decline in our capital spending in response to the COVID-19 pandemic, noted in “—Liquidity and Capital Resources—Investment Activities” below. In addition, due to a decrease in demand for our products due to COVID-19, our cost of timber harvested decreased \$12 million in 2020.

Distribution Expenses

The \$72 million, or 18%, decrease in distribution expenses was the direct result of the decline in net sales activity. The cost reduction was primarily driven by a decline in out-bound freight (\$67 million) and warehousing (\$6 million) expenses. The decline in distribution expenses was less than the decline in our net sales primarily due to fixed warehouse costs.

Income Taxes

A net income tax provision of \$28 million was recorded for 2020, including a tax benefit of \$5 million related to non-U.S. tax rate differentials, a \$10 million tax benefit relating to tax audits and a \$1 million expense related to taxes to non-U.S. earnings.

A net income tax provision of \$125 million was recorded for 2019, including tax expense of \$12 million related to non-U.S. tax rate differentials and a \$4 million expense related to taxes on non-U.S. earnings. The effective income tax rate was 14% in 2020 compared to 25% in 2019. The income tax provision and effective income tax rate decreased in 2020 by approximately \$97 million and 11%, respectively, primarily due to the change in mix of earnings in the United States and various income tax rates in non-U.S. jurisdictions and the \$10 million tax benefit in 2020 relating to the tax audit settlement.

2019 Compared to 2018***Net Sales***

For the year ended December 31, 2019, the Company reported net sales of \$4.0 billion, compared with \$4.1 billion in 2018. Net sales decreased 2.5% primarily due to increased economic downtime in 2019, resulting in a 27,000 ton and 45,000 ton decline in sales volume of uncoated freesheet and market pulp, respectively. International net sales (based on the location of the seller and including U.S. exports) totaled \$2.1 billion, or 54% of total sales in 2019. This compares with international net sales of \$2.2 billion in 2018, or 54% of total sales in 2018.

Selling and Administrative Expenses

Selling and administrative expenses decreased by \$26 million, or 9%, primarily due to a decline in administrative (\$6 million) and selling (\$3 million) salaries and benefits, office supplies and equipment (\$8 million), advertising (\$2 million) and travel and entertainment (\$2 million) due to cost reduction initiatives.

Distribution Expenses

The \$15 million, or 5%, decrease in distribution expenses was primarily driven by a reduction in freight expense (\$22 million) associated with the reduction in net sales. The decrease in freight expense was offset by increased warehousing costs of \$7 million.

Income Taxes

A net income tax provision of \$154 million was recorded for 2018, including \$19 million of expense related to non-U.S. tax rate differentials and a \$9 million expense related to taxes on non-U.S. earnings. The effective income tax

rate was 25% in 2019 compared to 27% in 2018. The income tax provision and effective income tax rate decreased in 2019 by approximately \$29 million and 2%, respectively, primarily due to the change in mix of earnings in the United States and various income tax rates in non-U.S. jurisdictions.

Business Segment Results

Overview

Management intends to provide Total Operating Profit, a non-GAAP financial measure, to supplement our GAAP financial information, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Management believes that Total Operating Profit provides investors and analysts useful insights into our operating performance. Total Operating Profit is reconciled to Income (Loss) Before Income Taxes, the most directly comparable GAAP measure. Total Operating Profit may be determined or calculated differently by other companies and therefore may not be comparable among companies.

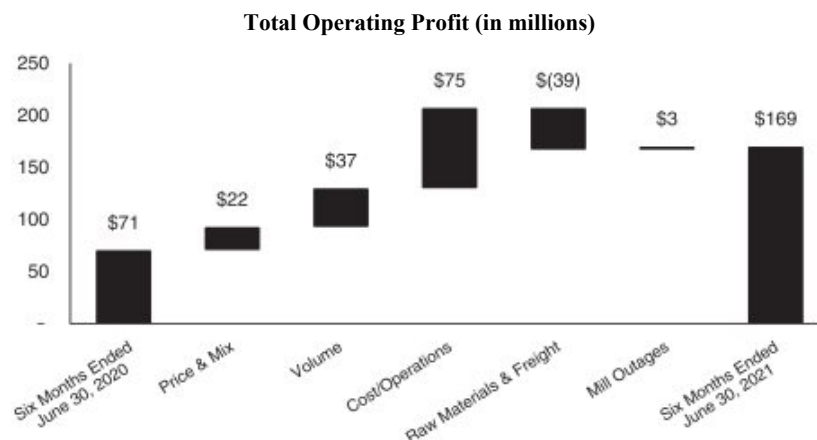
The following table presents a reconciliation of income (loss) before taxes to Total Operating Profit:

<i>In millions</i>	Six Months Ended June 30,		Years Ended December 31		
	2021	2020	2020	2019	2018
Income (Loss) Before Income Taxes	\$ 240	\$ 67	\$198	\$502	\$573
Interest (income) expense, net	(29)	(1)	(4)	(9)	(7)
Restructuring and other charges, net ⁽²⁾	—	—	—	6	4
Other special items, net ⁽²⁾	(42)	5	10	(1)	1
Total Operating Profit⁽¹⁾	\$ 169	\$ 71	\$204	\$498	\$571
North America operating profit	40	(4)	43	200	185
Latin America operating profit	87	29	84	158	227
Europe operating profit	42	46	77	140	159
Total Operating Profit⁽¹⁾	\$ 169	\$ 71	\$204	\$498	\$571

- (1) We define Total Operating Profit as our income (loss) before income taxes calculated in accordance with GAAP, excluding interest (income) expense, net, restructuring and other charges, net and other special items, net, which includes corporate special items, net (there were no corporate special items in any of the periods presented). We believe that Total Operating Profit is an important indicator of operating performance as it 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 statements footnotes in accordance with ASC 280.
- (2) Special items represent income or expenses that are incurred periodically, rather than on a regular basis. Items included within restructuring and other charges during the periods presented principally relate to overhead cost reduction initiatives, including severance costs. Other special items in the periods presented primarily include abandoned property removal costs and foreign VAT refunds.

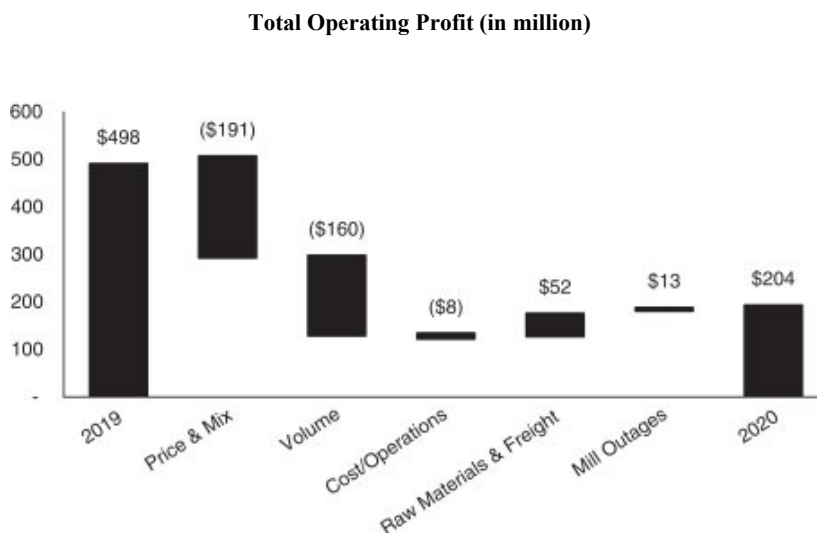
Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Total Operating Profit for the six months ended June 30, 2021 was \$98 million higher than for the six months ended June 30, 2020 as higher input costs (\$39 million) were more than offset by lower operating costs (\$75 million), higher average sales volumes (\$37 million) and higher average sales price and mix (\$22 million).



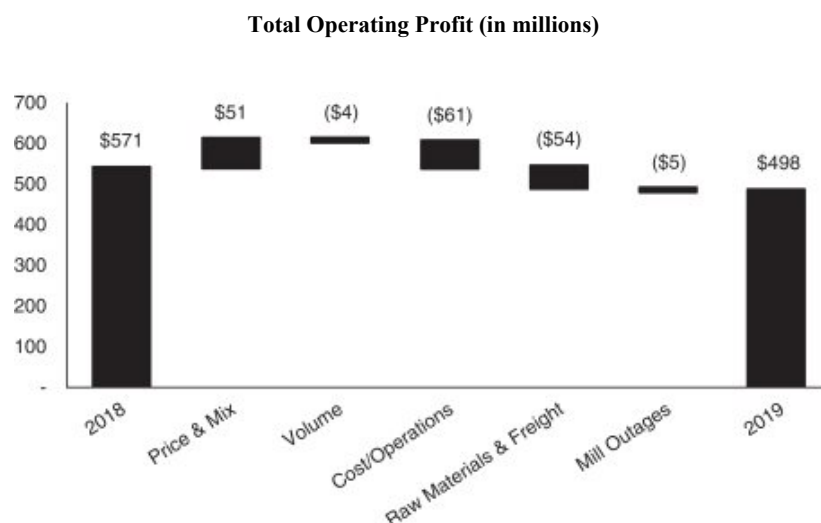
2020 Compared to 2019

Total Operating Profit in 2020 was \$294 million lower than in 2019 as the benefits from lower input costs (\$52 million) and lower maintenance outage costs (\$13 million) were more than offset by lower average sales price and mix (\$191 million) and lower sales volumes (\$160 million).



2019 Compared to 2018

Total Operating Profit in 2019 was \$73 million lower than in 2018 as the benefits from higher average sales price and mix (\$51 million) was more than offset by higher operating costs (\$61 million), higher input costs (\$54 million) and increased maintenance outage costs (\$5 million).



The following tables present net sales and operating profit (loss), which is the Company's measure of segment profitability, for each of the Company's segments. See Note 14 Financial Information by Business Segment and Geographic Data to our unaudited condensed combined financial statements and Note 13 Financial Information by Business Segment and Geographic Data to our audited combined financial statements included elsewhere in this information statement for more information on the Company's segments.

North America

<u>North America</u> <i>In millions</i>	<u>Six Months Ended</u> <u>June 30,</u>		<u>Year Ended</u> <u>December 31,</u>		
	2021	2020	2020	2019	2018
Net Sales	\$ 808	739	\$1,490	\$1,996	\$2,037
Operating Profit (Loss)	\$ 40	\$ (4)	\$ 43	\$ 200	\$ 185

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

For the six months ended June 30, 2021, net sales increased \$69 million, or 9%, compared to the same period in 2020, primarily due to the demand recovery from the COVID-19 pandemic, resulting in a 62,000 ton increase in sales volume of uncoated freesheet.

Operating profit for North America for the six months ended June 30, 2021 was \$44 million higher than the same period in 2020 as volumes were higher primarily due to less economic downtime (\$52 million) and increased sales volume (\$13 million) across all grades of uncoated freesheet reflecting demand recovery from the COVID-19 pandemic. Higher volumes were partially offset by increased input costs (\$22 million) primarily for wood, energy and chemicals.

Related party sales to International Paper included in North America net sales totaled \$1 million for the six months ended June 30, 2021 and \$3 million for the six months ended June 30, 2020. Related party purchases

from International Paper totaled \$104 million and \$130 million for the six months ended June 30, 2021 and 2020, respectively.

2020 Compared to 2019

The Company reported North America net sales of \$1.5 billion, compared with \$2.0 billion in 2019. The approximately \$500 million, or 25%, decrease was driven by the unprecedented demand decline due to the COVID-19 pandemic, resulting in a 460,000 ton, or 26%, decline in sales volume of uncoated freesheet in 2020 when compared to 2019.

North America operating profit in 2020 was \$157 million lower than 2019 as volumes for 2020 were significantly lower primarily driven by economic downtime (\$104 million) and decreased sales volume (\$97 million) across all grades of uncoated freesheet due to the adverse demand impact of the COVID-19 pandemic. Lower volumes were partially offset by decreased operating costs (\$44 million) reflecting cost reduction initiatives and strong cost management.

Related party sales to International Paper included in North America net sales totaled \$3 million in 2020 and \$1 million in 2019. Related party purchases from International Paper totaled \$210 million and \$283 million in 2020 and 2019, respectively.

2019 Compared to 2018

For the year ended December 31, 2019, net sales decreased \$41 million, or 2%, compared to the same period in 2018, primarily due to increased economic downtime in 2019, resulting in an 87,000 ton and 39,000 ton decline in sales volume of uncoated freesheet and market pulp, respectively.

North America operating profit in 2019 was \$15 million higher than 2018 as average sales margins improved due to the realization of sales price increases for cutsize paper (\$57 million). The increase in sales margins was substantially offset by lower volumes driven by economic downtime (\$37 million) and increased operating costs due to an unfavorable manufacturing mix (\$4 million).

Related party sales to International Paper included in North America net sales in 2018 totaled \$3 million. Related party purchases from International Paper totaled \$404 million in 2018.

Latin America

<u>Latin America</u> <i>In millions</i>	<u>Six Months Ended</u> <u>June 30,</u>		<u>Years Ended</u> <u>December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Sales	\$ 357	\$ 284	\$ 632	\$ 969	\$ 979
Operating Profit (Loss)	\$ 87	\$ 29	\$ 84	\$ 158	\$ 227

Six Months Ended June 30, 2021 Compared to 2020

For the six months ended June 30, 2021, net sales increased \$73 million, or 26%, compared to the same period in 2020, primarily reflecting recovery from the negative demand impact of the COVID-19 pandemic, resulting in a 203,000 ton increase in sales volume of uncoated freesheet.

Operating profit for Latin America for the six months ended June 30, 2021 was \$58 million higher than the same period in 2020 as volumes were significantly higher primarily driven by increased sales price and volume (\$44 million) and less economic downtime (\$10 million) reflecting recovery from the negative demand impact of the COVID-19 pandemic. Operating costs were lower (\$12 million) driven by a decrease in VAT taxes due to the

mix of domestic sales at our Mato Grosso do Sul mill and reduced labor costs. Higher volumes were partially offset by increased input costs (\$15 million) primarily for purchased pulp, chemicals, packaging, virgin fiber and energy.

There were no related party sales to International Paper included in Latin America net sales for the six months ended June 30, 2021 and 2020.

2020 Compared to 2019

The Company reported net sales of \$632 million, compared with \$969 million in 2019. The \$337 million, or 35%, net sales decline was driven by the unprecedented demand decline due to the COVID-19 pandemic, resulting in a 332,000 ton decline in sales volume of uncoated freesheet in 2020 when compared to 2019.

Latin America operating profit in 2020 was \$74 million lower than 2019 driven by decreased export and import sales volumes and margin (\$83 million) and economic downtime (\$21 million) attributable to the pandemic. Lower volumes and sales price were partially offset by decreased operating costs (\$28 million) primarily due to decreased waste costs and labor.

Related party sales to International Paper included in Latin America net sales in 2020 and 2019 totaled \$9 million and \$1 million, respectively.

2019 Compared to 2018

For the year ended December 31, 2019, net sales decreased \$10 million, or 1%, compared to the same period in 2018 primarily due to the decrease in the market price of uncoated freesheet for export markets and a 12,000 ton decline in market pulp sales volumes.

Latin America operating profit in 2019 was \$69 million lower than 2018 driven by an increase in input costs (\$32 million), primarily for virgin fiber, chemicals and energy, an unfavorable geographic mix (\$20 million) and higher operating costs (\$17 million) consisting of increased waste costs, labor and bad debt.

Related party sales to International Paper included in Latin America net sales in 2018 totaled \$3 million.

Europe

<u>Europe</u> <i>In millions</i>	<u>Six Months Ended</u> <u>June 30,</u>		<u>Years Ended</u> <u>December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Sales	\$ 481	\$ 462	\$ 921	\$ 1,122	\$ 1,143
Operating Profit (Loss)	\$ 42	\$ 46	\$ 77	\$ 140	\$ 159

Six Months Ended June 30, 2021 Compared to 2020

For the six months ended June 30, 2021, net sales increased \$19 million, or 4%, compared to the same period in 2020, primarily due to a recovery from the negative demand impact of the COVID-19 pandemic, resulting in a 15,000 ton and 5,000 ton increase in sales volume of BCTMP pulp and coated paperboard, respectively.

Europe operating profit for the six months ended June 30, 2021 was \$4 million lower than the same period in 2020 as the benefit of higher sales prices (\$5 million) and increased sales volumes in Europe (\$1 million) were more than offset by lower sales volumes in Russia (\$5 million) and higher planned maintenance outages in both Russia (\$4 million) and France (\$1 million).

Related party sales to International Paper included in Europe net sales for the six months ended June 30, 2021 and 2020 totaled \$2 million and \$6 million, respectively. Related party purchases from the Ilim Group totaled \$91 million and \$80 million for the six months ended June 30, 2021 and 2020, respectively.

2020 Compared to 2019

The Company reported net sales of \$921 million, compared with \$1.1 billion in 2019. The approximate \$200 million, or 18%, net sales decline was driven by the unprecedented demand decline due to the COVID-19 pandemic, resulting in a 111,000 ton decline in sales volume of uncoated freesheet in 2020 when compared to 2019.

Europe operating profit in 2020 was \$63 million lower than 2019 as volumes for uncoated freesheet in 2020 were lower in both France (\$6 million) and Russia (\$15 million), as well as increased economic downtime (\$22 million), all attributable to the pandemic. Average sales margins decreased for uncoated freesheet in both France (\$27 million) and Russia (\$22 million), reflecting lower average sale prices, which were partially offset by lower operating and planned maintenance costs (\$28 million).

Related party sales to International Paper included in Europe net sales in 2020 and 2019 totaled \$11 million and \$6 million, respectively. Related party purchases from the Ilim Group totaled \$162 million and \$230 million in 2020 and 2019, respectively.

2019 Compared to 2018

For the year ended December 31, 2019, net sales decreased \$21 million, or 2%, for the same period compared to 2018, primarily due to increased economic downtime and the decline in the market price for BCTMP pulp.

Europe operating profit in 2019 was \$19 million lower than 2018 as the benefit of higher volumes in both France (\$4 million) and Russia (\$5 million) were more than offset by higher total operating costs (\$23 million) and increased input costs for chemicals in France (\$5 million).

Total related party sales to International Paper included in Europe in 2018 totaled \$13 million. Related party purchases from the Ilim Group totaled \$168 million in 2018.

Non-GAAP Financial Measures

Management intends to provide Adjusted EBITDA, a non-GAAP financial measure, to supplement our GAAP financial information, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Management believes that Adjusted EBITDA provides investors and analysts meaningful insights into our operating performance and is expected to be utilized in connection with the third-party debt we expect to incur related to the separation. Adjusted EBITDA is reconciled to Net Income (Loss), the most directly comparable GAAP measure. Adjusted EBITDA may be determined or calculated differently by other companies and therefore may not be comparable among companies.

<i>In millions</i>	Six Months Ended June 30,		Years Ended December 31,		
	2021	2020	2020	2019	2018
NET INCOME (LOSS)	\$177	\$ 54	\$170	\$377	\$419
Income tax provision (benefit)	63	13	28	125	154
Interest income, net	(29)	(1)	(4)	(9)	(7)
Depreciation, amortization and cost of timber harvested	71	79	154	192	198
Non-Cash Items⁽²⁾					
Stock-based compensation	7	7	15	19	19
Special Items⁽³⁾					
Restructuring and other charges, net	—	—	—	6	4
Other special items	(42)	5	10	(1)	1
Adjusted EBITDA⁽¹⁾	\$247	\$157	\$373	\$709	\$788

- (1) We define Adjusted EBITDA as our net income (loss) calculated in accordance with GAAP, excluding the sum of income taxes, interest income, net, depreciation, amortization and cost of timber harvested, and, if applicable for the periods reported, the effects of significant non-cash items and special items. We believe that Adjusted EBITDA is an important indicator of operating performance for both management and investors because Adjusted EBITDA excludes the effects of income taxes, as well as the effects of financing and investing activities by eliminating the effects of interest and depreciation, amortization and cost of timber harvested and therefore provides an additional measure of our operational performance.
- (2) Non-cash items represent expenses recorded by the Company for which there was no associated cash outflow. The only significant non-cash item incurred during the periods presented related to our stock-based compensation expense attributable to direct Company employees and an allocation of International Paper's corporate and shared employees.
- (3) Special items represent income or expenses that are incurred periodically, rather than on a regular basis. Items included within restructuring and other charges during the periods presented principally relate to overhead cost reduction initiatives, including severance costs. Other special items in the periods presented primarily include abandoned property removal costs and foreign VAT refunds.

Liquidity and Capital Resources

Overview

Historically, we have generated strong annual cash flow from operating activities. However, we have operated within International Paper's management structure. Following the completion of the separation, the Company's capital structure and sources of liquidity will change significantly from our historical capital structure. We will no longer participate in cash management and funding arrangements with International Paper. Instead, our ability to fund the Company's cash needs will depend on our ongoing ability to generate cash from operations and obtain debt financing on acceptable terms. Based upon our history of generating strong operating cash flow, we believe we will be able to meet our short-term liquidity needs. We believe we will meet known or reasonably likely future cash requirements through the combination of cash flows from operating activities, available cash balances and available borrowings through the issuance of third-party debt.

A major factor in the Company'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 products. While changes in key operating cash costs, such as raw materials, energy, mill outages and distribution expenses do have an effect on operating cash generation, we believe that our focus on commercial and operational excellence, as well as our ability to manage costs and working capital will provide sufficient cash flow generation.

In connection with the separation, we will incur new debt, which we intend to use primarily to, directly or indirectly, fund the Special Payment to International Paper, to pay related fees and expenses, and for other general corporate purposes. The terms of the agreements governing our debt will likely contain customary limitations for the anticipated financing. These provisions may also restrict our business and, in the event we cannot meet the terms of those provisions, may adversely impact our financial condition, results of operations or cash flows. In addition, our separation from International Paper's other businesses and our anticipated capital structure on the Distribution Date may increase the overall cost of debt funding and decrease the overall debt capacity and commercial credit available to the Company.

During 2020, International Paper took various actions to further strengthen liquidity in response to the COVID-19 pandemic, which also benefited the Company. This included deferring the payment of approximately \$6 million of our payroll taxes as allowed under the Coronavirus Aid, Relief, and Economic Security Act ("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 will be paid by December 31, 2021 and the remainder will be paid by December 31, 2022.

Our cash flows for the periods below were as follows:

<i>In millions</i>	Six Months Ended June 30,		Years Ended December 31,		
	2021	2020	2020	2019	2018
Cash provided by operating activities	\$222	\$ 152	\$ 359	\$ 524	\$ 589
Cash used for investing activities	\$ (38)	\$ (25)	\$ (79)	\$ (160)	\$ (171)
Cash used for financing activities	\$ (3)	\$ (187)	\$ (350)	\$ (387)	\$ (510)

Operating Activities

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Cash provided by operating activities totaled \$222 million for the six months ended June 30, 2021, compared with cash provided by operating activities of \$152 million for the six months ended June 30, 2020. The increase in cash provided by operating activities in 2021 corresponds to the significant increase in our earnings reflecting recovery from the negative demand impact of the COVID-19 pandemic.

Cash used by working capital components (accounts and notes receivable, related party receivable and inventories less accounts payable and accrued liabilities, related party payable and other) totaled \$31 million for the six months ended June 30, 2021, compared with cash provided by working capital components of \$34 million for the six months ended June 30, 2020. The six months ended June 30, 2021 working capital reduction primarily reflects a \$18 million and \$4 million increase in our accounts and notes receivable and related-party receivable balances, respectively, driven by the 10% increase in net sales. The six months ended June 30, 2020 working capital increase primarily reflects a \$121 million and \$31 million decrease in our accounts and notes receivable and our inventories balances, respectively, partially offset by an \$89 million decrease in our accounts payable and accrued liabilities balance.

2020 Compared to 2019 and 2018

Cash provided by operations totaled \$359 million in 2020, compared with \$524 million and \$589 million for 2019 and 2018, respectively. The reduction in cash provided by operating activities in 2020 corresponds to the significant reduction in our earnings due to the adverse impact of the COVID-19 pandemic on our operations.

Cash provided by working capital components (accounts and notes receivable, related party receivable and inventories less accounts payable and accrued liabilities, related party payable and other) totaled \$69 million in 2020, compared with cash used by working capital components of \$57 million in 2019 and used by working capital components of \$42 million in 2018. The 2020 working capital improvement primarily reflects a \$65 million and \$71 million reduction in our accounts and notes receivable and inventories balances, respectively, driven by the 25% decline in net sales, offset by a \$45 million reduction in accounts payable and accrued expenses. 2019 cash used by working capital components was principally driven by a \$47 million increase in our inventories.

Investment Activities

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

The total cash outflow from investing activities for the six months ended June 30, 2021 increased from six months ended June 30, 2020, primarily due to the impact of cash pooling arrangements with International Paper, which more than offset the decline in capital spending during the period.

2020 Compared to 2019 and 2018

Total cash outflow from investing activities in 2020 decreased substantially from 2019, as the Company made an effort to control capital spending in 2020 in response to the COVID-19 pandemic. Total cash outflow in 2019 declined compared to 2018 as the increase in cash pooling arrangements with International Paper was more than offset by declining capital spending as funds were designated for broader International Paper strategic initiatives.

The following table shows capital spending by business segment, which represents the most significant portion of our investment activities.

<i>In millions</i>	Six Months Ended June 30		Years Ended December 31,		
	2021	2020	2020	2019	2018
North America	\$ 9	\$ 7	\$ 15	\$ 36	\$ 37
Latin America	15	27	45	61	86
Europe	8	8	15	21	27
Capital Spending	\$ 32	\$ 42	\$ 75	\$ 118	\$ 150

Capital spending primarily consists of purchases of machinery and equipment related to our global mill operations. Capital spending was \$32 million for the six months ended June 30, 2021 and \$42 million for the six months ended June 30, 2020. Capital spending was \$75 million in 2020, \$118 million in 2019 and \$150 million in 2018. As a percentage of depreciation, amortization and cost of timber harvested, capital spending totaled 45% for the six months ended June 30, 2021, 53% for the six months ended June 30, 2020, 49% in 2020, 61% in 2019, and 76% in 2018. Across our segments, capital spending as a percentage of depreciation, amortization and cost of timber harvested ranged from 30% to 68% in 2020 and 38% to 52% for the six months ended June 30, 2021.

Financing Activities

Cash used in financing activities for the six months ended June 30, 2021, the six months ended June 30, 2020 and the three years ended December 31, 2020 primarily represented transactions between us and International Paper. These transactions are considered to be effectively settled for cash at the time the transaction is recorded. The components of these transactions (or transfers) include (i) constructive cash transfers from us to International Paper, (ii) cash transfers from International Paper to fund our requirements for working capital

commitments and (iii) an allocation of International Paper's corporate expenses. The decrease in cash used by financing activities for the six months ended June 30, 2021 corresponds to the decrease in net transfers to International Paper during the period. The decline in cash used for financing activities in 2020 corresponds to the decrease in net transfers to International Paper due to the decline in our operating cash flows during the period.

Contractual Obligations

Contractual obligations for future payments at December 31, 2020 primarily relate to lease commitments and raw material purchase obligations. Operating and financing leases represent minimum required lease payments during the noncancelable lease term. Most real estate leases also require payment of related operating expenses such as taxes, insurance, utilities, and maintenance, which are not included in our estimated capital lease obligation. Our total estimated capital lease obligations total \$19 million in 2021, an average of \$10 million from 2022 to 2025 and \$17 million thereafter.

Purchase obligations for commercial commitments include inventory obligations to purchase raw materials, including starch, electricity, fuel oil, corrugated boxes, wood and Precipitated Calcium Carbonate ("PCC"). Our total estimated commercial commitments include \$117 million in 2021, \$73 million in 2022 and average \$39 million annually from 2023 to 2025, with \$42 million thereafter.

We consider the undistributed earnings of our foreign subsidiaries as of December 31, 2020, to be permanently reinvested and, accordingly, no U.S. income taxes have been provided thereon (see Note 9 Income Taxes in the audited combined financial statements included elsewhere in this information statement for further discussion). 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.

Capital Expenditures

For the years ended December 31, 2020, 2019 and 2018, we have invested an average of 2.9% of net sales in total capital expenditures, or approximately \$114 million on average each year. Over that period, we spent approximately \$65 million annually, or 1.7% of net sales, in maintenance capital expenditures, and approximately \$30 million annually, or 0.8% of net sales, in strategic capital expenditures and reforestation. In that same period, we invested the remainder in regulatory and cost reduction capital expenditures for rebuilds, productivity enhancements and de-bottlenecking. Our annual maintenance, regulatory and reforestation capital expenditures are expected to be in the range of approximately \$130 to \$150 million per year for the next several years, which we believe will be sufficient to maintain our operations and productivity, with approximately \$160 million of maintenance, regulatory and reforestation capital expenditures expected in 2022, which includes \$15 million related to engineering costs for the Svetogorsk recovery boiler and \$6 million of one-time transition-related capital expenditures. The only major capital expenditure anticipated in the next few years is replacing the two recovery boilers at our Svetogorsk mill with one new recovery boiler, which we estimate will cost \$220 million over that period, beginning in 2022, with approximately 80% of the estimated amount to be spent in 2023 and 2024. If Sylvamo chooses to rebuild the two existing recovery boilers, the anticipated total spend may be reduced.

Critical Accounting Policies and Significant Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company 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 may have a significant effect on the reported results of operations and financial position of the Company, and that can require judgments by management that affect their application, include the accounting for impairment or disposal of long-lived assets and goodwill and income taxes.

The Company has not made any changes in these critical accounting policies for the six months ended June 30, 2021.

Impairment of Long-Lived Assets and Goodwill

An impairment of a long-lived asset exists when the asset's carrying amount exceeds its fair value and is recorded when the carrying amount is not recoverable through undiscounted cash flows from future operations or disposals. A goodwill impairment exists when the carrying amount of goodwill exceeds its fair value. Assessments of possible impairments of long-lived assets and goodwill are made when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable through future operations. Additionally, evaluation for possible impairment of goodwill is required annually. The amount and timing of any impairment charges based on these assessments may require 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. As these key factors change in future periods, the Company will update its impairment analysis to reflect its latest estimates and projections.

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 performing the quantitative goodwill impairment test for each of its reporting units as of October 1, 2020. The Company elected to perform the quantitative goodwill impairment test for its reporting units due to the current economic environment. The quantitative goodwill impairment test was performed by comparing the carrying amount of each respective reporting unit to its estimated fair value. The Company calculated the estimated fair value of each of the reporting units with goodwill 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 annual impairment test indicated that the carrying amount did not exceed the estimated fair value of any reporting units. While the reporting unit's forecasted results support the fair value, significant changes in or inability to achieve the forecasts could result in the impairment of all or a portion of the reporting unit's goodwill balance as of December 31, 2020. While our business segments experienced a significant decline in demand for its products during the year ended December 31, 2020, as a result of COVID-19, the Company has determined the fair values for those reporting units have not been materially impacted based on management's cumulative long-term outlook and forecasts, which are inherently subjective given the uncertainty around the duration and magnitude of the economic impact of COVID-19. As of October 1, 2020, the annual testing date, the estimated fair value of our Brazilian reporting unit, which comprises substantially all of the Company's recorded goodwill balance, exceeded its carrying value by approximately 109%.

In addition, the Company considered whether there were any events or circumstances outside of the annual evaluation that would reduce the fair value of its reporting units below their carrying amounts and necessitate a goodwill impairment evaluation. In consideration of all relevant factors, there were no indicators that would require goodwill impairment subsequent to October 1, 2020.

No goodwill impairment charges were recorded in 2020, 2019 or 2018.

Income Taxes

The Company is included in the consolidated tax returns of International Paper. We calculate the provision for income taxes by using a separate-return method. Under this method, we are assumed to file a separate return with the tax authority, thereby reporting our taxable income or loss and paying the applicable tax to or receiving the appropriate refund from International Paper. Our current provision is the amount of tax payable or refundable on the basis of a hypothetical, current-year separate return. We provide deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical return and assess the need for a valuation allowance on the basis of our projected separate-return results. The amounts recorded are not necessarily representative of the amounts that would have been reflected in the financial statements had we been an entity that operated independently of International Paper. It is possible that we will make different tax accounting elections and assertions. Consequently, our future results after our separation from International Paper may be materially different from our historical results.

Any difference between the tax provision (or benefit) allocated to us under the separate-return method and payments to be made to (or received from) International Paper for tax expense is treated as either dividends or capital contributions. Accordingly, the amount by which our tax liability under the separate-return method exceeds the amount of tax liability ultimately settled as a result of using incremental expenses of International Paper is periodically settled as a capital contribution from International Paper to us.

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax balances on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax balances is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. Significant judgment is required in evaluating the need for and magnitude of appropriate valuation allowances against deferred tax assets. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law and results of recent operations.

We record uncertain tax positions in accordance with ASC 740. Significant judgment is required in evaluating the need for and magnitude of appropriate uncertain tax positions. We estimate uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

While we believe that these judgments and estimates are appropriate and reasonable under the circumstances, actual resolution of these matters may differ from recorded estimates and amounts.

Recent Accounting Developments

See Note 3 Recent Accounting Developments in both the unaudited condensed combined financial statements and the audited combined financial statements included elsewhere in this information statement for a discussion of new accounting pronouncements.

Foreign Currency Effects

The Company 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 the Company. The currencies that have the most impact are the Euro, the Brazilian real, and the Russian ruble.

Quantitative and Qualitative Disclosures About Market Risk

We use financial instruments, including fixed and variable rate debt for capital spending programs. We do not use financial instruments for trading purposes. Additionally, various derivative contracts are used to hedge exposures to foreign currency risks.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to capital leases that include a variable interest rate. Our interest rate risk exposure related to these investments was not material.

Foreign Currency Risk

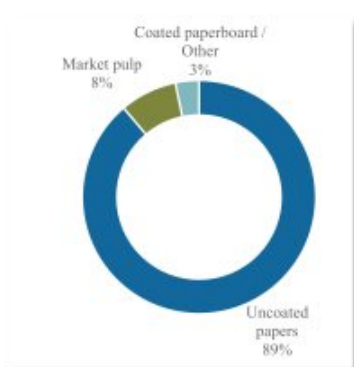
The Company transacts business in many currencies and is also subject to currency exchange rate risk through investments and businesses owned and operated in foreign countries. Our objective in managing the associated foreign currency risks is to minimize the effect of adverse exchange rate fluctuations 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, 2020, 2019 and 2018, the net fair value of financial instruments with exposure to foreign currency risk was approximately a \$2 million asset, \$1 million asset and \$9 million liability, respectively. The potential loss in fair value for such financial instruments from a 10% adverse change in quoted foreign currency exchange rates would have been approximately \$7 million, \$13 million and \$12 million at December 31, 2020, 2019 and 2018, respectively.

BUSINESS

Our Company

Sylvamo is a global uncoated papers company with a broad portfolio of top-tier brands and low-cost, large-scale paper mills located in and serving the most attractive geographies, including Latin America, Europe and North America. We produce uncoated freesheet (“UFS”) for paper products such as cutsize and offset paper, as well as market pulp, aseptic and liquid packaging board (“LPB”) and coated unbleached kraft (“CUK”) papers. With roots going back to 1898, we have a long history of offering premium quality papers to meet the needs of our customers and end-users. Our mills predominantly rank in the lowest quartile on global and regional UFS cost curves, and our low-cost operations enable us to serve our customers with the highest quality products at attractive margins. Our industry-leading brands, known for their long-standing reputation in their respective markets for product quality and performance, allow us to maintain our long-term relationships with top-tier customers throughout economic cycles. Our international reach and strong positioning across retail, merchant and e-commerce channels optimally places us to meet the paper needs of our end-users around the world. This also provides geographical diversification of our revenue and profits. From 2018 to 2020, on average, we generated 51% of our revenues and 66% of our Business Segment Operating Profit in Latin America and Europe, which regions exhibit different demand drivers than North America and all three regions have strong profitability for the paper industry relative to other geographies.

2020 Revenues by product type



Product type	Product line	Examples of end uses
Uncoated papers (UFS)	Cutsize	Printing, copy and writing paper
	Offset	Commercial printing, such as brochures and books
	Envelope	Statement mailers and direct mails
	Forms	Financial statements and other print applications
	Other	Tablets, receipts and construction applications
Uncoated papers (Others)	Uncoated bristols	Index systems, file cards, case records, menus, direct mail, counter displays
Market pulp	BHK/BSK/BEK/BCTMP	Used for producing tissue, printing and writing paper, specialty paper and board grades
Coated paperboard / Other	Aseptic/LPB	Packaging for liquids, such as beverages
	CUK	Beverage containers (beer and soft drinks) and heavy-duty retail packaging (hardware and laundry detergent)

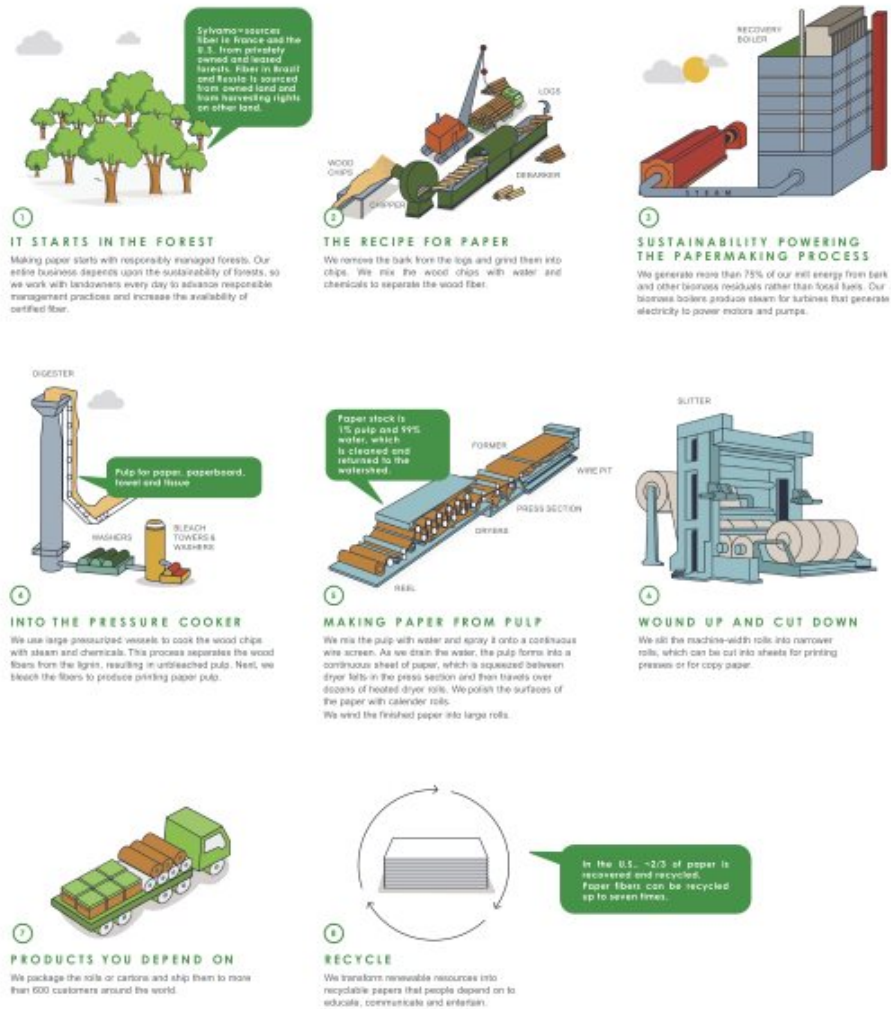
UFS, our primary product, has diverse end-use applications, including printing, copy and writing papers, and advertising and promotional materials such as brochures, pamphlets, greeting cards, books, annual reports and direct mail. Additionally, we produce a wide variety of uncoated paper grades that our customers convert into envelopes, writing tablets, business forms, packaging and file folders. As a vertically integrated operator, we produce hardwood pulp (including bleached hardwood kraft (“BHK”) and bleached eucalyptus kraft (“BEK”)), and we produce bleached softwood kraft (“BSK”). We also produce bleached chemi-thermomechanical pulp (“BCTMP”) at our Svetogorsk mill, which we sell globally. Further, our Svetogorsk mill produces LPB and CUK papers that are sold across Russia and Eastern European countries.

Many of our UFS products, particularly cutsize, are branded with strong consumer recognition and top brand positioning in their respective markets. We believe our portfolio of trusted brands across our regions provides us with a meaningful competitive advantage. We own some of the industry’s most recognizable brands, including *Chamex* (Brazil), *REY* (France), *SvetoCopy* (Russia) and *Hammermill* (United States). Cutsize represents approximately 60% of our UFS tons sold, and our owned and licensed brands represent 58% of those cutsize sales. Further, we have a license from HP Inc. (“HP”) for the rights to produce and sell HP branded printer and copier paper in almost all geographies globally. *HP Papers* is a premium line of uncoated cutsize products that work seamlessly across all models of printer and copier equipment. The remaining 42% of cutsize tons sold are private label brands we produce for our major customers, including Staples.

We sell and market our products globally to over 600 customers. By leveraging our strong brand portfolio and our customized service, we have built deep relationships with top customers in each of the channels we serve. We distribute our products through a variety of channels, including merchants and distributors, office product suppliers, retailers and dealers. We also sell directly to converters that produce envelopes, forms and other similar products. With a long history of more than 120 years, we have forged long-term relationships with our top customers and their loyalty results in very little turnover. Accordingly, our top ten customers, representing approximately one-third of our net sales, have been buying our products for more than 50 years on average. Our sales, marketing, supply chain and production staff work collaboratively to provide tailored client support and valued-added services, addressing the distinct needs of customers across geographies and channels. We provide marketing support to our customers to help them develop their go-to-market strategies by leveraging our extensive end-user sales and preference data.

Our mills have an annual UFS paper production capacity of 2.8 million short tons, market pulp production capacity of 580,000 short tons, and total LPB and CUK capacity of 130,000 short tons. In addition, Sylvamo expects to distribute annually an incremental 520,000 short tons of UFS and 160,000 short tons of uncoated bristol through its offtake agreements with International Paper in North America. We have filed an application with the Federal Antimonopoly Service (“FAS”) to approve Sylvamo as the new controller of ZAO International Paper. ZAO International Paper will remain a party to the Joint Marketing Agreement with JSC Ilim Group, which would allow us to retain the exclusive rights to market and sell all of the JSC Ilim Group’s UFS production, which totals 275,000 short tons annually. Our mill portfolio includes seven low-cost mills, six of which are fully vertically integrated. Vertical integration reduces costs associated with key inputs for paper production, such as pulp and energy, and decreases our exposure to commodity price fluctuations. Our only non-vertically integrated mill is co-located with Suzano’s market pulp mill and has a market supply agreement with Suzano, ensuring a consistent supply of fiber, steam and energy contractually guaranteed on a long-term basis. This effectively replicates most of the key economic benefits of vertical integration without the associated capital costs. We have high quality, well-invested facilities with low operating costs. As of December 31, 2020, more than 70% of our capacity is in the lowest quartile of global and regional cost curves. We believe the competitive advantages of our mills, such as their location in sustainable low-cost fiber baskets, and significant scale and distribution efficiencies, afford us sustainable strategic benefits.

How Paper is Made



The demand for our paper products is positively correlated with global commercial printing and print advertising activity, white-collar employment levels and government spending, including education spending, and negatively affected by the adoption of electronic billing and statements. We believe our low-cost position allows us to thrive in all demand environments, including in countries facing secular demand decline, and we have demonstrated this historically by strengthening Sylvamo’s supply position even in light of the rise of electronic media substitution. From 2015 through 2020, we outperformed the UFS industry demand by 1.2% on average in the regions we serve, and, in the future, we intend to target outperforming the UFS industry demand by 1% to 2% on average in such regions. We expect global demand for UFS to increase at a 0.4% CAGR from 2021 to 2025, based on RISI forecasts. Approximately two-thirds of Business Segment Operating Profit on average from 2018 to 2020 comes from outside North America, and some of our key geographies, such as Latin America, have an increasing population of white-collar professionals, which supports the demand for our products.

We provide differentiated products and services in each geography we serve, underpinned by our low-cost facilities, premium brands and a talented workforce.

- **Latin America:** Our Latin American business is engaged in the production and sale of cutsize, commercial printing and specialty papers, as well as converting papers and market pulp. We are the largest UFS producer in Latin America, with about 34% of the supply position as of December 2020 according to Fisher International. We sell approximately 70% of our Brazilian UFS production in 26 countries in Latin America, and export the balance to other regions around the globe. Our system of paper production consists of three mills in Brazil: two in the state of São Paulo and one in Mato Grosso do Sul. Together, our three mills have seven paper machines with an annual production capacity of 1.27 million short tons. Our integrated mill in Luiz Antônio is the lowest cost mill in Sylvamo's portfolio, as measured by roll manufacturing cost per ton, and produces cutsize and offset UFS and market pulp. The mill has an annual production capacity of 385,000 short tons of UFS on two paper machines and also produces an additional 130,000 short tons of market pulp annually. Our mill in Mogi Guaçu is also fully integrated, and operates four paper machines that produce 460,000 short tons of UFS, primarily cutsize and offset paper. Três Lagoas, located in Mato Grosso do Sul, operates one paper machine and produces 260,000 short tons of UFS annually.

We also own approximately 250,000 acres of strategic forest plantations in close proximity to our two mills in São Paulo state. This land provides us with a sustainable source of high quality and low-cost hardwood fiber from eucalyptus. Eucalyptus and its fiber have several benefits, including:

- Fastest growing and highest yielding species grown in timber plantations;
- Shortened harvest cycles of 6 to 7 years, helping to keep plantation costs low; and
- Homogenous fiber quality, which permits premium grade quality at lower costs by requiring less wood to manufacture a ton of pulp.

Our portfolio of brands includes two lines of printing and writing paper, *Chamex* and *Chamequinho*, and one graphic paper line, *Chambril*, all 100% produced from sustainably managed forests, holding Programme for the Endorsement of Forest Certification ("PEFC") certification. We expect existing Forest Stewardship Council™ ("FSC®") and PEFC certifications to transfer to Sylvamo from International Paper prior to the distribution. Our *Chamex* brand has enjoyed unparalleled brand recognition in Brazil for the last 50 years.

- **Europe:** Our European business primarily produces and sells cutsize, commercial printing and specialty papers, in addition to LPB, CUK, BCTMP (Russia), BHK and BSK (France). We own two mills in the region with a total annual production capacity of 1.1 million short tons: Svetogorsk in Russia near the Finnish border and Saillat in France. Both mills produce pulp and paper and are fully vertically integrated. Our paper and pulp mill in Svetogorsk covers approximately 494 acres on the Karelian Isthmus between the Gulf of Finland and Lake Ladoga in northwestern Russia, and comprises three pulp mills and two paper machines with an annual production capacity of 720,000 short tons. The mill produces cutsize and offset paper and is the only producer of LPB in Russia with a supply position greater than 50% based on Russian customs data. Svetogorsk produces BCTMP, which is manufactured from aspen or spruce with innovative technology and allows Sylvamo to maintain an advantaged cost position relative to most other European and Russian mills making similar products. We are able to capture demand in both UFS and BCTMP in other countries throughout Europe, the Middle East, Africa and Asia out of our Svetogorsk mill. We have also filed an application with FAS to approve Sylvamo as the new controller of ZAO International Paper. ZAO International Paper will remain a party to the Joint Marketing Agreement with JSC Ilim Group, which would allow us to retain the exclusive rights to market and sell all of JSC Ilim Group's UFS production totaling 275,000 short tons annually. The JSC Ilim Group is the largest pulp and paper company in Russia and operates the largest pulp and paper mills located in the European and Siberian regions of Russia, with a total pulp and paper production capacity of 4 million short tons annually. It is controlled by Ilim SA, a 50/50 joint

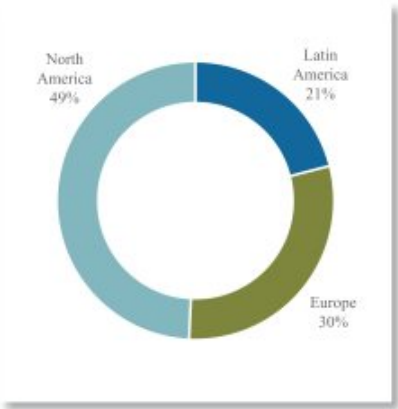
venture between International Paper and its partners. Our paper and pulp mill in Saillat is a European leader in the production of premium grade paper with an annual production capacity of 265,000 short tons and opportunities to grow sales outside of Europe. The mill also produces an additional 130,000 short tons annually of BHK and BSK market pulp that is sold to customers in Western Europe. In Russia, we have long-term harvesting rights on 860,000 acres of government-owned forestland, where we also plant seedlings to maintain the health and productivity of forest ecosystems for future generations.

We own a portfolio of premium brands in Europe. Our *REY* brand is distributed primarily in France and is focused on sustainability. Our brands in Russia include *Ballet* and *SvetoCopy*, which was the first office paper brand to be produced in Russia, and together are the leading brands in the country with an estimated 45% supply position, including JSC Ilim Group’s expected cutsize capacity under the Joint Marketing Agreement based on internal estimates.

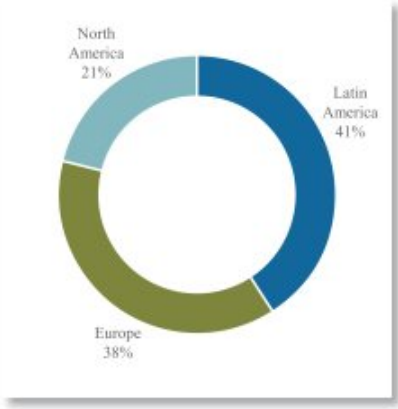
- **North America:** Our North American business is engaged primarily in the production and sale of cutsize, commercial printing, converting and specialty papers. We are the second largest UFS producer in North America with a 28% supply position as of December 2020, according to Fisher International, including UFS we will purchase from International Paper’s Riverdale and Georgetown mills pursuant to offtake agreements. We own two of the industry’s most competitive mills, Eastover and Ticonderoga, with 1.1 million short tons of combined annual production capacity. The Eastover mill, located in South Carolina, operates two paper machines producing 700,000 short tons of UFS, and a chemical pulping system producing fiber for UFS and an additional 115,000 short tons of market pulp annually. Eastover’s highly advantaged cost position in North America stems from its strategic location in an attractive fiber basket and world-class production capabilities. Sylvamo also operates a premium-grade paper mill in Ticonderoga with a well-invested asset base and proven capabilities to service the North American specialty segment. Its two paper machines and chemical pulp system produces 275,000 short tons of UFS annually, focusing on specialty paper grades. Our offtake agreements with International Paper give us the right to market and sell the UFS paper and uncoated bristols production at the Riverdale and Georgetown mills, representing an incremental 680,000 short tons of annual production capacity. Our North American mills are positioned near sustainably-managed forests that provide long-term access to competitively priced fiber.

In North America, we own a portfolio of premium brands, including *Hammermill*, *Springhill*, *Williamsburg*, *Postmark* and *Accent*. According to a third-party market study conducted by TRC Advisory in 2019, the quality and product breadth associated with the *Hammermill* brand resulted in strong end-user customer willingness to pay. Its unparalleled brand recognition helped us secure our strategic partnership with the largest e-commerce supplier in North America.

2020 Revenues by Segment



2020 Business Segment Operating Profit



Sylvamo recognizes that a sustainably managed forest is one that maintains and enhances economic, social, and environmental values for the benefit of present and future generations. We are deeply committed to long-term environmental sustainability by ensuring sustainable sourcing of fiber and investing in and utilizing renewable energy resources. The majority of our mills are located in attractive and sustainable fiber baskets that provide access to high quality, low-cost fiber. Our practice of sourcing fiber from well-managed forests promotes the long-term health and productivity of forests. A majority of our fiber supply in the United States and France comes from privately owned forests. We work with landowners and wood suppliers to advance credible third-party forest certifications to improve our percentage of certified fiber. We follow a Fiber Certification Policy that accepts globally recognized forest management standards. These include the PEFC and standards recognized by PEFC, including the American Tree Farm System® (“ATFS®”) and Sustainable Forestry Initiative® (“SFI®”) in the United States and the Brazilian National Forest Certification Program, Certificação Florestal (“CERFLOR”) in Brazil. We expect existing FSC® certification to be transferred to Sylvamo from International Paper prior to the distribution.

We own 250,000 acres of strategic forest plantations in close proximity to our mills in Brazil, which provides a sustainable source of high quality hardwood fiber from fast-growth eucalyptus. We reserve 75,000 acres towards our conservation efforts, through which we plant native tree species to help preserve biodiversity. In Russia, we have long-term harvesting rights on 860,000 acres of government-owned forestland, where we also plant seedlings to maintain the health and productivity of forest ecosystems for future generations. Sylvamo’s forestlands in Brazil and Russia are a significant source of value for our business and are strategic assets in profitable geographies. All the forestland we own in Brazil is certified under CERFLOR, and we expect existing FSC® certification to be transferred to Sylvamo from International Paper prior to the distribution. Our forestland for which we have harvesting rights in Russia also has the FSC® certification, which we expect to be transferred from Sylvamo from International Paper prior to the distribution.

All of our integrated mills use renewable biomass residuals to create energy and decrease our dependence on third-party energy sources. On average, we produce 78% of our energy needs for our integrated mills through bio-energy, which is a carbon neutral energy source generated from renewable biomass residuals. We also believe in the responsible consumption of our products, and invest in recyclable, sustainable and renewable products. We have invested in product lines, such as the *Hammermill Great White* products, which are made from recycled materials. All of our products are recyclable, and we encourage our customers to utilize recycling services and custom recycling programs that support their business needs. In 2019, approximately 66% of all paper products in the United States were recycled to make new fiber-based products, according to the American Forest and Paper Association.

Sylvamo’s capabilities and potential are delivered through our dedicated and talented workforce, which we believe is the best in the industry. We employ more than seven thousand people globally, with 43%, 35% and 22% of our workforce located in Latin America, Europe and North America, respectively. We have a favorable employee engagement score of 86%, compared to the manufacturing industry average of 75%, according to a 2019 third-party employee engagement survey. The above-average employee engagement score at Sylvamo is driven by our employees’ perception of their career goals, employee safety, diversity in the workforce, understanding of the company’s goals, work life balance and other indicators. Specifically, employees rated safety at Sylvamo with a 91% favorability rate.

The safety of our employees is paramount. We strive to design and operate injury-free workplaces for our employees and everyone who enters our facilities. As responsible stewards of people and their communities, we have maintained record safety standards at our mills, strictly complying with Occupational Safety and Health Administration (“OSHA”) regulations. We are an industry-leading company in employee safety. Across all our mills, our TIR averaged 0.42 and our LWIR averaged 0.14 for 2020, well below the 2019 U.S. paper manufacturing industry averages of 2.5 and 0.8, respectively, according to the U.S. Bureau of Labor Statistics.

Our Competitive Strengths

We distinguish ourselves through the following competitive strengths:

A global producer of uncoated freesheet, positioned in the most profitable geographies: Latin America, Europe and North America.

Our mills, and consequently the key regions that we serve, are located in some of the world's most attractive geographies for UFS. Given the access to low cost fiber and historical pricing levels, the regions we serve are some of the most profitable over the past three years based on average import pricing data from IHS Markit.

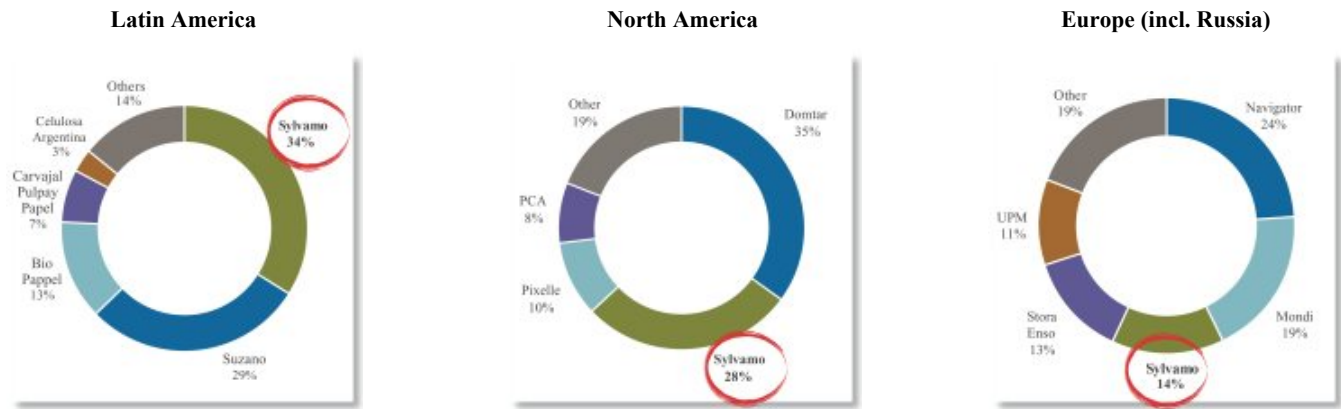
In Latin America, we are a major producer of UFS with a 34% supply position as of December 2020, according to Fisher International. Latin America is a particularly attractive region given its rising levels of education, growth in white-collar employment and increasing income per capita, all of which drive UFS demand. From 2014 to 2019, UFS demand in Latin America decreased at a 3.1% CAGR, and we expect it to increase at a CAGR of 2.2% from 2021 to 2025, based on RISI data and forecasts. Industry capacity in Latin America declined at a 0.3% CAGR from 2014 to 2019, and we expect it to continue to decline at a 1.6% CAGR from 2021 to 2025, based on RISI data and forecasts. Moreover, the key raw material input we use in our Brazil mills is eucalyptus, which is a world-class, low-cost fiber for the production of UFS. The use of low-cost fiber combined with our highly efficient operations, as measured by our Overall Machine Efficiency metrics of 93% in Latin America, and export logistics advantage allow us to serve the domestic market and the export markets at attractive margins.

We rank third in supply position in Europe, including our mill in Russia and JSC Ilim Group's expected cutsize capacity under the Joint Marketing Agreement as of December 2020, according to Fisher International. We have consistently outperformed relative to industry demand in Europe. From 2011 to 2019, while the overall UFS demand in Europe fell by 2%, the demand for our products remained stable. Demand for UFS in Western Europe declined at a 2.8% CAGR from 2014 to 2019 and we expect demand for UFS in Western Europe to continue to decrease by a 2.7% CAGR from 2021 to 2025, based on RISI data and forecasts. In Eastern Europe, demand for UFS declined at a 0.6% CAGR from 2014 to 2019, and we expect demand in Eastern Europe to increase by a 0.2% CAGR from 2021 to 2025, based on RISI data and forecasts. Industry capacity in Eastern Europe increased at a 0.7% CAGR from 2014 to 2019, while Western Europe decreased at a 2.4% CAGR over the same time period, according to RISI data and forecasts. We expect that industry capacity will decline by a 2.6% CAGR and a 5.7% CAGR in Eastern Europe and Western Europe, respectively, from 2021 to 2025, based on RISI data and forecasts. We have a niche positioning in Europe, with our Saillat mill focusing its production on specialty UFS. In Russia, we have the number one supply position and the leading brand, *SvetoCopy*. We also have a strong position in other growing markets, such as the Commonwealth of Independent States. We have filed an application with FAS to approve Sylvamo as the new controller of ZAO International Paper. ZAO International Paper will remain a party to the Joint Marketing Agreement with JSC Ilim Group, which would allow us to retain the exclusive rights to market and sell all of JSC Ilim Group's UFS production totaling 275,000 short tons annually.

In North America, we are the second largest producer of UFS with a 28% supply position as of December 2020, according to Fisher International, including UFS we have agreed to purchase from International Paper's Riverdale and Georgetown mills pursuant to offtake agreements. We believe that we are well-positioned to benefit from improving fundamentals in the paper industry, which are inherently linked to the balance of supply and demand. In North America, a number of competitors have announced conversion of paper mills to primarily containerboard and fluff pulp capacity, leading to favorable operating rates. North American producers have announced the shutdown of approximately 1.5 million short tons of UFS capacity, or approximately 24% of the industry capacity, since 2019, according to RISI. As a result of these actions, we expect North American UFS operating rates to increase significantly from low operating rates in 2020 after a mid-2021 industry recovery according to RISI. We believe that higher operating rates will enable us to continue to benefit from improving

supply and demand dynamics through our superior cost position. Demand for UFS in North America fell at a 3.5% CAGR from 2014 to 2019 and we expect it to continue to fall at a 2.6% CAGR from 2021 to 2025, based on RISI data and forecasts. Industry capacity in North America decreased at a 3.1% CAGR from 2014 to 2019, and we expect it to continue to decrease at a 1.7% CAGR from 2021 to 2025, based on RISI data and forecasts.

UFS supply position per region according to Fisher International, as of December 2020



Vertically integrated mills that are predominantly in the lowest quartile on the cost curve both in their regions and globally.

Our attractive, low cost positions are particularly important given that we have exposure to geographies that are either in secular decline or are experiencing limited to no growth. Historically we have seen that as volumes decline, competitors close higher cost mills or convert mills to other uses. We expect this trend to continue and therefore, we expect to be able to improve operating rates for our assets. As a result, we expect to be able to generate improved margins and substantial cash flow over the long-term despite stable or declining demand in our industry.

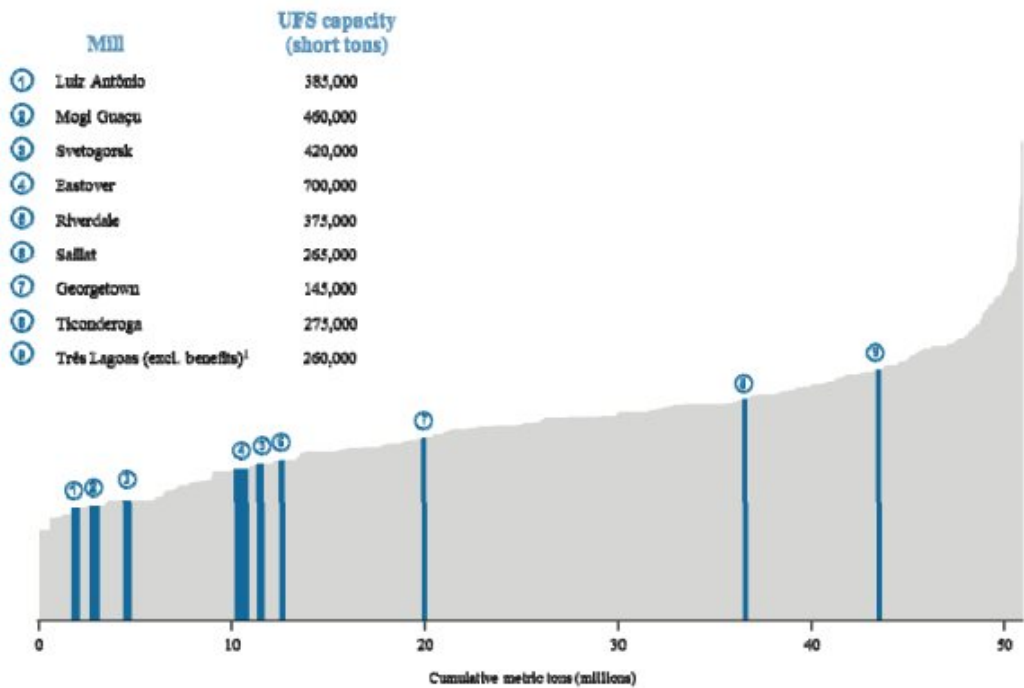
Our low production costs are driven by the scale of our production capacity, our mills’ proximity to fiber, self-produced energy, and the integration of our pulp and paper production process. In particular, our vertical integration into pulp helps minimize our exposure to commodity pulp price fluctuations. In Brazil, we own eucalyptus plantations in close proximity to our two São Paulo state mills, giving us access to high-quality, low-cost eucalyptus fiber. These two mills produce their own pulp that is directly used for paper production. Our third Brazilian mill, Três Lagoas, is co-located with Suzano’s market pulp mill and has a market supply agreement with Suzano, ensuring a consistent supply of fiber, steam and energy contractually guaranteed on a long-term basis. Consequently, Três Lagoas has all the benefits of integration without the associated capital costs, and therefore generates a high cash yield per ton of capacity. In fact, after accounting for the Brazilian government tax benefit and the benefits of integration and co-location with Suzano’s market pulp mill, we estimate that Três Lagoas would have production costs comparable to Mogi Guaçu, which is in the first quartile of the cost curve. Furthermore, our own produced market pulp sales from the integrated mills in Brazil work as a natural hedge for the Três Lagoas purchased pulp contract. Accordingly, from 2018 to 2020, Três Lagoas’ return on invested capital was on average approximately 350 basis points higher than Mogi Guaçu’s return on invested capital.

Our European mills produce their own pulp that is directly used for the production of paper. Our Saillat mill is the largest fully integrated UFS mill in France and the only vertically integrated mill producing value-added grades in Europe that covers the entire production process from wood harvesting to paper. Its modern pulp mill

produces pulp for 100% of its UFS production as well as an additional 130,000 short tons of market pulp that is sold in France and Western Europe. In Russia, our Svetogorsk mill is fully integrated with three pulp mills and two paper machines. We also have long-term harvesting rights on 860,000 acres of forestland in Russia for excellent access to wood fiber. Likewise, all of our North American mills produce their own pulp. The Eastover mill enjoys the lowest manufacturing cost in North America according to Fisher International, and operates one of the highest-quality cutsize paper machines in North America. The mill generates its own electricity to run its two paper machines and one pulp dryer. It produces sufficient pulp to meet its needs for paper production and an additional 115,000 short tons of market pulp sold in the open market each year. Ticonderoga is a premium-grade, vertically integrated paper mill with a competitive low-cost positioning against other specialty mills, according to Fisher International. Overall, our mills have an average pulp integration of approximately 95%, requiring that we buy only 5% of our pulp inputs in the open market.

Our integrated Brazilian, Russian and U.S. Eastover mills have historically occupied first quartile positions in the global cost curve, and our Saillat and U.S. Ticonderoga mills have historically occupied first quartile positions on the regional specialty cost curves. Our low-cost operations enable us to serve our local customers with the highest quality products at competitive margins. Our Russian and Brazilian paper operations have provided strong and steady margins for more than 10 years. Most importantly, these global low-cost operations help us to remain competitive in the export markets. Our ability to participate in the export markets allows us to meet demand in other regions with a steady and reliant supply of paper, allowing us to maintain consistent operating rates in almost all demand environments.

Global UFS rolls cost curve according to Fisher International as of December 31, 2020



¹ Três Lagoas position excludes tax benefits and benefits of integration and co-location with a Suzano pulp mill, which significantly improves the mill’s net cost position.

Note: Sylvamo’s mill capacity figures based on internal estimates.

Premier brands in Latin America, Europe and North America with strong brand recognition.

Our portfolio of iconic, regional brands is widely recognized for its quality and reliability. We own premier brands across the globe, including *Chamex*, *Chamequinho*, *Chambрил*, *SvetoCopy*, *REY*, *Pro-Design*, *Ballet*, *Hammermill*, *Springhill*, *Williamsburg*, *Postmark* and *Accent*. These brands have a long-standing reputation in their respective markets for product quality and performance. Our strong brands have allowed us to outperform industry volumes and have supported the business through economic cycles by providing improved profitability. Over the last six years, we have outperformed the industry in terms of UFS shipments by 120 basis points annually in the geographies we operate. Through the downturn caused by the COVID-19 pandemic, our brands demonstrated higher brand loyalty relative to private label offerings, as evidenced by a lower decrease in our owned brand sales in 2020 as compared to the overall industry. In addition, in 2020 we outperformed the industry UFS shipments in the geographies in which we operate by 210 basis points.



Chamex has one of the strongest brand recognitions in Latin America



SvetoCopy maintains the highest frequency of repeat purchasing and the highest level of consumption in Russia



Hammermill is one of the most-purchased paper brands in North America for businesses of all sizes



Global supplier of HP Papers, one of the most recognized brands in the world, in partnership with HP Inc.

Our *Chamex* brand enjoys unparalleled brand recognition in Brazil and elsewhere in Latin America. *Chamex* has been part of the Brazilian culture for more than 50 years. Entire generations have grown up using *Chamex* in school and in the workplace. To leverage this recognition, we introduced the *Chamequinho* brand to target younger populations and keep the *Chamex* loyalty for generations to come. *Chamex* is the leading brand in terms of supply position in Bolivia, Brazil, Central America and Paraguay, with a 25% supply position in Latin America, according to third-party global trade data.

Our *SvetoCopy* brand is the leading brand in Russia in terms of supply position and brand loyalty, according to market research and consulting firm IPSOS. *SvetoCopy* was the first office paper brand to be produced in Russia beginning in 1996, prior to which all office paper in Russia was imported. During our more than 20 years in Russia, we have delivered on *SvetoCopy*'s quality and brand reputation and have become a reliable partner for businesses.

In France, our *REY* brand offers a very broad range of innovative products, including commodity and value-added grades that promote sustainability. The *REY* brand continues to grow its recognition in France and is gaining popularity across Western Europe. Positioned as the conscientious paper choice, *REY* wants to represent sustainability in the office paper segment, with products ranging from white papers to tints (colors). *Pro-Design* is our flagship brand for professional high speed printing in Europe. Over the past decade, *Pro-Design* has established itself as a top-shelf product for full color, high quality laser print applications. All brands made at our Saillat mill are certified by either FSC® or PEFC and the EU Ecolabel. We expect existing FSC® and PEFC certifications to be transferred to Sylvamo from International Paper prior to the distribution.

The *Hammermill* brand has a deep heritage in the United States with over 120 years of existence, and we believe it is a leading copy paper brand in the United States. We continue to invest to make the brand relevant

throughout generations, and have adapted our products to the digital age. In 2003, we introduced our JAM-FREE® technology, which guarantees less than one jam in 10,000 printed sheets on high-speed digital equipment. The *Hammermill Great White* product was developed within the cutsize paper product line and is made from recycled materials. We recently developed and launched our Paper Shop, which provides our customers with 24/7 access to place orders, check inventory, and monitor order status from their computer, tablet or smart phone. Our Paper Shop makes doing business with us more efficient and simpler for our customers, helping us capture a greater share of their business.

In 1996, we launched the *HP Papers* office paper products under license from HP Inc., allowing us to exclusively manufacture and market *HP Papers* in over 75 countries. *HP Papers* is a global paper brand and is manufactured in all our regions. It is a premium line of uncoated cutsize products, scientifically engineered to work seamlessly across all makes and models of printer and copier equipment. *HP Papers*, HP inks and toners and HP printers are engineered to work together. In the early 2000s, we again partnered with HP to develop and introduce ColorLok Technology to improve inkjet printing quality in offices and homes around the world. Taking advantage of developments in high-speed inkjet technology, our ColorLok Technology optimization gives excellent results with both laser and high-speed inkjet sheet-fed printers.

Our brands represent 58% of our cutsize sales, and private labels represent the remaining 42%. Our private label strategy focuses primarily on North America, where we produce paper for companies such as Staples. Our top three private label customers represent approximately 280,000 short tons annually of private label sales.

Long-term, committed relationships with key customers and partners in the UFS value chain and a growing position in e-commerce.

We serve over 600 customers across every region of the world through diverse sales channels, including office product suppliers, retailers, e-commerce, converters, dealers and merchants. Our global scale and local focus help us stay committed to key customers and partners across the UFS supply chain. Over the years, we have built long-term relationships with customers thanks to our commitment to their business. We are aligned with the premier participants in all the main channels in Latin America, Europe and North America.

Our sales teams are coordinated to efficiently bring a competitive and complete product offering to our diverse customer base. We bring together our sales, marketing, supply chain and production staff to provide service and support to merchants, converters, end-users, stationers, printers and retailers alike. We further support our customers with our breadth of end-user applications, such as printing paper, brochures, pamphlets, greeting cards, books, packaging and envelopes. This mitigates our exposure to any one channel or end-use and creates value for our customers, and we excel at managing the complexity this adds to our operations. As a result, we have fostered long-term relationships with our customers with minimal customer turnover. On average, our top 10 customers have been our business partners for 50 years, and today they represent approximately 33% of our supply position, with no one customer making up more than 10% of our supply position.

Leading customers with long-standing relationships per region⁽¹⁾

Latin America		Europe (incl. Russia)		North America	
Customers	Years of relationship	Customers	Years of relationship	Customers	Years of relationship
	10+		10+		5+
	20+		10+		100+
	15+		10+		20+
	10+		20+		30+
	20+		25+		100+

(1) Includes predecessor companies.

We have the ability to adapt as our end-users change their channel preferences. We are well positioned to compete in the e-commerce channel, which relies more heavily on high-grade brands than traditional retail channels. We have been able to rapidly grow our e-commerce presence through close partnerships with online retailers such as Amazon in North America and Kalunga in Brazil. We have increased our sales through Amazon in North America by more than six times over the past five years. Overall, we have increased our North America e-commerce sales by approximately 85% over the past five years. Today, e-commerce makes up approximately 10% of North American sales, and we believe Sylvamo sales represent greater than 50% of the channel overall in 2020, according to internal marketing intelligence. We are seeing similar trends in e-commerce developing in Latin America and Europe.

Well-invested facilities running highly efficient operations.

We believe our mills are well-invested, and we have made significant capital investments over time. Our capital spending includes maintenance, regulatory and reforestation capital expenditures, cost reduction capital expenditures, and strategic capital expenditures, which include capital for rebuilds, productivity enhancements and de-bottlenecking. We believe that the investments in our well-maintained and efficient facilities increase equipment uptime and improve reliability. The only major capital expenditure across our portfolio of mills anticipated in the next few years is the rebuilding of the two recovery boilers at our Svetogorsk mill or, alternatively, replacing the boilers with one new recovery boiler. Our mills are technically advanced, and Sylvamo operates the two most recently built UFS assets in Latin America – Luís Antônio and Três Lagoas in Brazil. Our history of allocating capital towards high-return projects demonstrates our financial discipline and ability to identify projects that create sustainable value. Our Svetogorsk mill is one of the top pulp and paper mills in Russia with industry-leading technology and equipment. Since 1998, we have invested approximately \$780 million in the upgrade and modernization of the mill to ensure its long-term competitiveness. For example, we constructed the BCTMP plant in 2008, which provides higher yields than other processes and lowers the total cost of production. We also installed a coater at one of the paper machines, allowing us to produce CUK and LPB to meet market demand. Our Eastover mill is one of the most technologically advanced pulp and paper mills in the world and, as a result, it is the lowest cost producer of UFS in North America according to Fisher International. It has a history of continued investment, with over \$140 million in capital deployed since 2015. Our Ticonderoga mill is a premium-grade, vertically integrated pulp and paper mill, with a well-invested asset base and proven capabilities to service the North American specialty segment. We have likewise deployed \$100 million of capital spending into the Ticonderoga mill since 2015.

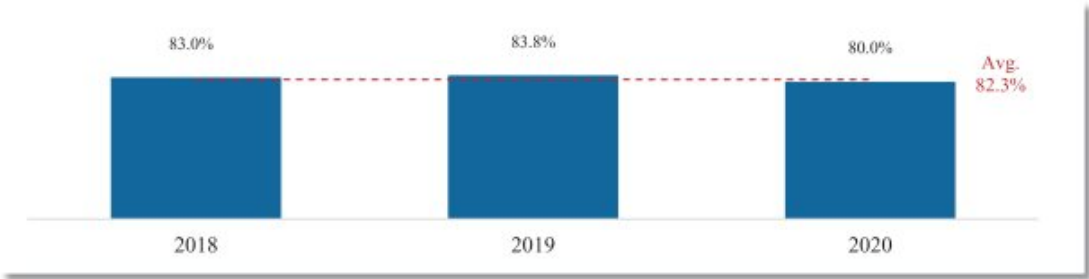


Strong and stable cash flow generation.

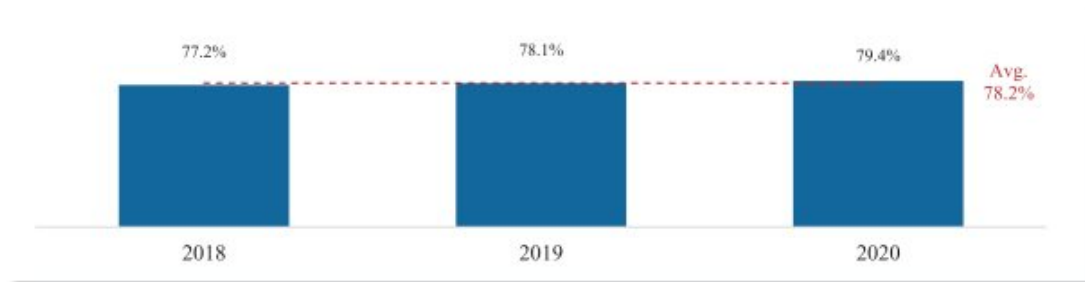
We have a track record of strong cash flow generation across cycles due to our low-cost asset base, disciplined capital investment, customer and geographic diversification, operational flexibility and strong brand recognition. We have been able to generate strong Adjusted EBITDA Conversion, defined as Adjusted EBITDA less maintenance, regulatory and reforestation capital expenditures divided by Adjusted EBITDA. For the years ended 2018, 2019 and 2020, our Adjusted EBITDA Conversion was 83.0%, 83.8% and 80.0% respectively. On a GAAP basis, our Cash Provided by Operating Activities Conversion, calculated as Cash Provided by Operating Activities minus maintenance, regulatory and reforestation capital expenditures divided by Cash Provided by Operating Activities, was 77.2%, 78.1% and 79.4% for 2018, 2019 and 2020, respectively.

Despite the COVID-19 pandemic in 2020, we were able to generate strong cash flow and achieve an Adjusted EBITDA Conversion level of 80%. Our ability to reduce capital spending in times of economic downturns allows us to continue generating strong and stable cash flow. For example, we reduced our total capital expenditures in 2020 to \$75 million from \$150 million in 2018 by delaying capital expenditures. Accordingly, we anticipate increasing capital spending to ensure that our mills stay well-invested and well maintained. This increase may negatively impact operating cash flow, but we anticipate Adjusted EBITDA Conversion staying above 70%. Adjusted EBITDA Conversion excludes strategic and cost reduction capital expenditures and the anticipated Svetogorsk recovery boiler investment. For a reconciliation of Adjusted EBITDA Conversion, see “Summary Historical Financial Data.”

Adjusted EBITDA Conversion



Cash Provided by Operating Activities Conversion



Our portfolio of low-cost mills enables us to achieve healthy margins. Our vertically integrated mills help minimize our exposure to the volatility of raw material prices and generate a consistent stream of cash flows. Further, we have positioned ourselves in the most attractive local markets, where we leverage our low manufacturing costs to maximize earnings. Our management's experience in managing costs and leveraging lean processes fosters a culture of operational excellence and continuous improvement.

Our geographic, product and channel diversity gives us the flexibility to adjust to end-market demand fluctuations and maintain margins. Specifically, our global platform allows us to offset the effects of volatile movements of major currencies by tactically positioning ourselves in the export and import market to our advantage. Our broad product categories allow us to meet end-user demand for a wide variety of paper products. Additionally, our channel diversity helps us better adapt to our end-users' channel preference with a wide breadth of end-user applications. This customer-focused strategy coupled with our decades of investments in our strong brands has allowed us to weather down-cycles.

Best-in-class management team with extensive industry experience and operating expertise to lead Sylvamo as a stand-alone company.

We have assembled a senior management team that is highly focused on delivering value to our stockholders by leveraging our low-cost assets, highly recognized brands, geographic positioning and unparalleled customer relationships. Together, our senior management team averages over 26 years of experience in the paper industry and brings deep global industry expertise to our company. Our Chairman and Chief Executive Officer, Jean-Michel Ribière, served in various senior leadership positions at International Paper, including most recently as Senior Vice President of the Industrial Packaging business in the Americas. During his 28 years at International Paper, Jean-Michel has run the North American, Latin American and European segments of Sylvamo. He also served on the board of directors for JSC Ilim Group, a Russian operating subsidiary of Ilim SA, a 50/50 joint venture between International Paper and its partners, and led the integration of Weyerhaeuser Company's cellulose fibers business with International Paper's pulp business. Our Chief Financial Officer, John Sims, most recently served as Senior Vice President of Corporate Development at International Paper. He joined International Paper in 1994 and has been an officer of the company since 2008. During John's 27 years at International Paper, 18 years have been in the paper business where he ran the North American and European businesses of Sylvamo. He has held various senior leadership positions, including Vice President of Finance & Strategy for the North American Industrial Packaging business and Senior Vice President and President of Europe, the Middle East, Africa and Russia. Together, Jean-Michel and John will lead an experienced and highly capable senior management team at Sylvamo.

Strategic Overview

Our commitment to responsible environmental, social and governance principles is embedded throughout our three-pronged strategy, which focuses on creating value for our stockholders through:

1. **Commercial Excellence:** Remain the supplier of choice by exceeding customers' expectations for quality and service.
2. **Operational Excellence:** Operate as a low-cost, focused, cash-generating company.
3. **Financial Discipline:** Be the investment of choice by consistently delivering on a compelling investment thesis.

Specific initiatives we are focused on include:

Be commercially excellent to drive top-line growth and profitability.

- **Our diversified product offering and leading supply position allow us to better serve our customers.** Sylvamo's product portfolio covers a broad range of products that our customers use and sell for a wide breadth of end-user applications. This diversified offering of paper products not only creates value for our customers, but also mitigates our exposure to any one channel or end-use. Furthermore, our advantaged supply position gives us the significant global scale to serve customers close to their operations while leveraging distribution efficiencies to benefit our customers.
- **Our global portfolio of premium-margin branded and private label offerings differentiates our products in local markets.** We intend to focus on maintaining and improving the success of our existing brands to further drive profitable growth. We have become the partner of choice for many businesses and households around the world, and we plan to continue to deliver on our brands' reputations for quality. We believe that we can drive top-line growth and profitability by further enhancing our brand positioning across geographies, growing our loyal customer base and tapping into growing pockets of demand in select channels and geographies. For example, in 2019 we expanded *SvetoCopy*'s brand range to include a new product, *SvetoCopy Premium*, to better serve the premium market. We also utilize our marketing expertise and promotional support to help our customers market and sell our products more effectively. For example, in Brazil, we have a dedicated team of more than 20 promoters spread across the country visiting stores and developing campaigns to increase *Chamex* sales through promotional activity.
- **We will continue to invest in and focus on our strong, long-term customer relationships around the globe.** We will support our customers through the quality and reliability of our products, customer service and our customer-centric innovation. We believe research and development ("R&D") and innovation are core competencies of Sylvamo, and plan to leverage these capabilities to further strengthen our market positioning. We already supply to most of the top participants across all major channels, and we see potential to further expand our supply position. For example, during the COVID-19 pandemic we helped our customers navigate stay-at-home orders by quickly introducing new packaging sizes that allowed for safe home delivery of UFS products. In Latin America, we created a group of preferred corporate distributors aimed at improving the go-to-market strategies for our top customers. In Europe, we are launching a plastic free wrapper used as packaging for our brands, as our end-users increasingly demand sustainable products. Our service and sales teams are trained to enhance our positioning with key customers. We believe developing customer loyalty through market-based value creation will help us differentiate our offerings and position us for steady cash generation from our core customer base as well as allow us to expand our customer base and defend our advantaged supply position.
- **We adapt and innovate as our end-customers change their channel preferences.** We have successfully entered the e-commerce channel by innovating around pallet and box sizes to better

service the needs of our e-retailer customers. In Latin America, we introduced an innovative package with fewer sheets per ream and a lower basis weight with fewer reams per box, which facilitates last mile delivery via motorcycle, a common transportation method in the region. Our brands represent approximately 56% of sales in the e-commerce channel in North America. In Europe, Sylvamo is one of the largest cutsheet suppliers to the e-commerce channel, providing owned and licensed brands, as well as private brands. By further aligning ourselves with key e-commerce customers, we believe we will continue to lead the industry in performance. We believe we can increase customer penetration and drive top-line growth as we upgrade our warehousing systems, leverage new packaging techniques and increase our utilization of e-commerce channels.

Operational excellence and low-cost operations to drive stockholder value.

- **We have a history of profitability and offsetting inflation through our low-cost operations.** From 2018 to 2020, we have averaged operating margins of 11.0%. Moreover, in Latin America and Europe, which represented approximately two-thirds of our Business Segment Operating Profit on average over that period, our operating margins have averaged 17.6% and 11.6%, respectively, over that same time frame. We successfully implement price increases and maintain a strategy of constantly finding ways to offset input cost inflation. Our low-cost assets allow us the operational flexibility to produce a diverse product mix and serve multiple attractive channels, which mitigates our exposure to any one channel or end-use. In addition, we averaged Adjusted EBITDA margins (defined as Adjusted EBITDA as a percentage of net sales) of 16.4% from 2018 to 2020, and we intend to target Adjusted EBITDA margins of between 15% and 18% over the business cycle. See “Risk Factors—Risks Relating to Our Operations—This information statement contains forward-looking information, targets, projections and forecasts, which are inherently uncertain and actual results may differ.”
- **We have identified future cost reduction initiatives to help us maintain and improve our cost position in local and export markets.** We expect to invest in upgrading our facilities not only to maintain our quality and low cost, but also to improve our operational flexibility. We also continuously identify opportunities to further reduce our operating costs, as evidenced by our track record of investing over \$28 million on cost reduction projects per annum on average from 2010 to 2020, helping us maintain our competitive margins. We produce diverse product lines that maximize margin and value creation. For example, Eastover is able to efficiently produce different UFS product lines on its two paper machines. Additionally, when UFS demand is high we can divert more pulp to the paper machines from the market pulp machine to increase UFS production and similarly, when UFS demand is soft, we can divert more pulp to the market pulp machine. We have a similar flexible operating model across all of our geographies. Investments in technologies such as data analytics in mills to reduce costs, enhance flexibility and improve decision-making are key initiatives for Sylvamo. We expect these investments to be modest, and provide the company meaningful commercial, operational and financial benefits.
- **We utilize lean six sigma and other management tools to drive further cost reductions and operating improvements in our manufacturing system.** Our manufacturing system focuses on six key areas, including environmental, health and safety and efficiency improvement. We track our operations against Overall Equipment Effectiveness and other key metrics to drive increasingly lean operations and ensure full visibility across our operations. Recently, we have used data analytics at our mills to further accelerate the improvement progress. Going forward we expect disruptive technology to become a significant lever for future improvement. We plan to continue utilizing our lean tools and principles and implement targeted programs in order to optimize raw materials sourcing and usage, eliminate process waste, reduce repair costs and control overhead, driving cost reductions and operating improvements across our manufacturing system.

Pursue a disciplined approach to capital allocation that rewards stockholders and drives value organically through selective investment to further our advantaged positions.

- **We expect to deliver strong and sustainable free cash flow by continuing to leverage our low-cost assets, premier brands, and deep customer relationships with leading companies in each of our sales channels.** Our annual maintenance, regulatory and reforestation capital expenditures are expected to be in the range of approximately \$130 to \$150 million per year for the next several years, which we believe will be sufficient to maintain our operations and productivity. In addition, spending to replace the recovery boilers at our Svetogorsk mill is expected to begin in 2022, with approximately 80% of the estimated \$220 million to be spent in 2023 and 2024. If Sylvamo chooses to rebuild the recovery boilers, the anticipated total spend may be reduced. We will pursue a disciplined approach to capital investment to complement the strategic and cost reduction investments made in the last 5 years. Any planned future strategic capital expenditures will be pursued where there is the expectation of significant return on invested capital.
- **We intend to use a portion of the excess cash flow generated by our business to reduce outstanding indebtedness in a disciplined manner.** A healthy balance sheet will support our operations and provide the financial flexibility to maximize value creation for our stockholders. Our near-term priority is debt reduction, and we intend to target a financial leverage ratio (defined as total indebtedness to Adjusted EBITDA) of less than 2.5:1 by the end of 2022. In the future, as we achieve our targeted financial leverage ratio, we anticipate that we will be in a position to return a portion of the cash flow generated by our business to our stockholders through a combination of dividends and stock repurchases, depending on market conditions and subject to restrictions under the credit agreement governing our senior secured credit facilities and the indenture governing our senior notes (including greater restrictions until the Brazil Tax Dispute is resolved), and approval by our board of directors.
- **As an independent company, we expect to allocate capital more efficiently towards a larger number of projects that have a high return on invested capital.** We remain committed to investing in our low-cost, highly competitive asset base, which underpins our operations. We believe in continually optimizing our existing core asset base to drive higher incremental returns above our cost of capital. As an independent company, we plan to focus on further enhancing our operational flexibility by undertaking projects with a high expected return on capital. Sylvamo has preliminarily identified over \$100 million of investment projects with potential internal rates of returns (“IRR”) in excess of 25%. We will evaluate investing in these high return projects in the future, while continuing to maintain financial discipline focused on delivering value to our stockholders.
- **We will strive to create intrinsic value by achieving returns above our cost of capital.** As we move forward, investment excellence is essential to growing earnings and cash generation. Strategic investments will be grounded on clear strategic and financial objectives that allow us to turn Sylvamo’s advantages into profitable growth, with a meaningful return above our cost of capital. We have a strong pipeline of projects that will reduce costs and increase efficiency over the medium- to long-term.

Lastly, we intend to follow a disciplined approach in evaluating any potential strategic transactions. We view our capital allocation framework as a foundational lever to accelerate value creation for our stockholders.

Our commitment to environmental, social and governance matters is embedded throughout our three-pronged strategy.

We incorporate environmental, social and governance considerations into our strategies and everyday processes as we seek to adequately address risks, operate sustainably and responsibly and create long-term value. Our commitment to sustainability includes our entire value chain, from the responsible sourcing of raw materials, to the safety of our employees, to using renewable energy and ensuring the recyclability of our products.

- **Environmental stewardship and responsible manufacturing practices are fundamental to how we operate, and we seek supply chain partners that share our commitment.** Sylvamo recognizes that a

sustainably managed forest is one that maintains and enhances economic, social and environmental values for the benefit of present and future generations. We are committed to producing the products our customers need, while ensuring responsible stewardship of the world's natural resources. To meet the expectations of our employees, customers and other stakeholders, we will continue to lead forest stewardship efforts globally to build a better future for people, the planet and our company. We work with landowners to advance responsible forest management practices and increase the availability of certified fiber. We also work with conservation organizations to support healthy forest ecosystems, enhance ecologically significant areas, and conserve and restore forests worldwide. Most importantly, our fiber sourcing policies and practices support our commitment to protecting forests and their ecosystems for generations to come.

- **We will continue to generate more than 75% of our mill energy needs using renewable biomass residuals rather than fossil fuels.** We have made significant investments to promote energy self-sufficiency and replace fossil fuels. For example, in 2012, we completed the construction of a biomass boiler in Mogi Guaçu, Brazil. This high-return cost savings project reduced fossil fuel use by 75% and increased earnings by \$30 million in its first year of operation. Saillat, one of the most environmentally efficient mills in the world, is the first French mill to obtain Eco-label certification for copy and graphic papers. PEFC-certified since 2006, Saillat implements rigorous sustainable practices. All of its wood comes from controlled sources, it is 85% energy self-sufficient and it produces 53% fewer carbon emissions from fossil fuels than the average of the European graphic papers sector. Additionally, Saillat and its partner Dalkia, a French energy company, were selected by the French Ministry of Ecological Transition to promote renewable energy and reduce greenhouse gas emission. Under this program, Saillat and Dalkia will produce 25 mega-watts of biomass energy for a 20-year fixed price thereby reducing Saillat's energy costs and consumption of fossil fuels.
- **We are committed to attracting and developing a diverse talented and global workforce, ensuring safety at our facilities and contributing to the resiliency of our local communities.** Our international presence allows us to attract the best talent across the globe. Accordingly, our senior management team is internationally diverse with global experience, hailing from all of the geographies in which we operate—Latin America, Europe and North America. Further, we will continue to invest a portion of our earnings to address critical community needs in the communities where our employees live and work. For example, Sylvamo Brazil partners with and supports the AIPI Institute, an educational organization serving the Brazilian community.

We believe that by leveraging our strengths and executing on our strategies, we will create long-term value for our stockholders.

Our Reportable Segments

We are organized into three reportable business segments based on geography—Latin America, Europe and North America. The following summary describes the products and services offered in each of the segments:

Latin America: Our Latin American operations focus on uncoated freesheet paper as well as market pulp through the ownership or management of approximately 250,000 acres of forestlands in Brazil. Our system of paper and pulp production in Brazil consists of three mills: two integrated mills in the State of São Paulo and one non-integrated mill in Mato Grosso do Sul. Our Brazilian uncoated freesheet brands include *Chamex*, *Chamequinho* and *Chambriel*. We also produce the *HP* papers line in Brazil. All of our products are produced exclusively from planted and sustainable certified eucalyptus. We create papers for a variety of business and home use.

Europe: Our Europe segment produces a broad portfolio of uncoated freesheet papers for numerous uses and applications as well as liquid packaging board, coated unbleached kraft and market pulp. We operate two paper, pulp and board mills in the region: Saillat, France and Svetogorsk, Russia. Located in the Limousin region of

France, the Company's Saillat mill produces both paper and market pulp. It is the only mill in France to cover the entire production process from wood harvesting to paper, and is one of the leading cutsize producers in France and Western Europe. The Saillat mill produces UFS papers, such as copy paper, and value-added products such as tinted paper and colored laser printing paper under leading brands such as *REY Adagio* and *Pro-Design*. We also produce graphic and high-speed inkjet printing papers under the brand *Jetstar*. The Saillat mill has some of the highest environmental credentials for our products and mill in Europe. Our Svetogorsk mill is one of the premier pulp and paper mills in Russia, with industry-leading technology and equipment. It covers more than 434 acres on the Karelian Isthmus, and comprises three pulp mills, two papermaking machines, and A3 and A4 cutsize finishing. Our Svetogorsk mill is one of Russia's leading producers of high-quality uncoated freesheet papers under brands *Ballet Brilliant*, *Ballet Premier*, *Ballet Classic*, *Ballet Universal* and *SvetoCopy*, and pulp products such as Bleached Chemical Thermo-Mechanical Pulp ("BCTMP").

North America: The North American paper business manufactures uncoated freesheet papers at its mills in Eastover, South Carolina and Ticonderoga, New York and has offtake agreements to purchase the uncoated papers produced by International Paper's Riverdale and Georgetown mills in Selma, Alabama and Georgetown, South Carolina. The North American papers business comprises three sub-segments, Imaging Papers, Commercial Printing Papers and Converting Papers. The imaging papers business, which comprises roughly half of the North American segment's volume, produces copy paper for use in copiers, desktop and laser printers and digital imaging. These products are important for office use, home office use and in businesses such as education, healthcare and financial services. The commercial printing business comprises about 16.3% of the North American segment's volume, and end-use applications in the commercial printing business include advertising and promotional materials such as brochures, pamphlets, greeting cards, books, annual reports and direct mail. The converting business manufactures a variety of grades that are converted by our customers into envelopes, tablets, business forms, file folders and several specialty grades. Uncoated papers are sold under private label and brand names that include *Hammermill*®, *Springhill*®, *Williamsburg*, *Accent*®, *DRM*® and *Postmark*®.

Our Products

Our primary product line is uncoated freesheet papers ("UFS"), which includes cutsize papers, offset papers, and specialty papers. We also produce liquid packaging board, coated unbleached kraft and market pulp.

Uncoated Freesheet Papers

UFS is the largest category of printing and writing papers. It is used in printed communications across products such as copy paper, book publishing, direct mail, envelopes and business form papers. UFS constitutes 79%, or 2.75 million short tons, of the paper, board and market pulp that we have the capability of producing annually.

Cutsheet Papers

Cutsheet papers are a subset of UFS, and refers to paper that has been trimmed to a specific size for printing, copying and other purposes. Cut-size papers can vary in quality from an everyday 20 lbs. 92 bright product up to a 32 lbs. 100 bright product with superior smoothness and brightness. Examples of cutsheet paper include 8.5x11 paper, A3 paper, A4 paper and 11x17 paper for home and office printers.

Our cutsheet papers comprise some of the most well-known paper brands in the world, including the following:

Hammermill

Hammermill is Sylvamo's most-purchased brand of paper for businesses across North America. It is the #1 brand sold through e-commerce channels. The *Hammermill* brand has a deep heritage in the United States with over 120 years of existence and commands a price premium over private label brands.

HP Papers

We also produce the HP Papers office papers product line, through a partnership for brand use, with HP Inc. HP Papers is manufactured with ColorLok® technology to produce documents with brighter colors, more intense black and quicker drying, with less risk of smudges. It is suitable for home and office use and an ideal brand for high quality printing.

Chamex and Chamequinho

Chamex enjoys strong brand recognition as the leading printing paper in Brazil, being named #1 customer's choice in Brazil according to internal studies by the Company. Part of Brazilian culture for over 50 years, entire generations have grown up using *Chamequinho* in school and later *Chamex* in the workplace. Outside of Brazil, *Chamex* is exported to more than 60 countries and is recognized for its high quality in Bolivia, Central America, Chile, Peru and Paraguay. For every three sheets of paper consumed in Latin America, one is from Sylvamo's brands, according to Fisher International. We have leveraged this brand loyalty to introduce additional brands, including *Chamequinho*, which focuses on younger generations.

REY

Our premium *REY* brand is sold across Europe with a strong historical presence in France. Sylvamo's *REY* brand maintains strong consumer awareness and is recognized as a top leading brand in its market. It is 100% sourced from sustainably managed forests. *REY* paper sold in Europe has internationally recognized certifications such as FSC®, PEFC and the EU Ecolabel.

SvetoCopy

Before 1996, all office paper in Russia was imported. *SvetoCopy* was the first office paper brand to be produced in Russia and is now one of two leading brands in the market. *SvetoCopy* also shows the highest frequency of repeat purchasing alongside the highest level of consumption in Russia according to IPSOS.

Offset Papers

Offset paper is a type of uncoated freesheet paper that is primarily used for printing books, magazines, manuals, catalogs, posters, calendars, flyers, letterheads, publication interior sheets, brochures and envelopes. Offset paper has a relatively coarse surface that enhances its ability to absorb printing inks and dampening solutions making it ideal for offset printing. The surface characteristics of offset paper make it easier to write on with ballpoint and fountain ink pens and to stamp clearly. Uncoated offset papers are commonly used for office stationery for this reason. For printing purposes, it is possible to print high quality, multicolored graphics and illustrations and texts on these papers for a variety of products and publications.

Specialty Papers

Specialty papers are papers with a specialized end use based on the application. These specialty papers products include bleached kraft, release liner and wallboard tape paper. Bleached kraft grades are used for animal feed bags, food packaging or high end shopping bags and are designed to perform through the complete bag making process, from printing and converting, to filling and sealing. Our uncoated release liner products are suitable for polycoating and are designed for good converting performance as well as poly adhesion. These products are used for release papers, label applications and graphic art applications. Wallboard tape paper becomes joint tape that reinforces wall and ceiling joints to prevent cracking. It works on all interior wall and corner joints and is suitable for outside corners and corner bead applications.

Liquid Packaging Board and Coated Unbleached Kraft

LPB and CUK grades are produced at our Svetogorsk mill. Liquid packaging board is primarily used in the beverage packaging industry while coated unbleached kraft is used to package beverages such as beer and soft drinks and for heavy duty packaging needs such as laundry detergent.

Pulp

The Sylvamo pulp business produces softwood, hardwood and bleached chemi-thermomechanical pulp (“BCTMP”). These pulp grades are used for our paper products, and the excess is sold globally and used in a variety of products such as tissues and towels, specialty and packaging papers and folding box board. BCTMP provides higher yields than other forms of pulp and is used in coated paperboard grades.

Our Raw Materials

The manufacturing of paper, board and pulp requires wood fiber, chemicals and energy. We discuss these three key raw materials used in our manufacturing operations below.

Wood Fiber

North American paper mills

The fiber used by our paper mills in the United States is softwood and hardwood, both readily available in the market from multiple third-party sources. These sources include a combination of supply contracts, wood lot management arrangements and advance stumpage and spot market purchases. Both the Ticonderoga and Eastover mills are located near sustainably managed forests in New York and South Carolina, respectively.

Latin American paper mills

The fiber used by our two integrated mills at Mogi Guaçu and Luís Antônio come from our owned strategic forestry plantations that cover approximately 250,000 acres, providing a sustainable source of high-quality and low-cost hardwood fiber from eucalyptus. We reserve approximately 75,000 acres of that property to plant native forests to protect the region’s natural biodiversity. Similarly, our non-integrated mill at Três Lagoas uses bleached eucalyptus fiber for paper production. Eucalyptus produces an ideal fiber for making paper, as it is one of the fastest growing and highest yielding species grown on timber plantations with a shortened harvest cycles of six to seven years, which helps to keep the planation costs low. Its homogenous fiber quality permits premium grade products with better porosity and opacity, which enhances print quality. Eucalyptus also requires less wood to manufacture a ton of pulp, making it an appropriate source for producing pulp and renewable energy, and it requires fewer chemicals during production, reducing the environmental impact of our products.

European paper mills

Our Saillat and Svetogorsk mills are self-sustainable and produce their own bleached pulp for use in paper production. In Saillat, our own wood-sourcing subsidiary provides access to more than 1.1 million tons of wood from private forests annually.

In Russia, in addition to our own harvesting rights to over 860,000 acres of forest land owned by Russia, we source both hardwood and softwood primarily from third party leaseholders. Together, we have reliable access to over 2.0 million cubic meters of wood fiber. Our harvesting rights are valid for terms ranging from 5-30 years. Our harvesting rights may be terminated in the event of certain breaches of contract, including non-payment of rental fees, failure to report on current activities and certain other violations of the agreement.

Chemicals

We use various chemical compounds in our paper, board and pulp manufacturing operations that we purchase through contracts of varying length to ensure product availability. Most of the contracts have pricing that fluctuates based on prevailing market conditions. For paper production, on our machines we also use several chemical products including starch, precipitated calcium carbonate, optical brighteners, dyes and aluminum sulfate. For bleached pulp production, we use numerous chemicals including caustic soda, sodium chlorate, sulfuric acid, lime and peroxide.

Energy

Our operations produce and consume substantial amounts of energy. Our primary energy sources include: biomass residuals, fossil fuels and electricity. Approximately 78% of the total energy required to manufacture our products comes from renewable fuels such as bark and spent pulping liquor, generated as byproducts from our manufacturing processes. The remainder of the energy comes from smaller amounts of fossil fuels such as fuel oil and natural gas and purchased steam procured under supply contracts. Under most of these contracts, suppliers are committed to provide quantities within predetermined ranges that provide us with our needs for a particular type of fuel at a specific facility. Most of these contracts have pricing that may fluctuate based on prevailing market conditions. Biomass residuals and fossil fuels are consumed primarily to produce steam that is used in the manufacturing process and, to a lesser extent, to provide direct heat used in the chemical recovery process.

We have cogenerating assets at all six of our integrated mills. These generating assets produce approximately 64% of the electricity requirements of our manufacturing operations, with the balance supplied from local utilities. Electricity is primarily used to drive motors, pumps and other equipment and provide lighting.

Our Transportation

Transportation of raw materials, wood fiber, chemicals and pulp into our mills is mostly done by rail and trucks. We rely on third parties for the transportation of our pulp and paper products between our mills, distribution centers and customers. Our paper products are shipped mostly by truck, with logistics operations and procurement being managed centrally in collaboration with each location. Our pulp is either shipped by vessel, rail or truck depending on destination and customer preference. We work with major railroads, ocean carriers, and trucking and third-party transportation companies in North America, Latin America and Europe. Service agreements are typically negotiated on an annual basis. We pay diesel fuel surcharges, which vary depending on the mode of transportation used and the cost of diesel fuel.

Properties

Our portfolio of properties spans three continents and includes six fully-vertically integrated mills and one non-fully integrated mill with an aggregate annual paper and pulp production capacity of 3.5 million short tons. We have two mills in the United States (Ticonderoga, New York and Eastover, South Carolina), three mills in Brazil (Três Lagoas, Mato Grosso do Sul, and Luís Antônio and Mogi Guaçu, Sao Paulo), two mills in Europe (Saillat, France and Svetogorsk, Russia). Our paper manufacturing operations are further supported by 10-year offtake agreements with International Paper (subject to their earlier termination) for paper production at the North American Riverdale and Georgetown mills for 520,000 short tons of uncoated freesheet and 160,000 short tons of uncoated bristols, a heavier weight paper grade used in products such as file folders.

7 owned mills with total production capacity of approximately 3.5 million short tons



	Owned mills	Key products	Total Production Capacity ('000s short tons)
Latin America	Luiz Antônio	UFS	385
		Market Pulp	130
		TOTAL	515
	Mogi Guaçu	UFS	460
		Market Pulp	35
	TOTAL	495	
Europe	Três Lagoas	UFS	260
	Saillat	UFS	265
		Market Pulp	130
		TOTAL	395
	Svetogorsk	UFS	420
		Market Pulp	170
		Coated paperboard	130
	TOTAL	720	
North America	Ticonderoga	UFS	275
	Eastover	UFS	700
		Market Pulp	115
		TOTAL	815
TOTAL		UFS	2,765
		Market Pulp	580
		Coated paperboard	130
		GRAND TOTAL	3,475

Mills under offtake agreements		Key products	Total Production Capacity ('000s short tons)
North America	Riverdale	UFS	375
	Georgetown	UFS	145
		Uncoated Bristols	160
	TOTAL		305
TOTAL		UFS	520
		Uncoated Bristols	160
GRAND TOTAL			680

In addition to our mills, we own and lease a number of other properties, including warehouses, in the United States, France, the United Kingdom and Brazil, and our headquarters in .

Environmental, Social and Governance Responsibilities

Sylvamo has a responsibility to generate long-term value while protecting the planet and improving people’s lives. We incorporate environmental, social and governance considerations into our strategies and everyday processes to ensure that we adequately address risks, operate sustainably and responsibly, and create long-term value for all of our stakeholders—employees, customers, suppliers, communities, governments, non-governmental organizations and stockholders. We seek to improve people’s lives, the planet, and our company’s performance by transforming renewable resources into recyclable products that people depend on every day for education, communication and entertainment.

We do the right things, in the right ways, for the right reason, all of the time – this is The Sylvamo Way, which together with our core values serve as our guideposts as we carry out our mission:

SAFETY: Above all, we care about people. We look out for each other to ensure everyone returns home safely.

ETHICS: We act honestly and operate with integrity and respect. We promote a culture of openness and accountability.

STEWARDSHIP: We are responsible stewards of people and communities, natural resources and capital. We strive to leave everything in better shape for future generations.

We focus our sustainability strategy on the issues where we have the greatest impact. Our approach to sustainability includes our entire value chain, from sourcing raw materials responsibly to providing a market for recovered products, and from the safety of our employees to addressing critical needs in the communities where we live and operate.

From the way we manage natural resources to our manufacturing processes, energy use, transportation, recovery and recycling, Sylvamo is committed to sustainable, transparent practices.

We believe the sustainable management, conservation and restoration of forestland is an important lever for mitigating climate change through carbon storage in forests and is vital to the long-term prosperity of our company, our communities and our planet. Advancements in technology and emerging consumer trends continue to impact how people view and value forests around the globe.

We are well-positioned to address global challenges, including climate change, clean water, education and decent work and economic growth. Our goals and strategy support the United Nations’ Sustainable Development Goals (“SDGs”), which are driving cross-sector collaboration to achieve a more sustainable and equitable future for everyone around the world.

Sylvamo's goals reflect our commitment to be a more sustainable corporation—one that generates profits for its stockholders while protecting the planet and improving the lives of those with whom we interact. Our long-term goals demonstrate that we are thinking differently about how we use natural resources and our impact on the environment. Our three goals, Sustainable Planet, Healthy People and Communities, and Responsible Operations, are designed to demonstrate how we will drive sustainable outcomes for the environment, people and communities and our customers.

Our sustainable business practices recognize the interdependence between people, the planet, profit and our products. Sustainability is the foundation of how we operate. It starts with people—attracting and developing a talented workforce, ensuring everyone arrives home safely at the end of each day and helping our local communities thrive.

Customers and Contracts

We leverage our powerful brands and premium service to build relationships with top customers in each of the channels we serve. Sales are made through a variety of means ranging from multi-year supply contracts to transactional sales. We sell and market our products globally to over 600 customers around the world. We distribute our products through a variety of channels, including merchants and distributors, office product suppliers, retailers and dealers. We also sell directly to converters that produce envelopes, forms and other similar products. We have forged long-term relationships with our top customers, and their loyalty results in very little turnover. For example, our top 10 customers, representing approximately one-third of our business, have been buying our products for more than 50 years on average. Our sales, marketing, supply chain and production staff work collaboratively to provide tailored client support and valued-added services, which we believe helps address the distinct needs of customers across geographies and channels. We provide marketing support to our customers to help them develop their go-to-market strategies by leveraging our extensive end-user sales and preference data.

Well-known global brands and regional producers are part of our customer portfolio for pulp. Many customers are located in a number of countries with much of our product going into North and South America, Europe, Africa, Southeast Asia, Japan and China. We sell directly to end customers as well as through agents and merchants depending on the geography and needs of the individual customer. In some cases, we provide consignment programs or maintain pulp inventories at strategically located warehouses to respond to variability in customer demand and order patterns.

Competition

The markets in which we operate are highly competitive with well-established domestic and foreign manufacturers. For instance, in North America, the four largest manufacturers of UFS, including Sylvamo, represent approximately 81% of the total annual production capacity. As the use of electronic mediums and alternative products increases, and because paper production does not generally rely on proprietary processes, except for highly specialized papers or products, the areas into which Sylvamo sells its principal products are increasingly competitive. Furthermore, the level of competitive pressure Sylvamo may face is dependent, in part, upon exchange rates, particularly the rate between the U.S. dollar and the Euro as well as the U.S. dollar and the Brazilian real.

Some of our competitors have converted mills or paper machines at their mills to linerboard, pulp and boxboard capacity, which reduces the supply of UFS and other printing papers.

The competitive landscape in each of our business segments is described below:

- **Latin America:** Our Latin American business is engaged in the production and sale of cutsize, commercial printing and specialty papers, as well as converting papers and market pulp. In Latin America, we are the largest producer of UFS with a 34% supply position as of December 2020

according to Fisher International. Our peer competitors include Suzano, BioPappel and Carvajal. Approximately 70% of our Brazilian UFS production is sold across Latin America, while the balance is exported to other regions around the globe. The use of low-cost eucalyptus fiber combined with our highly effective operations and export logistics advantage allow us to serve the domestic market and the export markets at competitive margins.

- **Europe:** We rank third in supply position in Europe, according to Fisher International as of December 2020, and we have consistently outperformed relative to industry demand in Europe. From 2011 to 2019, while the overall UFS demand in Europe fell by 2%, the demand for our products remained stable. We have a niche positioning in Europe, with our Saillat mill focusing production on specialty UFS. We have the top brand in Russia, *SvetoCopy*, and we are one of the two leading suppliers of office papers in the market. We also have a strong position in other growing markets, such as the Commonwealth of Independent States. Our peer competitors include Navigator, Mondi, Stora Enso and UPM Communication Papers.
- **North America:** Our North American business is engaged primarily in the production and sale of cutsize, commercial printing, converting and specialty papers. According to Fisher International, we are the second largest UFS player in North America with 28% supply position as of December 2020, including UFS we will purchase from International Paper's Riverdale and Georgetown mills pursuant to offtake agreements. We own two of the industry's most competitive mills, Eastover and Ticonderoga, with 1.1 million short tons of combined annual production capacity. The Eastover mill, located in South Carolina, operates two paper machines and a chemical pulping system producing 700,000 million short tons of UFS and 100,000 million short tons of market pulp annually. Our peer competitors include Domtar, Pixelle Specialty and Packaging Corporation of America.

Regulatory and Environmental Compliance

Sylvamo is subject to a wide range of general and industry-specific laws and regulations in the United States and every other location in which Sylvamo operates. In addition, new laws or regulations impacting our facilities around the world are routinely passed or proposed. Current or proposed laws or regulations may include those governing wood harvesting, air emissions, climate change, waste water discharges, storage, management and disposal of hazardous substances and wastes, contaminated sites, landfill operation and closure obligations and health and safety matters. Compliance with these laws and regulations, therefore, is a significant factor in the operation of our business and may result in capital expenditures as well as additional operating costs. For example, we have 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.

As such, Sylvamo may encounter situations in which our operations fail to maintain full compliance with applicable requirements possibly leading to civil or criminal fines, fees, penalties, or enforcement actions, including those that could result in governmental or judicial orders to stop or interrupt our operations or require us to take corrective measures at substantial costs, such as installation of additional pollution control equipment or other remedial actions. Nonetheless, Sylvamo remains committed to controlling emissions and discharges from our facilities to avoid adverse impacts on the environment, and maintaining compliance with applicable laws and regulations.

In 2018, International Paper discovered and voluntarily disclosed to regulators the presence of mercury contamination in sediment in a river tributary that traverses the Company's mill property in Svetogorsk, Russia. The mercury contamination resulted from the operations of a former chlor-alkali manufacturing plant on the mill site. Remediation of the river tributary was completed in 2020. We are presently investigating the scope of

remediating the soil and groundwater contamination associated with the old chlor-alkali plant. See Note 10 to our audited combined financial statements included elsewhere in this information statement.

Human Capital

Sylvamo has more than 7,000 employees around the world, with approximately 1,600 in North America, 3,000 in Latin America and 2,400 in Europe. Of these employees, approximately 50% are unionized. We believe that our relationships with our unions are constructive.

The attraction, retention and development of our employees is critical to our success. We accomplish this, in part, by developing the capabilities of our team members through our continuous learning, development and performance management programs. One such program is our REACH (Recruit, Engage, Align College Hires) program through which the Company recruits and develops early career engineers and safety professionals for our U.S. mill system, 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. We provide continuing education courses that are relevant to our industry and job function within the Company. In addition, we have created learning paths for specific positions that are designed to encourage an employee's advancement and growth within our organization. We also offer a peer mentor program and leadership and customer service training to support and develop our employees. These resources provide employees with the skills they need to achieve their career goals, build management skills and become leaders within our Company.

The Company believes in an inclusive workforce, where diverse backgrounds are represented, engaged and empowered to inspire innovative ideas and decisions. Our goal is to create a working environment that is welcoming, inclusive and in which diversity is valued. We are committed to fostering holistic respect and full participation for all employees, to providing equal opportunities in employee experience with a focus on hiring and development of individuals with visible and invisible disabilities. We aim to have an inclusive, thriving and high performing culture where people come first, feel safe, respected, valued and supported, regardless of differences. We want to give everyone equal opportunity and celebrate the different perspectives and talents that each of us brings.

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 diverse top talent. To attain these goals, we plan to:

- Build leadership capability through women in leadership initiatives (which could include mentoring, skills training, confidence building, on-the-job development and short-term stretch opportunities);
- Increase overall female representation, including in senior leadership roles;
- Build inclusive leadership capabilities;
- Ensure all policies, practices and processes support the D&I strategy and our people;
- Commit to diversity and inclusion in our people, customer, partner and community promises; and
- Increase awareness of pay equity, ensuring that all employees are paid according to the same rules in accordance with pay principles developed for Sylvamo.

We rely on a global workforce, and we take measures to protect the health and safety of our employees, customers and others with whom we do business, while continuing to effectively manage our employees and maintain business operations. During the COVID-19 pandemic, we have taken additional measures and incurred additional expenses to protect the health and safety of our employees and comply with applicable government requirements and safety guidance, such as social distancing, enhanced cleaning and disinfection, frequent

handwashing and using close contact PPE. Our business operations may be additionally disrupted if a significant portion of our workforce is unable to work safely and effectively due to illness, quarantines, government actions, or other restrictions or measures responsive to the pandemic. Measures taken across our business operations to address health and safety may not be sufficient to prevent the spread of COVID-19 among our employee base, customers and others.

Safety

We are committed to the safety and well-being of our employees, and seek to eliminate serious injuries and fatalities at our mills. The pursuit of this vision involves:

- Promoting accountability and responsibility for ourselves and our colleagues;
- Embracing a positive safety culture through application of safety leading indicators;
- Applying safety leadership skills;
- Engaging employees in proactive initiatives;
- Anticipating, recognizing and removing hazards;
- Intervening when unsafe conditions are identified;
- Integrating layers of protection into our work systems and processes;
- Maintaining an active safety mindset at work and at home; and
- Fostering a culture where we learn from events and near misses.

While we pursue reduction of all workplace incidents, our LIFE (Life-changing Injury and Fatality Elimination) initiative focuses on eliminating the most serious injuries and implementing sustainable systems to prevent all injuries and incidents. Project teams use our company's manufacturing excellence tools, communications channels, LIFE investigations, equipment and workplace designs, standard operating procedures, employee engagement, training and general education to improve workplace safety. LIFE is designed to make everyone aware of serious injury risks.

The LIFE program has five focus areas:

- Driver safety;
- Machine safeguarding;
- Exposure to harmful substances or environments;
- Motorized equipment; and
- Slips, trips and falls.

All manufacturing and non-manufacturing sites report on seven proactive safety leading indicators to help identify areas for improvement and where resources are needed to properly execute our programs.

These safety leading indicators work in conjunction with our LIFE program. For example, a key safety leading indicator promotes reporting near-miss events—called LIFE Potentials—that did not result in serious injury because the hazard was recognized before a potential injury occurred. The LIFE Potentials reported by our team each per month allow us to proactively identify performance trends and areas for continuous improvement, and to communicate this learning across the company.

Intellectual Property

We hold a number of foreign and domestic trademarks, trademark applications, trade names, patents, patent applications and licenses relating to our business, our products and our production processes. We have registered

trademarks for many of our brand name products. Key brands include *Accent*®, *Baller*®, *Chambri*®, *Chamex*®, *Chamequinho*®, *DRM*®, *Great White*®, *Hammermill*®, *Jetstar*®, *Postmark*®, *Pro-Design*®, *REY*®, *Springhill*®, and *Svetocopy*®. Our brands are important to our business and are recognized for quality and reliability. We have multiple U.S. and foreign patents and patent applications. Our patent portfolio, consisting primarily of utility patents relating to our products and manufacturing operations, is important to our operations as a whole. Our intellectual property has various expiration dates.

Seasonality

Sylvamo's sales exhibit some seasonality, with an increase in sales in the third and fourth quarter in connection with back-to-school purchases.

Legal Proceedings

Sylvamo may be involved in legal proceedings arising from time to time in the ordinary course of business. Sylvamo is not involved in any legal proceedings that we believe will result, individually or in the aggregate, in a material adverse effect upon its financial condition or results of operations. *See* Note 10 to our audited combined financial statements included elsewhere in this information statement.

MANAGEMENT**Directors and Executive Officers**

The following table sets forth information regarding our directors and executive officers following the distribution. The respective age of each individual in the table below is as of August 1, 2021.

Name	Age	Principal Positions and Directorships
Jean-Michel Ribieras	59	Chairman and Chief Executive Officer
Matthew Barron	49	Senior Vice President, General Counsel and Corporate Secretary
Thomas A. Cleves	59	Senior Vice President, Corporate Affairs
Rodrigo Davoli	42	Senior Vice President & General Manager, Latin America
Greg Gibson	60	Senior Vice President & General Manager, North America
Peggy Maes	57	Senior Vice President & Chief People Officer
John V. Sims	58	Senior Vice President & Chief Financial Officer
Oliver Taudien	50	Senior Vice President & General Manager, Europe
Patrick Wilczynski	52	Senior Vice President, Operational Excellence
Stan Askren	60	Director
Christine S. Breves	65	Director
Jeanmarie Desmond	54	Director
Liz Gottung	65	Director
Joia M. Johnson	61	Director
David Petratis	63	Director
J. Paul Rollinson	59	Director
James P. Zallie	60	Director

Set forth below is biographical information for each of the directors and executive officers named in the table above.

Executive Officers

Jean-Michel Ribieras. Jean-Michel Ribieras has been our President and a director since March 2021 and will be our Chairman and Chief Executive Officer as of the Distribution Date. Mr. Ribieras has over 26 years of service with International Paper. He has served as Senior Vice President – Industrial Packaging the Americas of International Paper since June 2018. He previously served as Senior Vice President – Global Cellulose Fibers of International Paper from July 2016 through June 2018 and led the integration of Weyerhaeuser’s cellulose fibers business with International Paper’s pulp business. Prior to that role, he served as Senior Vice President & President, IP Europe, Middle East, Africa & Russia of International Paper from 2013 until June 2016, and Vice President & President – IP Latin America of International Paper from 2009 until 2013. He previously held a variety of roles of increasing responsibility at International Paper in Europe and in the United States, including Vice President of European Papers from 2002 to 2004 and Vice President of International Paper’s pulp and Converting Papers businesses from 2005 to 2009. Mr. Ribieras has a bachelor’s degree in Management from École Supérieure des Dirigeants d’Entreprise (France) and a Master of Marketing from University of Hartford, and has completed INSEAD’s advanced management program (France).

Mr. Ribieras brings to the board his extensive experience and leadership skills, developed from his nearly three decades of experience at the Company, including his experience running the North American, Latin American and European segments of Sylvamo.

Matthew Barron. Matthew Barron will be our Senior Vice President, General Counsel and Corporate Secretary as of the Distribution Date. Since 2018, Mr. Barron has served as International Paper’s associate

general counsel with responsibility for corporate law, environmental, health and safety, information technology and intellectual property. In 2014, Mr. Barron was appointed associate general counsel supporting International Paper's Papers, Pulp and Consumer Packaging businesses, and after the acquisition of Weyerhaeuser's Cellulose Fibers business in 2016, he was dedicated to the Global Cellulose Fibers business. In 2011, he was named finance director, Consumer Packaging, and later served as general counsel for xpedx, International Paper's former distribution business, where he assisted with the spin-off of that division. Mr. Barron spent his first five years at International Paper as an attorney in the company's corporate law department, responsible for mergers, acquisitions and securities law. Mr. Barron joined International Paper in 2006, after working for the law firm of Sullivan & Worcester LLP in Boston, Mass. Mr. Barron served on the board of directors of the Mid-South Food Bank from 2016 to 2021 and previously served on the board of ASG Worldwide (AGI-Shorewood), a business of Atlas Holdings LLC. He has a bachelor's degree in Accounting from Fairfield University and a JD from the University of Connecticut.

Thomas A. Cleves. Thomas A. Cleves will be our Senior Vice President, Corporate Affairs as of the Distribution Date. Mr. Cleves has served as International Paper's vice president, Global Citizenship, with responsibility for sustainability, community engagement, communications and corporate marketing, since 2015. In 2007, Mr. Cleves was named vice president, Investor Relations, and served as vice president and general manager, Containerboard and Recycling from 2011 to 2015. During his career, Mr. Cleves has worked in sales, marketing, strategic planning, general management and leadership roles in International Paper's Fine Papers, Printing Papers and Industrial Packaging businesses. Mr. Cleves entered the paper and packaging industry in 1983 and joined International Paper in 1987 with the acquisition of Hammermill Paper Company. He serves on the board of trustees for the Memphis Shelby Crime Commission. Mr. Cleves has a bachelor's degree in Business Management from Northern Kentucky University and a Master of Business Administration from Northwestern University.

Rodrigo Davoli. Rodrigo Davoli will be our Senior Vice President & General Manager, Latin America as of the Distribution Date. In 2017, Mr. Davoli was named vice president, Latin America Printing Papers and president of International Paper Brazil. From 2011 to 2017, Mr. Davoli served as marketing manager, European Papers. Mr. Davoli served as general sales manager of IPEX, International Paper's export company, and as commercial director for Latin America Printing Papers from 2016 to 2017. He has also held a variety of leadership positions in finance, strategic planning, marketing and sales. Mr. Davoli entered the paper and packaging industry in 1993 and joined International Paper with the merger of Champion International in 2000. Mr. Davoli serves on the Brazilian Pulp and Paper Association Board. He has bachelor's degree in Law from Unipinhal University (Brazil) and an International Executive Master of Business Administration from São Paulo University (Brazil).

Greg Gibson. Greg Gibson will be our Senior Vice President and General Manager, North America as of the Distribution Date. Since 2016, Mr. Gibson has served as Vice President & General Manager, North American Papers. He has served as vice president and general manager for multiple International Paper commercial divisions, including Commercial Printing and Imaging papers, European Papers, European Packaging, Coated Paperboard and North American Papers. Mr. Gibson joined International Paper in 2000 as part of the company's merger with Champion International. During his career, Mr. Gibson has held a variety of sales, marketing and general management roles. Mr. Gibson entered the paper and packaging industry in 1982. Mr. Gibson has served on the boards of the American Forest & Paper Association, Confederation of European Paper Industries, United Way of the Mid South and the Juvenile Diabetes Research Foundation. He also serves on the City of Hope Medical Center National Business Products Council. Mr. Gibson has a bachelor's degree in Economics from DePauw University.

Peggy Maes. Peggy Maes will be our Senior Vice President and Chief People Officer as of the Distribution Date. Ms. Maes joined International Paper in 2014 as human resources director, Europe, Middle East, and Africa. Ms. Maes has 37 years of human resources experience, including helping multi-national corporations with start-ups, turnarounds, acquisitions and spin-offs. She spent 15 years working in high-tech industries and then as

a consultant for start-up companies. She also worked in global human resources and talent management roles for Ingersoll Rand and Stanley Black & Decker. Ms. Maes has a bachelor's degree in Economics from Instituut FUNCK (Belgium) and a Master of General Management from Solvay Brussels School (Belgium).

John V. Sims. John Sims will be our Senior Vice President and Chief Financial Officer as of the Distribution Date. Mr. Sims has served as senior vice president, Corporate Development of International Paper since December 2019. Mr. Sims served as senior vice president and president, Europe, the Middle East, Africa and Russia of International Paper from 2016 until December 2019. He became vice president and general manager, European Papers of International Paper in March 2016 and prior to that served as the vice president & general manager for International Paper's North American Papers business from 2014. Mr. Sims has been an officer of International Paper since 2008 when he was appointed as vice president Strategic Planning. He then served as vice president Finance & Strategy for International Paper's North American Industrial Packaging business before assuming general management responsibility for the U.S. Imaging Papers business, and then for the North American Papers division. Mr. Sims holds a degree in Mechanical Engineering from the U.S. Naval Academy and an MBA from the University of Michigan.

Oliver Taudien. Oliver Taudien will be our Senior Vice President and General Manager, Europe as of the Distribution Date. He has served as chief financial officer and strategy director for Europe, Middle East and Africa since 2016. During his career, he has held leadership roles across multiple geographic regions in finance and strategy, information technology and general management. He served in roles such as business analysis director at the company's global headquarters, European Papers finance director, finance director for Europe, Middle East and Africa Packaging, Information Technology director and general manager for the Corrugated Packaging business in Italy. Mr. Taudien joined International Paper in 1998. Mr. Taudien has a Master of Business from the University of Cologne (Germany).

Patrick Wilczynski. Patrick Wilczynski will be our Senior Vice President, Operational Excellence as of the Distribution Date. Since 2019, he has served as International Paper's vice president, Capital Effectiveness. From 2017 to 2019, he was vice president and general manager, Coated Paperboard. He served as vice president, Global Manufacturing Safety from 2015 to 2016, where he helped establish the company's safety leading indicators program. In 2012, Mr. Wilczynski was named vice president, Manufacturing, for Europe, Middle East and Africa. Mr. Wilczynski has held a variety of leadership roles in operations, technical services, manufacturing, environmental, health and safety and finance. Mr. Wilczynski joined International Paper in 1992. He began his career working in engineering and operating roles in paper mills. Mr. Wilczynski has a bachelor's degree in Mechanical Engineering Technology from Pennsylvania State University.

Non-Employee Directors

Stan Askren. Stan Askren will serve as a director following the distribution. Since 2018, Mr. Askren has served as Chief Executive Officer and Founder of Quiet Trail Advisors, a private, senior level strategy and lean business advisory practice. He also currently serves as an advisor and lean business consultant for Lean Focus, LLC, a position he has held since 2019. Prior to his current roles, Mr. Askren held various positions of increasing responsibility over 27 years at HNI Corporation ("HNI") until his retirement in 2018. Mr. Askren served as the Chairman and Chief Executive Officer of HNI from 2014 to 2018, President of HNI from 2003 to 2018 and Executive Vice President of HNI from 2001 to 2003. Mr. Askren has served on the board of Armstrong World Industries, Inc. since 2008 and on the board of Allison Transmission Holdings since 2016. He previously served on the board of HNI from 2003 to 2018. Mr. Askren has a bachelor's degree from the University of Northern Iowa and a Master of Business Administration from Washington University.

Mr. Askren brings beneficial experience and attributes to our board of directors, including expertise in lean operations and business practice and experience gained from his position as Chairman, President and Chief Executive Officer of HNI as well as broad-based experience in human resources, operations, marketing and multi-channel sales.

Christine S. Breves. Christine Breves will serve as a director following the distribution. Since 2019, Ms. Breves has served as Senior Vice President and Chief Financial Officer of United States Steel Corporation, a producer of flat-rolled and tubular steel products with operations in the United States and Central Europe (“U.S. Steel”). As Chief Financial Officer, she leads all aspects of the company’s financial responsibilities including internal and external reporting, credit, tax, treasury services, investor relations, pension responsibilities, internal controls, and internal audit administrative oversight. She also continues to lead the company’s global procurement function, S&OP, and information technology. Prior to her current role at U.S. Steel, she was Senior Vice President, Manufacturing Support and Chief Supply Chain Officer from 2017 to 2019, Vice President and Chief Supply Chain Officer from 2015 to 2017, and Vice President and Chief Procurement Officer from 2013 to 2015. Prior to joining U.S. Steel, Ms. Breves held increasingly responsible leadership positions at Alcoa, culminating in her serving as Chief Procurement Officer. Ms. Breves holds a bachelor’s degree in business administration from College of Charleston and a Master of Business Administration from The Citadel.

Ms. Breves brings executive experience in financial system management, risk management, procurement and global sourcing strategies, manufacturing operations, strategy, and business transformation.

Jeanmarie Desmond. Jeanmarie Desmond will serve as a director following the distribution. From 2019 to 2020, Ms. Desmond was the Executive Vice President and Chief Financial Officer of DuPont de Nemours, Inc., a global multi-industry specialty solutions company formerly known as DowDuPont, Inc. (collectively “DuPont”). Ms. Desmond previously served as Vice President and Co-Controller for DuPont from 2017 to 2019 and as Vice President, Controller of EI DuPont De Nemours & Company, the predecessor to DuPont prior to its merger with the Dow Chemical Company in 2017, from 2015 to 2017. Since 2021, Ms. Desmond has served on the board of IPG Photonics Corporation and since 2020, she has served on the board of Trinseo S.A. Ms. Desmond has a bachelor’s degree in Accounting from Mt. St. Mary’s University and is a certified public accountant (inactive).

Ms. Desmond has substantial finance and accounting experience, including finance leadership and operations financial planning and analysis, tax, internal audit, accounting controls, risk management, mergers and acquisitions, investor relations and extensive experience in the manufacturing and chemicals industry.

Liz Gottung. Liz Gottung will serve as a director following the distribution. Since 2017, Ms. Gottung has served as Principal and Consultant for Liz Gottung, LLC. Prior to her current role, over the past 25 years Ms. Gottung held a variety of human resources, manufacturing and operational roles of increasing responsibility with Kimberly-Clark Corporation (“Kimberly-Clark”). Mostly recently, she served as Chief Human Resources Officer from 2002 to 2017. Since 2006, Ms. Gottung has served on the board of Louisiana-Pacific Corporation and currently serves as Chair of the Governance Committee and Vice-Chair of the Compensation Committee. Ms. Gottung has a bachelor’s degree in business administration from the State University of New York at Albany.

Ms. Gottung brings experience in labor relations and human resources in a large publicly held corporation to our board of directors, with extensive experience in leading, designing and implementing human capital strategies including compensation and benefits, both domestically and globally, talent management, diversity and inclusion, organizational strategy and deployment.

Joia M. Johnson. Joia Johnson will serve as a director following the distribution. She retired in 2021 as Chief Administrative Officer, General Counsel and Corporate Secretary of Hanesbrands Inc. (NYSE: HBI), a leading marketer and manufacturer of apparel (“Hanes”). Ms. Johnson served as Hanes’ Chief Administrative Officer from 2016 to 2021 and as its Chief Legal Officer, General Counsel and Corporate Secretary from 2007 to 2021. She currently serves on the board of Global Payments Inc. (NYSE: GPN), a leading Fortune 500 payments technology company. At Global Payments, Johnson is a member of the Compensation Committee and the Technology Committee. She also serves on the boards of Regions Financial Corp. (NYSE: RF) and its subsidiary, Regions Bank, and is a member of the Nominating and Corporate Governance Committee and the Risk Committee of both boards.

From February 2011 to May 2019, Ms. Johnson was a member of the board of Crawford & Company (NYSE: CRDA and CRDB), specializing in insurance claims administration. For four of those years she served as Chair of the Compensation Committee, and throughout she served as a member of the Audit Committee. From 2003 to 2019, Ms. Johnson was a member of the board of H.J. Russell & Company, a private real estate development, construction and property management business. Ms. Johnson serves on the board of Novant Health, having served as immediate past chair of the board of the Greater Winston-Salem Market, and she has chaired the boards of several other non-profit organizations in Winston-Salem.

Ms. Johnson earned her law degree from the University of Pennsylvania, her master of business administration degree from The Wharton School of Business at the University of Pennsylvania, and her bachelor's degree from Duke University.

Ms. Johnson brings to our board of directors global leadership experience over several corporate functions for publicly traded companies, including legal, human resources, corporate social responsibility, government and trade relations, real estate, corporate security and her domestic and global mergers and acquisitions experience.

David Petratis. David Petratis will serve as a board member following the distribution. Since 2013, Mr. Petratis has served as Chairman, President and Chief Executive Officer of Allegion plc, a global provider of mechanical and electronic security products and access solutions, and he led the spin-off of the company (NYSE: ALLE). Mr. Petratis previously served as Chairman, President and Chief Executive Officer of Quanex Building Products Corporation from 2008 to 2013, and held prior senior leadership roles at Schneider Electric, MGE UPS Systems Americas and Square D Company. He has extensive board experience, including eight years of service on the Gardner Denver corporate board and his present role on the University of Northern Iowa Business Executive Advisory Board. Mr. Petratis has a bachelor's degree in industrial management from the University of Northern Iowa and a Master of Business Administration from Pepperdine University.

Mr. Petratis has extensive experience with operations and lean manufacturing, distribution and channel marketing and management, mergers and acquisitions, and strategy development and has won acclaim for manufacturing excellence and industry-leading safety performance.

J. Paul Rollinson. J. Paul Rollinson will serve as a board member following the distribution. Since 2012, Mr. Rollinson has served as President and Chief Executive Officer of Kinross Gold Corporation, a gold mining company with a global portfolio of mines and projects ("Kinross"). Mr. Rollinson previously served as Executive Vice President, New Investments for Kinross from 2008 to 2012. Mr. Rollinson has a bachelor's degree in geology from Laurentian University, Canada and a Master of Engineering in mining from McGill University, Canada.

Mr. Rollinson brings relevant leadership experience to our board of directors, including his current service as President and Chief Executive Officer of Kinross, his extensive experience in the forestry, mining, power and utilities, and industrial sectors and his experience in the Brazilian and Russian markets.

James P. Zallie. James Zallie will serve as a director following the distribution. Since 2018, Mr. Zallie has served as the President and Chief Executive Officer of Ingredion Incorporated, a global ingredients solutions company ("Ingredion"). Prior to his current role, Mr. Zallie served Ingredion in various roles of increasing responsibility including as Executive Vice President, Global Specialties and President, Americas from 2016 to 2017, Executive Vice President, Global Specialties and President, North America and EMEA from 2014 to 2015, Executive Vice President, Global Specialties and President, EMEA and Asia Pacific from 2012 to 2014 and Executive Vice President and President, Global Ingredient Solutions from 2010 to 2012. Mr. Zallie previously served as President and Chief Executive Officer of the National Starch LLC ("National Starch") from 2007 to 2010. National Starch was acquired by Ingredion in October 2010. Mr. Zallie previously served on the board of Innophos Holdings, Inc. from 2014 to 2018. Mr. Zallie has a bachelor's degree in food science from Pennsylvania State University, a master's degree in food science from Rutgers University and a Master of Business Administration from Rutgers University.

Mr. Zallie brings leadership, operating and manufacturing and general management experience to our board of directors, including his current service as President and Chief Executive Officer of Ingredion.

Corporate Governance

Board Composition and Director Independence

Following the completion of the separation and distribution, we expect that the size of our board of directors will be nine directors. Our directors will be elected annually to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified.

The number of members on our board of directors may be fixed by majority vote of the members of our board of directors. Any vacancy in the board of directors shall be filled by an affirmative vote of at least a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Each director shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal.

Our board of directors has determined that Stan Askren, Christine Breves, Jeanmarie Desmond, Liz Gottung, Joia M. Johnson, David Petratis, J. Paul Rollinson and James P. Zallie are independent in accordance with applicable rules and regulations of the SEC and the NYSE.

Committees of Our Board of Directors

Effective upon the listing of our common stock, our board of directors will have the following committees.

Audit Committee

The Audit Committee, which following the distribution is expected to consist of Jeanmarie Desmond (Chair), Stan Askren, Christine Breves and James Zallie, has the responsibility for, among other things, assisting the board of directors in reviewing our financial reporting and other internal control processes, our financial statements, the independent auditors' qualifications and independence, the performance of our internal audit function and independent auditors and our compliance with legal and regulatory requirements, and our code of business conduct and ethics. The charter of our Audit Committee will be available without charge on the investor relations portion of our website upon the listing of our common stock.

Jeanmarie Desmond has been identified as an "audit committee financial expert" as that term is defined in the rules and regulations of the SEC and each of the members has been determined to be "financially literate" under NYSE rules.

Management Development and Compensation Committee

The Management Development and Compensation Committee, which following the distribution is expected to consist of Liz Gottung (Chair), Stan Askren, Joia Johnson and J. Paul Rollinson, has the responsibility for reviewing and approving the compensation and benefits of our employees, directors and consultants, administering our employee benefits plans, authorizing and ratifying stock option grants and other incentive arrangements and authorizing employment and related agreements. The charter of our Management Development and Compensation Committee will be available without charge on the investor relations portion of our website upon the listing of our common stock.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, which following the distribution is expected to consist of David Petratis (Chair), Jeanmarie Desmond, Liz Gottung and Joia Johnson, has the responsibility,

among its other duties and responsibilities, for identifying and recommending candidates to the board of directors for election to our board of directors, reviewing the composition of the board of directors and its committees, developing and recommending to the board of directors corporate governance guidelines that are applicable to us, and overseeing board of directors evaluations. The charter of our Nominating and Corporate Governance Committee will be available without charge on the investor relations portion of our website upon the listing of our common stock.

Corporate Governance Guidelines and Code of Business Conduct and Ethics

Prior to the listing of our common stock, our board of directors will adopt Corporate Governance Guidelines and a Code of Business Conduct and Ethics for directors, officers, and employees. The Corporate Governance Guidelines will set forth our policies and procedures relating to corporate governance effective as of the completion of the distribution and will comply with the requirements of the NYSE. Our Corporate Governance Guidelines will be available on our website as of the time of our listing on the NYSE. The Code of Business Conduct and Ethics will be applicable to our directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and other senior officers effective as of the time of our listing on the NYSE, in accordance with applicable rules and regulations of the SEC and the NYSE. Our Code of Business Conduct and Ethics will be available on our website as of the time of our listing on the NYSE.

Director Nomination Process

As discussed above, we intend to establish a Nominating and Corporate Governance Committee, which will develop criteria for filling vacant board of director positions, taking into consideration such factors as it deems appropriate, including the candidate's education and background, his or her general business experience and familiarity with our business and whether he or she possesses unique expertise or perspective that will be of value to us. After completing this evaluation, the Nominating and Corporate Governance Committee will make recommendations to the full board of directors which in turn will make the final determination whether to nominate or appoint the new director after considering the Nominating and Corporate Governance Committee's recommendation.

EXECUTIVE COMPENSATION

Sylvamo has not yet paid any compensation to the individuals who will become its executive officers or made any determinations with respect to the compensation of such executive officers following the distribution. We expect that Sylvamo's board of directors or its Management Development and Compensation Committee will review all aspects of compensation of its executive officers and structure executive compensation arrangements as it believes appropriate. Information as to the historical compensation by International Paper of certain persons who will become executive officers of Sylvamo upon the completion of the distribution is not indicative of the expected compensation of those executives following the completion of the distribution. Accordingly, we have not included information regarding compensation and other benefits paid to those executives by International Paper prior to the date hereof.

Effective upon the listing of our common stock, our board of directors will have a Management Development and Compensation Committee. See "Management—Committees of Our Board of Directors—Management Development and Compensation Committee." Following the distribution, the Management Development and Compensation Committee will commence to oversee and determine the compensation of the Chief Executive Officer, Chief Financial Officer and other executive officers of Sylvamo and evaluate and determine the appropriate executive compensation philosophy and objectives for Sylvamo's business. The Management Development and Compensation Committee will evaluate and determine the appropriate design of Sylvamo's executive compensation program and the appropriate process for establishing executive compensation. If determined to be necessary or appropriate by the Management Development and Compensation Committee, the Management Development and Compensation Committee will retain a compensation consultant to provide advice and support to the committee in the design and implementation of the executive compensation program for Sylvamo.

Compensation Arrangements Following the Distribution

International Paper's Management Development and Compensation Committee ("MDCC") has determined the general framework of Sylvamo's initial executive compensation program, including, for the individuals we expect to be Sylvamo's executive officers for 2021, base salary, short-term and long-term incentive compensation targets and severance arrangements. In connection with Sylvamo becoming an independent, publicly-traded company, two plans have been approved and adopted by the MDCC: the 2021 Incentive Compensation Plan (the "Sylvamo ICP") and the 2021 Executive Severance Plan (the "Sylvamo Severance Plan"), each described below. Following the distribution, our Management Development and Compensation Committee and board of directors will review and consider these plans and may make adjustments as it determines are necessary or appropriate.

General Executive Compensation Framework

The MDCC approved a compensation philosophy for Sylvamo that is described below. Following the distribution, our Management Development and Compensation Committee will review and consider this philosophy and may make adjustments as it determines are necessary or appropriate. The current compensation philosophy for Sylvamo aims to achieve the following for our executive officers:

- Be market competitive and flexible to react to changing business and industry dynamics
- Drive engagement through rewards programs that differentiate individual contributions and motivate employees to strive for superior performance
- Reward achievement of specific goals that drive sustainable long-term profitability and shareholder value creation
- Promote accountability by placing a significant emphasis on at-risk variable incentive compensation

The MDCC also approved the following base salary and short-term and long-term incentive compensation targets for the following four individuals, each of whom we expect to be one of our named executive officers for 2021. Like our compensation philosophy, these targets will be subject to review and adjustment as our Management Development and Compensation Committee determines to be necessary or appropriate. Due to uncertainty in the expected post-distribution compensation for certain of our other executive officers, we are not able to determine our expected fifth named executive officer for 2021 at this time.

Name	Annual Base Salary	Annual Target Bonus	Annual Target Long-Term Incentive
Jean-Michel Ribieras Chairman & Chief Executive Officer	\$ 1,000,000	\$ 1,000,000	\$ 3,300,000
John V. Sims Senior Vice President & Chief Financial Officer	\$ 575,000	\$ 440,000	\$ 1,050,000
Greg C. Gibson Senior Vice President & General Manager, North America	\$ 480,000	\$ 280,000	\$ 560,000
Thomas A. Cleves Senior Vice President, Corporate Affairs	\$ 437,295	\$ 196,700	\$ 432,900

None of our named executive officers are expected to have employment agreements with Sylvamo as of the distribution, but are expected to participate in the Sylvamo Severance Plan. The treatment of our executive officers' short-term and long-term International Paper incentive awards outstanding as of the distribution will be as described under "The Distribution – Employee Matters Agreement – Cash and Equity Incentive Compensation Plans".

2021 Incentive Compensation Plan

Purpose, Eligibility and Duration

The purpose of the Sylvamo ICP is to provide incentives for non-employee directors and designated employees of Sylvamo and its affiliates to improve the performance of Sylvamo on a long-term basis, and to attract and retain employees. Our employees and directors will be eligible to receive awards under the Sylvamo ICP.

Unless earlier terminated by action of our board of directors, the Sylvamo ICP will terminate on the date of Sylvamo's 2031 annual shareholder meeting, and no further awards may be granted under the Sylvamo ICP after the end of the term.

Administration

The Sylvamo ICP will be administered by our board of directors or a committee of the board of directors designated by the board to administer the plan (the "Administrator"). We expect that our Management Development and Compensation Committee will administer the Sylvamo ICP. Subject to certain limitations and applicable law, the Administrator may delegate its authority under the Sylvamo ICP to one or more members of the board of directors or our Senior Vice President and Chief People Officer. With respect to awards to officers or directors subject to the reporting requirements of Section 16(a) of the Exchange Act, the Administrator will mean two or more "non-employee directors" within the meaning of such rule.

The Administrator will select the employees and directors who receive awards under the Sylvamo ICP and determine the type of award to be granted, the number of shares subject to awards or the cash amount payable in

connection with an award and the terms and conditions of these awards. Among other powers, the Administrator may, in its discretion, at any time accelerate or suspend the vesting of any award granted under the Sylvamo ICP. The Administrator will have full authority to interpret the Sylvamo ICP and to establish and prescribe rules for its administration.

Plan Limits

We expect that an aggregate of ten percent (10%) of the shares of Sylvamo common stock outstanding as of the distribution will be authorized to be issued under the Sylvamo ICP and that the plan will include additional provisions on how shares would be counted against the plan limit and when cancelled, forfeited, terminated or expired shares will be added back to the plan limit and again be made available for future grant.

Permissible Awards

The Sylvamo ICP authorizes the granting of awards in any of the following forms:

- restricted stock, which is subject to restrictions on transferability and subject to forfeiture on terms set by the Administrator;
- restricted or deferred stock units, which represent the right to receive shares of common stock (or an equivalent value in cash or other property, as specified in the award certificate) at a designated time in the future;
- performance awards, which are awards payable in cash or stock upon the attainment of specified performance goals (any award that may be granted under the Sylvamo ICP may be granted in the form of a performance award);
- dividend equivalents, which entitle the participant to payments (or an equivalent value payable in stock or other property) equal to any dividends paid on the shares of stock underlying such full-value award, which dividend equivalents may be paid only at the time the underlying award is paid;
- market-priced options to purchase shares of our common stock, which may be designated under the Internal Revenue Code of 1986, as amended (the “Code”) as non-qualified stock options (which may be granted to all participants) or incentive stock options (which may be granted to employees, but not to non-employee directors)
- stock appreciation rights, which give the holder the right to receive the difference (payable in cash or stock, as specified in the award certificate) between the fair market value per share of our common stock on the date of exercise over the base price of the award (which cannot be less than the fair market value of the underlying stock as of the grant date);
- other stock-based awards in the discretion of the Administrator, including unrestricted stock grants; and
- cash-based awards, including performance-based annual incentive awards.

Limitations on Transfer; Beneficiaries

A participant may not assign or transfer an award under the Sylvamo ICP, other than by will, the laws of descent and distribution, or except in the case of an incentive stock option, under a qualified domestic relations order. The Administrator may permit other transfers where it concludes that such transferability does not result in accelerated taxation, does not cause any option intended to be an incentive stock option to fail to qualify as such, and is otherwise appropriate and desirable, taking into account any factors deemed relevant, including without limitation, any state or federal tax or securities laws or regulations applicable to transferable awards; however, no award may be transferred for value. A participant may, in the manner determined by the Administrator, designate a beneficiary to exercise the rights of the participant and to receive any distribution with respect to any award upon the participant’s death.

Conditions on Awards

As may be specified in an award agreement, awards may be forfeited if a participant voluntarily terminates employment prior to retirement eligibility or is terminated for cause; if a participant violates a non-competition, non-solicitation or confidentiality agreement; if an executive officer fails to provide one year's advance notice of retirement (except in the event of death, disability or waiver by the Administrator); or, if a participant engages in conduct that is detrimental to the business interest or reputation of Sylvamo, or deemed to be a deliberate disregard of Sylvamo's policies.

Awards under the Sylvamo ICP shall also be subject to any compensation recoupment policy that Sylvamo may adopt from time to time. Further, if any of Sylvamo's financial statements are required to be restated, resulting from errors, omissions or fraud, the Administrator may direct that Sylvamo recover all or any portion of an award with respect to any fiscal year of Sylvamo the financial results of which are negatively affected by such restatement.

Acceleration Upon Certain Events

Unless otherwise provided in an award certificate, special plan document, or other agreement:

- If a participant's service terminates by reason of death or disability, (a) outstanding service-based awards will become fully vested, and (b) outstanding performance-based awards will be prorated based on the number of months the participant remained employed in the performance period and such prorated amount will be payable at the end of the performance period based on actual Sylvamo performance.
- If a participant's service terminates after he or she becomes retirement eligible under the Sylvamo ICP, (a) outstanding service-based awards will vest on a prorated basis based on the number of months the participant remained employed in the vesting period, and (b) outstanding performance-based awards will be prorated based on the number of months the participant remained employed in the performance period and such prorated amount will be payable at the end of the performance period based on actual Sylvamo performance.
- Upon a change in control of Sylvamo, the following will occur with respect to outstanding awards (i) upon the change in control, if outstanding awards are not assumed by the surviving company in the change in control or (ii) upon a termination of employment without cause or a resignation for good reason within two years following a change in control, if outstanding awards are not assumed by the surviving company in the change in control (and the date of the change in control or employment termination is referred to below as the "relevant date"):
 - all time-based restrictions applicable to outstanding awards shall lapse as of the relevant date;
 - the level of performance achievement under a participant's performance-based awards shall be calculated as follows for segmented awards:
 - the portion of the award that has been "banked" by the Administrator (i.e., have been earned due to achievement of performance conditions but require additional service in order to fully vest) shall be fully vested as of relevant date; and
 - the portion of the award that relates to any segment that has not been completed as of the relevant date shall vest based on target performance levels; and
 - the level of performance achievement under a participant's performance-based awards shall be calculated as follows for non-segmented awards:
 - where less than a year has elapsed in the performance period as of relevant date, the award will fully vest based on target performance levels; and
 - where a year or more has elapsed in the performance period as of the relevant date, as applicable, the award will vest based on actual company performance through such date.

In addition, the Administrator may, in its discretion, accelerate the vesting and/or payment of awards at any time. The Administrator may differentiate among participants or among awards in exercising such discretion. The Administrator may not accelerate payment of any award if such acceleration would violate Section 409A of the Code.

Adjustments

In the event of a transaction between Sylvamo and its stockholders that causes the per-share value of our common stock to change (including, without limitation, any stock dividend, stock split, spin-off, rights offering, or large nonrecurring cash dividend), the share authorization limits under the Sylvamo ICP will be adjusted proportionately, and the Administrator will make such adjustments to the Sylvamo ICP and awards as it deems necessary, in its sole discretion, to prevent dilution or enlargement of rights immediately resulting from such transaction. In the event of a stock split, a stock dividend, or a combination or consolidation of the outstanding common stock into a lesser number of shares, the authorization limits under the Sylvamo ICP will automatically be adjusted proportionately, and the shares then subject to each award will automatically be adjusted proportionately without any change in the aggregate purchase price.

Termination and Amendment

The board of directors or the Administrator may, at any time and from time to time, terminate or amend the Sylvamo ICP; however, if an amendment would constitute a material amendment requiring shareholder approval under applicable listing requirements, laws, policies or regulations, then such amendment will be subject to stockholder approval. In addition, the board of directors or the Administrator may condition any amendment on the approval of stockholders for any other reason. No termination or amendment of the Sylvamo ICP may, without the written consent of the participant, reduce or diminish the value of an award determined as if the award had been exercised, vested, cashed in or otherwise settled on the date of such amendment or termination.

The Administrator may amend or terminate outstanding awards to one or more participants. However, such amendments may require the consent of the affected participants and, unless approved by stockholders, the exercise price of an outstanding option or base price of a stock appreciation right may not be reduced, directly or indirectly, and the original term of an option may not be extended.

Prohibition on Repricing

As indicated above under “—Termination and Amendment,” outstanding stock options and stock appreciation rights cannot be repriced, directly or indirectly, without the prior consent of stockholders. The exchange of an “underwater” option (*i.e.*, an option having an exercise price in excess of the current market value of the underlying stock) for another award would be considered an indirect repricing and would, therefore, require the prior consent of stockholders.

Expenses

All expenses of the Sylvamo ICP are paid for by Sylvamo.

2021 Executive Severance Plan

The Sylvamo Severance Plan is designed to provide consistent severance payments and benefits to Sylvamo’s U.S.-based executives, including its executive officers, in the event of a termination of employment (i) by Sylvamo for reasons other than death, disability or for “cause” (as defined in the Sylvamo Severance Plan) or (ii) by the executive for “good reason” (as defined in the Sylvamo Severance Plan) (each, a “Qualifying Termination”). In general, the Sylvamo Severance Plan will provide Sylvamo’s executive officers with severance following a Qualifying Termination equal to the executive’s annual base salary payable in a lump sum, a pro-rata

bonus based on actual performance for the year of termination and certain outplacement benefits. Upon a Qualifying Termination that occurs within two years following a change in control of Sylvamo, the severance benefit for an executive officer would be equal to 1.5 times (or, in the case of the CEO, 2.5 times) the sum of his or her annual base salary and target bonus, payable in a lump sum, plus a pro rata bonus paid at target levels. Following a Qualifying Termination, the Sylvamo Severance Plan also provides for continuation of group health care coverage at active employee rates for a period of up to 18 months (or up to one year for an executive other than the CEO terminated not in connection with a change in control), plus certain outplacement benefits.

In addition to the Qualifying Termination benefits described above, the Sylvamo Severance Plan will provide for certain benefits under Sylvamo's annual cash bonus plan upon a termination of employment due to death, permanent disability or retirement after age 55 with at least 10 years of service with Sylvamo (which shall include services with International Paper prior to the distribution) or at any point after age 65. Participants in the Sylvamo Severance Plan whose employment terminates due to their death or permanent disability will receive a pro rated annual bonus for the year of termination assuming target levels of performance had been achieved. Participants in the Sylvamo Severance Plan whose employment terminates due to their retirement will receive a pro rated annual bonus for the year of termination based on actual performance achieved.

As a condition to participation in the Sylvamo Severance Plan, eligible executives must agree to a one-year post-termination non-compete and employee and client/customer non-solicit covenant, a perpetual confidentiality covenant and a perpetual non-disparagement covenant, and must execute a customary release of claims in order to receive any severance payments or benefits.

Director Compensation

International Paper's Governance Committee has determined that the individuals who will become Sylvamo's non-employee directors will receive an annual cash retainer of \$100,000 and an equity retainer of \$125,000. The chairperson of each of the Audit Committee, Management Development and Compensation Committee and Nominating and Corporate Governance Committee will receive an additional annual cash payment of \$25,000, \$20,000 and \$15,000, respectively. The lead independent director will receive an additional annual cash payment of \$25,000. Following the distribution, compensation of Sylvamo's directors will be reviewed and recommended by the Nominating and Corporate Governance Committee and set by Sylvamo's board of directors. It is anticipated that no additional remuneration will be paid to any of our directors who are also our executives. We expect the Nominating and Corporate Governance Committee will periodically review the compensation payable to our directors who are not our executives.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2020, Sylvamo was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those individuals who will serve as Sylvamo's executive officers following the distribution will be made by Sylvamo's Management Development and Compensation Committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this information statement and immediately prior to the distribution, all of the outstanding shares of Sylvamo's common stock will be owned by Sylvamo's parent, International Paper. Immediately following the distribution, International Paper will retain no more than approximately 19.9% of Sylvamo's common stock.

The table below presents information with respect to the expected beneficial ownership of our common stock immediately after the distribution by: (i) each person known by us who will beneficially own more than 5% of our common stock, including International Paper; (ii) each of our directors and executive officers; and (iii) all of our directors and executive officers as a group. Except as otherwise noted above or in the footnotes below, each person or entity identified below has sole voting and investment power with respect to such securities. To the extent our directors and executive officers own International Paper common stock as of the Record Date for the distribution, they will participate in the distribution on the same terms as other holders of International Paper common stock.

The share amounts and percentages listed below are based on each person's beneficial ownership of International Paper common stock on August 15, 2021, giving effect to a distribution ratio of one share of Sylvamo common stock for every 11 shares of International Paper common stock held by such person.

Immediately following the distribution, we estimate that approximately 44,232,752 shares of Sylvamo common stock will be issued and outstanding, based on approximately 389,734,789 shares of International Paper common stock outstanding as of August 15, 2021. The actual number of shares of Sylvamo common stock outstanding following the distribution will be determined on the Record Date.

The amounts and percentages of shares beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities and give effect to the distribution. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Unless otherwise indicated, the address for each beneficial owner who is also a director or executive officer is c/o Sylvamo Corporation, 6400 Poplar Avenue, Memphis, Tennessee, 38197.

Name of Beneficial Owner	Common Stock Beneficially Owned After the Distribution	
	Number of Shares Beneficially Owned	Percentage of Common Stock Outstanding
International Paper Company ⁽¹⁾	8,802,317	19.9%
The Vanguard Group ⁽²⁾	4,108,368	9.3%
T. Rowe Price Associates, Inc. ⁽³⁾	3,640,308	8.2%
BlackRock, Inc. ⁽⁴⁾	3,345,887	7.6%
State Street Corporation ⁽⁵⁾	2,246,591	5.1%
Jean-Michel Ribieras	6,136	*
Matthew Barron	98	*
Thomas A. Cleves	1,173	*
Rodrigo Davoli	1,107	*
Greg Gibson	431	*
Peggy Maes	—	*
John V. Sims	3,391	*
Oliver Taudien	—	*
Patrick Wilczynski	2,293	*
Stan Askren	—	*
Christine S. Breves	—	*
Jeanmarie Desmond	29	*
Liz Gottung	—	*
Joia M. Johnson	—	*
David Petratis	—	*
J. Paul Rollinson	—	*
James P. Zallie	—	*
All directors and executive officers as a group (17 persons)	15,266	*

* Less than 1%.

- (1) Immediately prior to the spin-off, International Paper will be the record holder of 44,232,752 shares of common stock. International Paper's principal place of business is 6400 Poplar Avenue, Memphis, Tennessee 38197.
- (2) The address of The Vanguard Group ("Vanguard") is 100 Vanguard Blvd., Malvern, PA 19355. We have relied upon information supplied by Vanguard in a Schedule 13G/A filed with the SEC relating to International Paper on February 10, 2021. According to the Schedule 13G/A, Vanguard had shared voting power over 622,406 shares, sole dispositive power over 43,474,705 shares of International Paper and shared dispositive power over 1,717,351 shares of International Paper.
- (3) The address of T. Rowe Price Associates, Inc. ("T. Rowe Price") is 100 E. Pratt Street, Baltimore, MD 21202. We have relied upon information supplied by T. Rowe Price in a Schedule 13G/A filed with the SEC relating to International Paper on February 16, 2021. According to the Schedule 13G/A, T. Rowe Price had sole voting power over 20,052,362 shares of International Paper and sole dispositive power over 40,043,391 shares of International Paper.
- (4) The address of BlackRock, Inc. ("BlackRock") is 55 East 52nd Street, New York, NY 10055. We have relied upon information supplied by BlackRock in a Schedule 13G/A filed with the SEC relating to International Paper on January 29, 2021. According to the Schedule 13G/A, BlackRock had sole voting power over 33,393,680 shares of International Paper and sole dispositive power over 36,804,762 shares of International Paper.
- (5) The address of State Street Corporation ("State Street") is State Street Financial Center, One Lincoln Street, Boston, MA 02111. We have relied upon information supplied by State Street in a Schedule 13G filed with

the SEC relating to International Paper on February 12, 2021. According to the Schedule 13G, State Street had shared voting power over 22,843,806 shares of International Paper and shared dispositive power over 24,667,209 shares of International Paper. State Street held shares of common stock of International Paper as independent trustee in trust funds for employee savings, thrift and similar employee benefit plans of the Company and its subsidiaries (“IP Trust Funds”). In addition, State Street is trustee for various third-party trusts and employee benefit plans. The common stock held by the IP Trust Funds is allocated to participants’ accounts and such stock or the cash equivalent will be distributed to participants upon termination of employment or pursuant to withdrawal rights. For purposes of the reporting requirements of the Exchange Act, State Street is deemed to be a beneficial owner of such securities; however, State Street expressly disclaims that it is, in fact, the beneficial owner of such securities.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Policies and Procedures for Related Person Transactions

In connection with the distribution, we expect that our board of directors will approve policies and procedures with respect to the review and approval of certain transactions between Sylvamo and a “Related Person” (a “Related Person Transaction”), which we refer to as our “Related Person Transaction Policy.” Pursuant to the terms of the Related Person Transaction Policy, any Related Person Transaction will be required to be reported to the legal department, which will then determine whether it should be submitted to our Nominating and Corporate Governance Committee for consideration. The Nominating and Corporate Governance Committee must then review and decide whether to approve any Related Person Transaction.

For the purposes of the Related Person Transaction Policy, we expect that a “Related Person Transaction” will be a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which Sylvamo (including any of its subsidiaries) was, is or will be a participant and in which any Related Person had, has or will have a direct or indirect interest.

We expect that a “Related Person,” as defined in the Related Person Transaction Policy, will mean any person who is, or at any time since the beginning of our last fiscal year was, a director or executive officer of Sylvamo or a nominee to become a director of Sylvamo; any person who is known to be the beneficial owner of more than five percent of Sylvamo common stock; any immediate family member of any of the foregoing persons, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than five percent beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than five percent beneficial owner; and any firm, corporation or other entity in which any of the foregoing persons is a general partner or, for other ownership interests, a limited partner or other owner in which such person has a beneficial ownership interest of ten percent or more.

Related Person Transactions

Agreements with International Paper

For a description of the agreements that we expect will exist between International Paper and Sylvamo following the distribution, see “The Distribution—Relationships Between International Paper and Sylvamo Following the Distribution.”

Director Indemnification Agreements

Prior to the completion of the distribution, we will enter into indemnification agreements with our directors. The indemnification agreements will provide the directors with contractual rights to indemnification and expense rights. See “Description of Capital Stock—Limitation of Liability and Indemnification of Officers and Directors.”

DESCRIPTION OF CAPITAL STOCK

General

Following the distribution, our authorized capital stock will consist of 200,000,000 shares of common stock, par value \$1.00 per share, and 20,000,000 shares of preferred stock, par value \$1.00 per share.

Based on the number of shares of International Paper common stock outstanding on August 15, 2021, approximately 35,430,435 shares of Sylvamo common stock will be issued to holders of International Paper common stock on the Distribution Date. In addition, International Paper will continue to hold 8,802,317 shares of Sylvamo common stock following the Distribution Date. The actual number of shares distributed (and held by International Paper following the distribution) will be based on the number of International Paper shares outstanding on the Record Date. All of the shares of Sylvamo common stock to be distributed to International Paper shareholders in the distribution will be fully paid and non-assessable.

In connection with the distribution, we will amend and restate our certificate of incorporation and by-laws. The following summary describes certain provisions of Sylvamo's amended and restated certificate of incorporation and amended and restated by-laws relating to its capital stock. This summary is qualified in its entirety by reference to Sylvamo's amended and restated certificate of incorporation and amended and restated by-laws, the forms of which will be filed as exhibits to a subsequent amendment to the registration statement on Form 10 of which this information statement is a part.

Common Stock

Voting Rights

A holder of common stock shall be entitled to one vote for each share of common stock held by such holder of record on the books of Sylvamo for all matters on which stockholders of Sylvamo are entitled to vote. There shall be no cumulative voting.

Our amended and restated by-laws will provide the voting requirements for the election of directors. The affirmative vote of a majority of the shares of our common stock present, in person or by proxy, at the meeting and entitled to vote at any annual or special meeting of stockholders will decide the election of any directors in a non-contested election. Pursuant to our amended and restated by-laws, any director nominee in a non-contested election who fails to receive the requisite majority of votes cast "for" his or her election must tender his or her resignation, and our board of directors, through its Nominating and Corporate Governance Committee (excluding the nominee in question), will determine whether or not to accept the resignation at its next regularly scheduled meeting. In case the resignation is not accepted, our board of directors will disclose the explanation of its decision through a Form 8-K. In a contested election, the affirmative vote of a plurality of the shares of our common stock present, in person or by proxy, at the meeting and entitled to vote at any annual or special meeting of stockholders will decide the election of any directors. An election will be considered contested if, as of the record date, there are more nominees for election than positions on the board of directors to be filled by election at the meeting. The affirmative vote of a majority of the shares of our common stock present, in person or by proxy, at the meeting and entitled to vote at any annual or special meeting of stockholders will decide all other matters voted on by stockholders, unless the question is one upon which, by express provision of law, under our amended and restated certificate of incorporation, or under our amended and restated by-laws, a different vote is required, in which case such provision will control.

For so long as International Paper continues to hold retained outstanding shares of common stock of Sylvamo, International Paper will vote such retained shares in proportion to the votes cast by the other holders of Sylvamo's common stock and will grant Sylvamo a proxy for such retained shares requiring this manner of voting.

Dividend Rights

Holders of Sylvamo common stock will be entitled to participate ratably in such dividends, whether in cash, property, stock or otherwise, as may be declared by the board of directors from time to time out of assets or funds of Sylvamo legally available therefor, subject to the prior rights and preferences, if any, that may be applicable to preferred stock then outstanding. See “Dividend Policy.”

Liquidation

Holders of Sylvamo common stock will be entitled, upon our liquidation, dissolution or winding-up, to share equally and ratably in any assets remaining after the payment of all debt and other liabilities, subject to the prior rights, if any, of holders of any outstanding shares of preferred stock.

In the event of any voluntary or involuntary liquidation, dissolution, distribution of all or substantially all of the assets or winding-up of Sylvamo, after all creditors of Sylvamo shall have been paid in full and after payment of all sums, if any, payable in respect of preferred stock, if any, the holders of our common stock shall be entitled to share ratably in all distributions of assets pursuant to such voluntary or involuntary liquidation, dissolution, distribution of all or substantially all of the assets or winding-up of Sylvamo.

Others Rights

Holders of our common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that our board of directors may designate and issue in the future.

Preferred Stock

Under our amended and restated certificate of incorporation, our board of directors will have the authority, without further action by our stockholders, to issue up to 20,000,000 shares of preferred stock in one or more series and to fix the designations, powers, preferences and the relative participating, optional or other special rights and qualifications, limitations and restrictions of each series, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series. Upon completion of the distribution, no shares of our authorized preferred stock will be outstanding.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Amended and Restated By-laws and Applicable Law

We expect that certain provisions of our amended and restated certificate of incorporation and amended and restated by-laws, as well as certain provisions of Delaware law, may discourage or make more difficult a takeover attempt that a stockholder might consider in his or her best interest. These provisions may also adversely affect prevailing market prices for our common stock. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unsolicited proposal to acquire or restructure us and outweigh the disadvantage of discouraging those proposals because negotiation of the proposals could result in an improvement of their terms.

Authorized but Unissued Shares of Capital Stock

Common Stock. The remaining shares of authorized and unissued common stock will be available for future issuance without additional stockholder approval. While the additional shares are not designed to deter or prevent a change of control, under some circumstances we could use the additional shares to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control by, for example, issuing those shares in private placements to purchasers who might side with our board of directors in opposing a hostile takeover bid.

Preferred Stock. The existence of authorized but unissued preferred stock could reduce our attractiveness as a target for an unsolicited takeover bid since we could, for example, issue shares of preferred stock to parties who might oppose such a takeover bid or shares that contain terms the potential acquiror may find unattractive. This may have the effect of delaying or preventing a change of control, may discourage bids for the common stock at a premium over the market price of the common stock, and may adversely affect the market price of, and the voting and other rights of the holders of, our common stock.

Removal of Directors; Vacancies

Our certificate of incorporation will provide that directors may be removed, with or without cause, at any time upon the affirmative vote of holders of at least a majority of the outstanding shares of common stock then entitled to vote at an election of directors. Any vacancy in the board of directors shall be filled by an affirmative vote of at least a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

No Stockholder Action by Written Consent

Our amended and restated certificate of incorporation will provide that stockholder action may be taken only at an annual meeting or special meeting of stockholders and may not be taken by written consent in lieu of a meeting.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation will provide that a special meeting of stockholders may be called only by or at the direction of the Chairperson of our board of directors or our chief executive officer or our board of directors pursuant to a resolution adopted by a majority of our board of directors or by the Secretary upon written request of one or more record holders representing ownership of 20% or more of our outstanding shares of common stock entitled to vote on the business to be brought before the proposed special meeting.

Requirements for Advance Notice of Stockholder Nominations and Proposals

Our amended and restated by-laws will establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders. Our amended and restated by-laws will provide that any stockholder wishing to nominate persons for election as directors at, or bring other business before, an annual meeting must deliver to our corporate secretary a written notice of the stockholder's intention to do so. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. We expect that these provisions may also discourage or deter 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 our company. To be timely, the stockholder's notice must be delivered to our corporate secretary at our principal executive offices not less than 90 days nor more than 120 days before the first anniversary date of the annual meeting for the preceding year; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or more than 70 days after the first anniversary date of the preceding year's annual meeting, a stockholder's notice must be delivered to our corporate secretary (x) not less than 90 days nor more than 120 days prior to the meeting or (y) no later than the close of business on the 10th day following the day on which a public announcement of the date of the meeting is first made by us.

Amendments to Certificate of Incorporation and By-laws

Our amended and restated certificate of incorporation will provide that our amended and restated certificate of incorporation may be amended by the affirmative vote of the holders of a majority of the outstanding shares of our common stock then entitled to vote at any annual or special meeting of stockholders.

In addition, our amended and restated certificate of incorporation and amended and restated by-laws will provide that our amended and restated by-laws may be amended, altered or repealed, or new by-laws may be adopted, by the affirmative vote of a majority of the board of directors, or by the affirmative vote of the holders of a majority of the outstanding shares of our common stock then entitled to vote at any annual or special meeting of stockholders.

Section 203 of the DGCL

Our amended and restated certificate of incorporation will provide that we not will be subject to Section 203 of the DGCL until the first date on which International Paper ceases to own (directly or indirectly) 10% of the then-outstanding shares of our common stock. From and after such date, we will be governed by Section 203 for so long as Section 203 by its terms would apply to us.

Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's outstanding voting stock for a period of three years following the date the person became an interested stockholder, unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is any entity or person who, together with affiliates and associates, owns, or within the previous three years owned, 15% or more of the outstanding voting stock of the corporation. We expect the existence of this provision in the future to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Choice of Forum

Our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Sylvamo, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed to Sylvamo or Sylvamo's stockholders by any of Sylvamo's current or former directors, officers, employees, stockholders or agents, (iii) any action or proceedings asserting a claim arising under the DGCL, our amended and restated certificate of incorporation or our amended and restated by-laws, or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting or proceeding a claim against Sylvamo that is governed by the internal affairs doctrine. As permitted by Delaware law, our amended and restated certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America will, to the fullest extent permitted

by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, the Exchange Act, and the rules and regulations thereunder. To the fullest extent permitted by law, by becoming a stockholder of Sylvamo, you will be deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to choice of forum. Neither this provision nor the exclusive forum provision will mean that stockholders have waived our compliance with federal securities laws and the rules and regulations thereunder.

We have included this exclusive forum provision in our amended and restated certificate of incorporation because such provision, in our view, is in the best interests of Sylvamo and our stockholders for the following reasons: (i) the exclusive forum provision provides that certain intra-corporate disputes will be litigated in Delaware, the state in which Sylvamo is incorporated and whose law governs such disputes; (ii) the Delaware Chancery Court has developed extensive expertise in dealing with corporate law issues, as well as a substantial and influential body of case law interpreting Delaware's corporate law; (iii) the exclusive forum provision will help us avoid multiple lawsuits in numerous jurisdictions relating to the same dispute, thus preventing corporate resources from being unnecessarily diverted to address duplicative, costly and wasteful multi-forum litigation; (iv) the exclusive forum provision will provide value to Sylvamo and our stockholders by facilitating consistency and predictability in litigation outcomes and reducing the risk that the outcome of cases in multiple jurisdictions could be inconsistent, even though each jurisdiction purports to follow Delaware law; (v) the exclusive forum provision does not materially change the substantive legal claims or remedies available to our stockholders, but rather only regulates the forum in which stockholders may file claims relating to certain specified intra-corporate disputes; and (vi) our board of directors has the ability to consent to an alternative forum in appropriate circumstances where the board determines that the interests of Sylvamo and our stockholders are best served by permitting a particular dispute to proceed in a forum other than Delaware.

Limitation of Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation will contain provisions permitted under the DGCL relating to the liability of directors. These provisions will eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving:

- any breach of the director's duty of loyalty;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law;
- Section 174 of the DGCL (unlawful dividends); or
- any transaction from which the director derives an improper personal benefit.

The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director unless the stockholder can demonstrate a basis for liability for which indemnification is not available under the DGCL. These provisions, however, should not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of director's fiduciary duty. These provisions will not alter a director's liability under U.S. federal securities laws. The inclusion of this provision in our amended and restated certificate of incorporation may discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders.

Our amended and restated certificate of incorporation and amended and restated by-laws will require us to indemnify and advance expenses to our directors and officers to the fullest extent not prohibited by the DGCL and other applicable law. Our amended and restated by-laws will provide that we are required to indemnify our directors and executive officers, to the fullest extent permitted by law, against all liability and loss suffered and expenses (including attorneys' fees) incurred in connection with pending or threatened legal proceedings because

of the director's or officer's positions with us or another entity that the director or officer serves at our request, subject to various conditions, and to pay the expenses (including attorneys' fees) actually and reasonably incurred by our directors and officers in advance of the final disposition to enable them to defend against such proceedings.

Listing

We have applied to list our shares of common stock on the NYSE under the symbol "SLVM."

Transfer Agent and Registrar

The transfer agent and registrar for Sylvamo common stock will be Computershare Inc. The contact information for the transfer agent and registrar is:

Computershare Inc.
250 Royall Street
Canton, MA 02021
Tel: 1-877-581-5548

SHARES AVAILABLE FOR FUTURE SALE

There is currently no public trading market for our common stock. Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of the distribution, approximately 44,232,752 shares of common stock will be outstanding. All of the shares distributed in the distribution will be freely tradable without restriction under the Securities Act, unless purchased by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. Persons who can be considered our affiliates after distribution generally include individuals or entities that directly, or indirectly through one or more intermediaries, control, are controlled by or are under common control with us, and may include certain of our officers and directors. In addition, individuals who are affiliates of International Paper on the Distribution Date may be deemed to be affiliates of ours. Our affiliates may sell shares of common stock received in the distribution only:

- pursuant to a registration statement that the SEC has declared effective under the Securities Act; or
- under an exemption from registration under the Securities Act, such as the exemption afforded by Rule 144.

Rule 144

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to be or have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell such shares without registration, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of a prior owner other than an affiliate, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates, who have met the six-month holding period for beneficial ownership of “restricted shares” of our common stock, are entitled to sell within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately 442,327 shares immediately after the completion of the distribution; and
- the average reported weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the date of filing a notice of the sale on Form 144.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after the completion of the distribution because a great supply of shares would be, or would be perceived to be, available for sale in the public market.

Registration Rights Agreement

International Paper will have the right to require us to register shares of common stock for resale in some circumstances. See “The Distribution—Relationships Between Sylvamo and International Paper Following the Distribution—Registration Rights Agreement.”

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION

The following summarizes the material U.S. federal income tax consequences of the distribution to “U.S. holders” (as defined below). This summary is based on the Code, the Treasury regulations promulgated under the Code, and interpretations of the Code and the Treasury regulations by the courts and the IRS, all as they exist as of the date hereof and all of which are subject to change, possibly with retroactive effect. This summary is based upon the assumption that the separation and the distribution, together with certain related transactions, will be consummated in accordance with the separation and distribution agreement and the other separation-related agreements and as described elsewhere in this information statement.

This summary is limited to U.S. holders of shares of International Paper common stock. This is not a complete summary of all of the tax consequences of the distribution and it does not address all aspects of U.S. federal income taxation that may be relevant to particular holders of International Paper common stock in light of their particular circumstances, nor does it address tax considerations applicable to holders of International Paper common stock that are or may be subject to special treatment under the U.S. federal income tax laws (such as, without limitation, financial institutions, mutual funds, certain former U.S. citizens or long-term residents of the United States, dealers in securities, traders in securities who elect to apply a mark-to-market method of accounting, insurance companies, tax-exempt entities, partnerships (or other entities or arrangements treated as partnerships for U.S. federal income tax purposes) or other pass-through entities or owners thereof, holders who hold their International Paper common stock as part of a “hedge,” “straddle,” “conversion,” “synthetic security,” “integrated investment” or “constructive sale” transaction, or holders who acquired International Paper common stock upon the exercise of employee stock options or otherwise as compensation or holders whose functional currency is not the U.S. dollar). In addition, this summary is limited to holders of International Paper common stock that hold such common stock as a capital asset. Finally, this summary does not address any tax consequences arising under the alternative minimum tax, the Medicare tax on net investment income, the Foreign Account Tax Compliance Act (including the Treasury Regulations promulgated thereunder and intergovernmental agreements entered into pursuant thereto or in connection therewith), estate, gift or other non-income tax consequences or any state, local or foreign tax consequences.

If an entity treated as a partnership for U.S. federal income tax purposes holds International Paper common stock, the U.S. federal income tax consequences arising from distribution will generally depend in part upon the status and activities of such entity and the particular partner. Holders of International Paper common stock that are partnerships and partners in such partnerships should consult their own tax advisors regarding the U.S. federal income tax consequences of the distribution.

A U.S. holder is a beneficial owner of International Paper common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, 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 United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (ii) it has a valid election in place under applicable Treasury regulations to be treated as a U.S. person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

The distribution is conditioned, among other things, on the receipt by International Paper of an opinion of a nationally recognized accounting firm or tax counsel or a private letter ruling from the IRS regarding the qualification of the Distribution and certain related transactions as a transaction that is generally tax-free for U.S. federal income tax purposes to International Paper, Sylvamo and International Paper stockholders. 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. International Paper is also pursuing a private letter ruling from the IRS to the effect that the distribution and certain related transactions will qualify as tax-free to International Paper, Sylvamo and International Paper stockholders for U.S. federal income tax purposes. If any of the representations or covenants relied upon for a tax opinion or a private letter ruling becomes inaccurate, incomplete or not complied with by International Paper, Sylvamo or any of their respective subsidiaries, the private letter ruling or tax opinion, if applicable, may be invalid and the conclusions reached therein could be jeopardized.

If the IRS ultimately determines that the distribution is taxable, then International Paper, Sylvamo and holders of International Paper common stock could be subject to significant U.S. federal income tax liability. Please refer to “—Material U.S. Federal Income Tax Consequences if the Distribution is Taxable” below.

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies as a Transaction That is Generally Tax-Free Under Section 355 and Section 368(a)(1)(D) of the Code.

If the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution to U.S. holders are as follows:

- no gain or loss will be recognized by, and no amount will be includible in the income of International Paper as a result of the distribution and separation, other than (i) gain or income arising in connection with certain internal restructurings undertaken in connection with the separation and distribution (including with respect to any portion of the borrowing proceeds transferred to International Paper from Sylvamo that is not used for qualifying purposes), (ii) with respect to any “excess loss account” or “intercompany transaction” required to be taken into account by International Paper under Treasury Regulations relating to consolidated federal income tax returns and (iii) gain or income in connection with any subsequent sale of Sylvamo’s stock owned by International Paper following the distribution;
- no gain or loss will be recognized by (and no amount will be included in the income of) U.S. holders of International Paper common stock upon the receipt of Sylvamo common stock in the distribution for U.S. federal income tax purposes, except with respect to any cash received in lieu of fractional shares of Sylvamo common stock (as described below);
- each U.S. holder’s aggregate tax basis in its International Paper common stock and the Sylvamo common stock received in the distribution (including any fractional share interest in Sylvamo common stock for which cash is received) immediately after the distribution will equal the aggregate basis the U.S. holder had in the International Paper common stock immediately before the distribution, allocated between the International Paper common stock and the Sylvamo common stock (including any fractional share interest in Sylvamo common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution; and
- each U.S. holder’s holding period in the Sylvamo common stock received in the distribution (including any fractional share interest in Sylvamo common stock for which cash is received) will generally include the holding period at the time of the distribution for the International Paper common stock with respect to which the distribution is made, provided that the International Paper common stock is owned as a capital asset on the date of the distribution.

If a U.S. holder of International Paper common stock holds different blocks of International Paper common stock (generally shares of International Paper common stock purchased or acquired on different dates or at

different prices), such U.S. holder should consult its tax advisor regarding the determination of the basis and holding period of shares of Sylvamo common stock received in the distribution in respect of particular blocks of International Paper common stock.

A U.S. holder who receives cash in lieu of a fractional share of Sylvamo common stock in the distribution will be treated as though it first received a distribution of the fractional share in the distribution and then sold such fractional share for the amount of cash such U.S. holder actually receives, and, provided the fractional share is considered to be held as a capital asset, will generally recognize capital gain or loss in an amount equal to the difference between the amount of cash received for the fractional share and such U.S. holder's adjusted tax basis in such fractional share, determined as described above. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for its International Paper common stock with respect to which the U.S. holder received the fractional share exceeds one year at the time of the distribution.

Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable.

As discussed above, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, some or all of the consequences described above would not apply, and holders of International Paper and Sylvamo common stock could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of International Paper or Sylvamo could cause the distribution and certain related transactions to not qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, Sylvamo may be required to indemnify International Paper for taxes (and certain related losses) resulting from the distribution and certain related transactions not qualifying as tax-free.

If the distribution were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, International Paper would recognize taxable gain as if it had sold the Sylvamo common stock in a taxable sale for its fair market value (unless International Paper and Sylvamo jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (1) the International Paper group would recognize taxable gain as if Sylvamo had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of the Sylvamo common stock and the assumption of all Sylvamo's liabilities and (2) Sylvamo would obtain a related step up in the basis of its assets), and U.S. holders of International Paper common stock who receive Sylvamo common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares (including any fractional shares received). Such distribution would generally result in:

- a taxable dividend to the extent of the U.S. holder's ratable share of International Paper's current and accumulated earnings and profits, as increased to reflect the gain (if any) recognized by International Paper on a taxable distribution;
- a reduction in the U.S. holder's tax basis (but not below zero) in its International Paper common stock to the extent the amount received exceeds the U.S. holder's share of International Paper's earnings and profits; and
- a taxable gain from the exchange of International Paper common stock to the extent that the amount the U.S. holder receives exceeds both the U.S. holder's share of International Paper's earnings and profits and the tax basis in the U.S. holder's International Paper common stock.

Even if the distribution were to otherwise qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to International Paper (but not the holders of International Paper's common stock) under Section 355(e) of the Code if the distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in International Paper or Sylvamo. For this

purpose, any acquisitions of International Paper or Sylvamo shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although International Paper or Sylvamo may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable Treasury Regulations). However, if the IRS were to determine that other acquisitions of International Paper or Sylvamo stock, either before or after the distribution, were part of a plan or series of related transactions that included the distribution, such determination could result in significant tax liabilities to International Paper. If such an acquisition of International Paper's or Sylvamo's common stock triggers the application of Section 355(e) of the Code, International Paper would recognize a gain equal to the excess (if any) of the fair market value of the Sylvamo common stock that it holds immediately before completion of the distribution over International Paper's tax basis in that stock.

In connection with the distribution, International Paper and Sylvamo will enter into a tax matters agreement pursuant to which Sylvamo will be responsible for certain liabilities and obligations following the distribution. In general, under the terms of the tax matters agreement, if the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code (including as a result of Section 355(e) of the Code) or if certain related transactions were to fail to qualify as tax-free under applicable law, and if such failure were the result of actions taken after the distribution by International Paper or Sylvamo, then the party responsible for such failure will be responsible for all taxes imposed on International Paper or Sylvamo, as applicable, to the extent such taxes result from such actions. However, if such failure was the result of any acquisition of Sylvamo shares, or of certain of Sylvamo's representations, statements or undertakings being incorrect, incomplete or breached, then Sylvamo generally will be responsible for all taxes imposed as a result of such acquisition or breach. For a discussion of the tax matters agreement, see "Relationships Between Sylvamo and International Paper Following the Distribution—Tax Matters Agreement." Sylvamo's indemnification obligations to International Paper under the tax matters agreement will not be limited in amount or subject to any cap. If Sylvamo is required to pay any taxes or indemnify International Paper or any its subsidiaries and officers and directors under the circumstances set forth in the tax matters agreement, Sylvamo may be subject to substantial liabilities.

Backup Withholding and Information Reporting.

Payments of cash to U.S. holders of International Paper common stock in lieu of fractional shares of Sylvamo common stock may, under certain circumstances, be subject to information reporting and backup withholding (currently, at a rate of 24 percent), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

U.S. Treasury Regulations require each U.S. holder that immediately before the distribution owned 5% or more (by vote or value) of the total outstanding stock of International Paper to attach to its U.S. federal income tax return for the year in which Sylvamo common stock is received a statement setting forth certain information related to the distribution.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

WHERE YOU CAN FIND MORE INFORMATION

Sylvamo has filed a registration statement on Form 10 with the SEC with respect to the shares of its common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits to the registration statement. For further information with respect to Sylvamo and its common stock, please refer to the registration statement, including its exhibits. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits, on the Internet at the SEC's website at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference into this information statement or the registration statement of which this information statement is a part.

Upon the effectiveness of the Form 10 registration statement, Sylvamo will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC. Our future filings will be available from the SEC as described above.

Sylvamo will make its SEC filings available free of charge through our website (www.sylvamo.com) as soon as practicable after they are electronically filed with the SEC. After the distribution, you may also request a copy of Sylvamo's future SEC filings at no cost, by writing or telephoning us at:

Sylvamo Corporation
6400 Poplar Avenue
Memphis, Tennessee 38197
Attn: Corporate Secretary
Telephone: (901) 419 - 7000

We intend to furnish holders of our common stock with annual reports containing financial statements prepared in accordance with U.S. GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Independent Registered Public Accounting Firm

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 combined balance sheets of the Sylvamo Corporation (the “Company”), a business of International Paper Company, as of December 31, 2020 and 2019, the related combined statements of operations, comprehensive income (loss), changes in equity, and cash flows, for each of the three years in the period ended December 31, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company 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 and in accordance with auditing standards generally accepted in the United States of America. 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

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.

Emphasis of a Matter

As disclosed in Note 2 to the financial statements, the accompanying financial statements were derived from the consolidated financial statements and accounting records of International Paper Company. These financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented as the Company was historically managed within International Paper Company. The financial statements may not be indicative of the Company’s future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it operated as an independent company during the periods presented. Our opinion is not modified with respect to this matter.

Report of Independent Registered Public Accounting Firm

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit and finance committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill — Brazil Reporting Unit — Refer to Notes 2 and 8 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill associated with the Brazil reporting unit for impairment involves the comparison of the fair value of the reporting unit to its carrying value. The Company determines the fair value of its reporting unit using the discounted cash flow model and the market approach. The determination of the fair value using the discounted cash flow model requires management to make significant estimates and assumptions related to forecasts of future revenues, operating profit margins, and discount rates. The determination of the fair value using the market approach requires management to make significant assumptions related to revenue multiples and adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) multiples. In conjunction with the annual impairment assessment, the Company's Brazil reporting unit was tested for impairment as of October 1, 2020. Because the estimated fair value of the reporting unit exceeded its carrying value, no impairment was recorded. As of December 31, 2020, the Brazil reporting unit's goodwill was \$121 million.

We identified the Company's impairment evaluation of goodwill for the Brazil reporting unit as a critical audit matter. Given reductions in cash flows caused by a substantial decline in demand for printing papers across all geographic regions and given the uncertainty regarding the duration and magnitude of the economic impact of the COVID-19 pandemic, a high degree of auditor judgment and an increased extent of effort was required when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the discount rate, forecasted future revenues and operating margins, and revenue and adjusted EBITDA multiples, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of future revenues and operating profit margins ("forecasts"), revenue and adjusted EBITDA multiples, and selection of discount rates for the Brazil reporting unit, included the following, among others:

- We tested the effectiveness of controls over goodwill, including those over the determination of fair value, such as controls related to management's selection of the discount rate and forecasts of future revenue and operating margin.
- We evaluated management's ability to accurately forecast future revenues and operating margins by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts by comparing the forecasts to (1) historical results, (2) internal communications to management and the Board of Directors, and (3) forecasted information included in International Paper Company's press releases as well as in relevant analyst and industry reports.
- We considered the impact of changes in the operating environment on management's forecasts, including the impact of the COVID-19 pandemic on the long-term demand for the Company's products.

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- With the assistance of our fair value specialists, we evaluated the discount rates, including testing the underlying source information and the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the discount rates selected by management.
- With the assistance of our fair value specialists, we evaluated the revenue and adjusted EBITDA multiples, including testing the underlying source information and mathematical accuracy of the calculations, and comparing the multiples selected by management to its guideline companies.

Income Taxes — Application of Hypothetical Separate Return Method – Refer to Notes 2 and 9 to the financial statements

Critical Audit Matter Description

The Company is included in the foreign and domestic tax filings of International Paper Company. The Company's income tax provision is determined on a hypothetical separate return basis as if the Company was a stand-alone entity, based on management's interpretation of the tax regulations and rulings in numerous taxing jurisdictions. When calculating the income tax provision management made certain estimates and assumptions when identifying and measuring book to tax differences, allocating and measuring applicable tax credits and carryforwards, and identifying and allocating uncertain tax positions. The Company's income tax provision for 2020 was \$28 million. In addition, as of December 31, 2020, the Company recorded a liability for unrecognized tax benefits of \$18 million, and an asset for tax credit and carryforwards of \$26 million, net of valuation allowances of \$35 million.

Given the number of taxing jurisdictions and the complex and subjective nature of the associated tax regulations and rulings, auditing management's application of the hypothetical separate return method required a high degree of auditor judgment and increased extent of effort, including the need to involve our income tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

With the assistance of our income tax specialists, our audit procedures related to management's application of the hypothetical separate return method included the following, among others:

- We evaluated the completeness of the Company's identification and allocation of book to tax differences by:
 - Comparing the book to tax differences to those historically identified and accounted for by International Paper Company
 - Analyzing the book to tax differences attributed to allocations of assets, liabilities and expenses historically held at the International Paper Company corporate level
- We selected a sample of book to tax differences and tested the accuracy, completeness, and classification of each selection.
- We developed an expectation of the foreign income tax expense by jurisdiction and compared it to the recorded balances.
- We evaluated management's significant judgments regarding the identification and allocation of uncertain tax positions by analyzing all uncertain tax positions of International Paper Company and determining which positions were attributable to the separate operations of the Company.
- We evaluated management's significant judgments regarding the allocation and measurement of tax credits and carryforwards by:
 - Analyzing all tax credits and carryforwards generated by International Paper Company and determining the nature and amounts of such attributes that would have been generated through the separate operations of the Company on a hypothetical stand-alone basis.

Report of Independent Registered Public Accounting Firm

- Evaluating whether the sources of management’s estimated taxable income were of the appropriate character and would be sufficient to utilize the deferred tax assets on a stand-alone basis under the relevant tax law.

/s/ Deloitte & Touche LLP

Memphis, Tennessee
April 16, 2021

We have served as the Company’s auditor since 2020.

Sylvamo Corporation of International Paper Company

COMBINED STATEMENTS OF OPERATIONS

In millions for the years ended December 31

	2020	2019	2018
NET SALES (including sales to a related party of \$23, \$8 and \$19 for 2020, 2019 and 2018, respectively)	\$3,009	\$4,017	\$4,119
COSTS AND EXPENSES (including purchases from a related party of \$372, \$513 and \$572 for 2020, 2019 and 2018, respectively)			
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	2,101	2,638	2,620
Selling and administrative expenses	209	262	288
Depreciation, amortization and cost of timber harvested	154	192	198
Distribution expenses	321	393	408
Taxes other than payroll and income taxes	30	33	35
Restructuring and other charges, net	—	6	4
Interest (income) expense, net	(4)	(9)	(7)
INCOME (LOSS) BEFORE INCOME TAXES	198	502	573
Income tax provision (benefit)	28	125	154
NET INCOME (LOSS)	\$ 170	\$ 377	\$ 419

The accompanying notes are an integral part of these combined financial statements.

Sylvamo Corporation of International Paper Company

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

In millions for the years ended December 31

	<u>2020</u>	<u>2019</u>	<u>2018</u>
NET INCOME (LOSS)	\$ 170	\$377	\$ 419
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Defined Benefit Pension and Postretirement Adjustments:			
Amortization of pension and postretirement net loss	1	1	1
Pension and postretirement liability adjustments (less tax of \$1, \$3 and (\$2))	(5)	(7)	4
Change in cumulative foreign currency translation adjustment	(246)	(38)	(226)
Net gains/losses on cash flow hedging derivatives:			
Net gains (losses) arising during the period (less tax of \$13, (\$1), and \$4)	(25)	1	(8)
Reclassification adjustment for (gains) losses included in net earnings (less tax of (\$12), (\$2), and (\$2))	24	5	3
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(251)	(38)	(226)
COMPREHENSIVE INCOME (LOSS)	\$ (81)	\$339	\$ 193

The accompanying notes are an integral part of these combined financial statements.

Sylvamo Corporation of International Paper Company

COMBINED BALANCE SHEETS

<i>In millions at December 31</i>	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and temporary investments	\$ 95	\$ 135
Accounts and notes receivable (less allowances of \$30 in 2020 and \$34 in 2019)	400	513
Related party receivable	221	198
Inventories	342	443
Other current assets	61	104
Total Current Assets	1,119	1,393
Plants, Properties and Equipment, net	974	1,174
Forestlands	293	372
Goodwill	143	179
Right of Use Assets	46	39
Deferred Charges and Other Assets	336	313
TOTAL ASSETS	<u>\$ 2,911</u>	<u>\$ 3,470</u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 259	\$ 311
Notes payable and current maturities of long-term debt	4	9
Accrued payroll and benefits	68	74
Related party payable	25	23
Other current liabilities	134	163
Total Current Liabilities	490	580
Long-Term Debt	22	25
Deferred Income Taxes	170	236
Other Liabilities	117	112
Commitments and Contingent Liabilities (Note 10)		
Parent Company Equity		
Parent company investment	3,592	3,746
Accumulated other comprehensive loss	(1,480)	(1,229)
Total Parent Company Equity	2,112	2,517
TOTAL LIABILITIES AND PARENT COMPANY EQUITY	<u>\$ 2,911</u>	<u>\$ 3,470</u>

The accompanying notes are an integral part of these combined financial statements.

Sylvamo Corporation of International Paper Company

COMBINED STATEMENTS OF CASH FLOWS

In millions for the years ended December 31

	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES			
Net Income (Loss)	\$ 170	\$ 377	\$ 419
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation, amortization and cost of timber harvested	154	192	198
Deferred income tax provision (benefit), net	(49)	(7)	(5)
Stock-based compensation	15	19	19
Changes in operating assets and liabilities			
Accounts and notes receivable	65	45	(59)
Related party receivable	(5)	(27)	(6)
Inventories	71	(47)	(27)
Related party payable	(1)	(4)	—
Accounts payable and accrued liabilities	(45)	(1)	51
Other	(16)	(23)	(1)
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>359</u>	<u>524</u>	<u>589</u>
INVESTMENT ACTIVITIES			
Invested in capital projects	(75)	(118)	(150)
Cash pool arrangements with Parent	(5)	(39)	(21)
Proceeds from sale of plants, properties and equipment	—	3	—
Other	1	(6)	—
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	<u>(79)</u>	<u>(160)</u>	<u>(171)</u>
FINANCING ACTIVITIES			
Net transfers (to) from Parent	(340)	(369)	(496)
Reduction of debt	(10)	(18)	(14)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>(350)</u>	<u>(387)</u>	<u>(510)</u>
Effect of Exchange Rate Changes on Cash	<u>30</u>	<u>(17)</u>	<u>36</u>
Change in Cash and Temporary Investments	<u>(40)</u>	<u>(40)</u>	<u>(56)</u>
Cash and Temporary Investments			
Beginning of the period	135	175	231
End of the period	<u>\$ 95</u>	<u>\$ 135</u>	<u>\$ 175</u>

The accompanying notes are an integral part of these combined financial statements.

Sylvamo Corporation of International Paper Company

COMBINED STATEMENTS OF CHANGES IN EQUITY

<i>In millions</i>	Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Company Equity
Balance, January 1, 2018	\$ 3,774	\$ (965)	\$ 2,809
Adoption of ASC 606 revenue from contracts with customers	3	—	3
Net transfers (to) from Parent	(477)	—	(477)
Comprehensive income (loss)	419	(226)	193
Balance, December 31, 2018	3,719	(1,191)	2,528
Net transfers (to) from Parent	(350)	—	(350)
Comprehensive income (loss)	377	(38)	339
Balance, December 31, 2019	3,746	(1,229)	2,517
Adoption of ASU 2016-13 expected credit losses on trade receivables and contract assets	1	—	1
Net transfers (to) from Parent	(325)	—	(325)
Comprehensive income (loss)	170	(251)	(81)
Balance, December 31, 2020	\$ 3,592	\$ (1,480)	\$ 2,112

The accompanying notes are an integral part of these combined financial statements.

Sylvamo Corporation of International Paper Company

Notes to Combined Financial Statements

NOTE 1 BACKGROUND AND SUMMARY OF BUSINESS

BACKGROUND

On December 3, 2020, International Paper Company (“International Paper” or “Parent”) announced that its Board of Directors had approved a plan to spin-off its Printing Papers segment along with certain mixed-use coated paperboard and pulp businesses in North America, France and Russia (collectively referred to herein as the “Company,” “we,” “us,” or “our”), and separate into two distinct publicly-traded companies. The mixed-use operations were historically reported within International Paper’s European Coated Paperboard operating segment (formerly part of the Industrial Packaging Group reportable segment) and the Global Cellulose Fibers reportable segment. Under the plan, International Paper will retain approximately 19.9% of the shares of the Company and would execute a spin-off of the Company in a manner that is intended to be tax-free to International Paper’s stockholders for U.S. federal income tax purposes, except for cash that stockholders receive in lieu of fractional shares, by way of a *pro rata* distribution of the remaining approximately 80.1% of the common stock of the Company to International Paper’s shareholders of record as of the spin-off transaction record date. In connection with the spin-off transaction, International Paper is being treated as the accounting “spinor,” consistent with the legal form of the transaction.

We expect the transaction to be completed during the second half of 2021. The completion of the spin-off is subject to certain customary conditions, including the Form 10 registration statement being declared effective by the Securities and Exchange Commission and final approval by International Paper’s Board of Directors.

COVID-19

On March 11, 2020, the World Health Organization (“WHO”) declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. Since that time, all of our manufacturing facilities have remained open and operational during the pandemic. The health and safety of our employees and contractors is our most important responsibility as we manage through the COVID-19 pandemic. We have implemented work-systems across the Company, including hygiene, social distancing, site cleaning, contact tracing and other measures, as recommended by the Centers for Disease Control (“CDC”) and WHO. Our COVID-19 measures have proved to be effective to date, and we have not had any material disruptions to our operations.

We have seen a significant negative impact on demand for our printing papers products, which account for the majority of our net sales. There continue to be significant uncertainties associated with the COVID-19 pandemic, including with respect to the various economic reopening plans and the resurgence of the virus in many areas, additional actions that may be taken by governmental authorities and private businesses to attempt to contain the COVID-19 outbreak or to mitigate its impact, the extent and duration of social distancing and stay-at-home orders, the availability, efficacy of, ability to administer, and extent of adoption of any COVID-19 vaccines and the ongoing impact of COVID-19 on unemployment, economic activity and consumer confidence. Developments related to COVID-19 had a significant adverse effect on our results of operations and cash flows in 2020, which could continue if negative global economic conditions persist for a significant period of time.

NATURE OF BUSINESS

The Company, headquartered in the United States, is primarily a global manufacturer of uncoated freesheet that produces a variety of papers for business and home use. The mills producing uncoated papers are located in the United States, Brazil, France and Russia. The business produces papers for use in copiers, desktop and laser printers and digital imaging. End-use applications include advertising and promotional materials such as brochures, pamphlets, greeting cards, books, annual reports and direct mail. The Company also produces a

Sylvamo Corporation of International Paper Company

Notes to Combined Financial Statements

variety of grades that are converted by customers into envelopes, tablets, business forms and file folders. The Company's products are sold under private label and Company-owned brand names that include *Accent*®, *Opaque*, *Ballet*®, *by George*®, *Hammermill*®, *Chamex*®, *REY*®, *PRO-DESIGN*® and *SvetoCopy*®. The Company also produces high-quality coated paperboard for a variety of packaging end uses at our mill in Russia, along with market pulp, used for producing tissue, printing and writing paper, specialty paper and board grades, at our mills in the United States, Brazil, Russia and France.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF COMBINATION

We have historically operated as part of International Paper and not as a standalone company. The accompanying audited combined financial statements included in this information statement were prepared on a "carve-out" basis in connection with the Separation and were derived from the consolidated financial statements and accounting records of International Paper. These combined financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented as the Company was historically managed within International Paper. The combined financial statements have been prepared in United States ("U.S.") dollars and in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). The combined financial statements may not be indicative of the Company's future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it operated as an independent company during the periods presented.

The combined statements of operations also include expense allocations for certain functions provided by International Paper, including, but not limited to general corporate expenses related to finance, legal, information technology, human resources, communications, insurance and stock-based compensation. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of capital employed, headcount or other measures. During the years ended December 31, 2020, 2019 and 2018, the Company was allocated \$167 million, \$209 million and \$203 million, respectively, of such general corporate expenses, which were included within cost of products sold and selling and administrative expenses in the combined statements of operations. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expenses the Company would have incurred if the Company had been an independent company for the periods presented. Actual costs that may have been incurred if the Company had been an independent company would depend on several factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. The Company is unable to determine what such costs would have been had the Company been independent. Following the Separation from International Paper, the Company may perform these functions using its own resources or purchased services. For an interim period following the Separation, however, some of these functions will continue to be provided by International Paper under a transition services agreement. Additionally, we may provide some services to International Paper under a transition services agreement. We will also enter into certain commercial agreements with International Paper in connection with the Separation.

All intracompany transactions have been eliminated. Related-party transactions between the Company and International Paper relating to general operating activities have been included in these combined financial statements. These related-party transactions historically settled in cash between the Company and International Paper have been reflected in the combined balance sheets as "Related-party receivable" or "Related-party payable" with the aggregate net effect of these related-party transactions reflected in the combined statements of cash flows as either "Related party receivable" or "Related party payable" within operating activities.

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The aggregate net effect of transactions with International Paper not settled in cash, including corporate allocations, has been reflected in the combined balance sheets as “Parent company investment” and in the combined statements of cash flows as “Net transfers (to) from Parent” within financing activities.

In addition, certain of the Company’s Europe locations participate in International Paper’s centralized cash pooling arrangement. Amounts due from the cash pool are generally settled on a daily basis and are reflected in the combined balance sheets as “Related-party receivable” with the aggregate net activity between the Company and International Paper reflected in the combined statements of cash flows as “Cash pool arrangements with Parent” within investing activities.

International Paper utilizes a centralized approach to cash management and financing its operations. This arrangement is not reflective of the manner in which the Company would have been able to finance its operations had it been independent from International Paper. The cash and temporary investments held by International Paper at the corporate level are not specifically identifiable to the Company and therefore have not been reflected in the Company’s combined balance sheets. Effective transfers between International Paper and the Company are recorded through the Parent company investment account. Cash and temporary investments in the combined balance sheets represent cash and temporary investments held locally by the Company.

The combined financial statements include certain assets and liabilities that have historically been held at the International Paper corporate level but are specifically identifiable or otherwise attributable to the Company. International Paper’s third-party debt and the related interest expense have not been allocated to the Company for any of the periods presented as the Company is not the legal obligor of such debt.

The Company operates on a calendar year-end.

USE OF ESTIMATES

In preparing the combined financial statements in accordance with U.S. GAAP, management makes estimates and assumptions that affect amounts reported in the combined financial statements and accompanying notes. Actual results may differ from those estimates.

REVENUE RECOGNITION

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.

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 upon the terms of the arrangement and expected volume purchases over the contract period, consistent with the most likely amount method outlined in ASC 606. 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 which 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

Sylvamo Corporation of International Paper Company

Notes to Combined Financial Statements

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 4 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 6 for further details.

SHIPPING AND HANDLING COSTS

Shipping and handling costs, such as freight to customers' destinations, are included in distribution expenses in the combined statements of operations.

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 paper and pulp 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 6 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 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 related to common area maintenance, insurance, taxes and utilities. Variable payments for equipment, vehicles and leases within supply agreements primarily related 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. See Note 7 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 paper and pulp mills, and the straight-line method is used for other plants and equipment. See Note 6 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

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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. The results of our annual impairment test indicated that the carrying amount did not exceed the estimated fair value of any reporting units. 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. See Note 8 for further discussion.

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 based on undiscounted cash flows, requiring judgments as to 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. Impaired assets are written-down to their estimated fair value. See Note 8 for further discussion.

EMPLOYEE RETIREMENT BENEFITS

Certain of the Company's employees participate in defined benefit and other postretirement plans (the "Plans") sponsored by International Paper and accounted for by International Paper in accordance with accounting guidance for defined benefit pension and other postretirement benefit plans. The Company accounts for the participation of its employees in these Plans as a participant in a multiemployer plan sponsored by International Paper.

The Company also serves as the sponsor of certain direct defined benefit pension and postretirement plans in Brazil and the United Kingdom, which the Company accounts for using the single-employer method, with the net funded status of these plans recorded as an asset or liability in the combined balance sheets. See Note 11 for additional disclosures regarding retirement benefits.

INCOME TAXES

The Company is included in the foreign and domestic tax returns of International Paper. We calculate the provision for income taxes by using a separate-return method. Under this method, we are assumed to file a separate return with the tax authority in each jurisdiction in which we operate, thereby reporting our taxable income or loss and paying the applicable tax to or receiving the appropriate refund from International Paper. Our current provision is the amount of tax payable or refundable on the basis of a hypothetical, current-year separate return. We provide deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical return and assess the need for a valuation allowance on the basis of our projected separate-return results.

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Notes to Combined Financial Statements

Any difference between the tax provision (or benefit) allocated to us under the separate-return method and payments to be made to (or received from) International Paper for tax expense is treated as either dividends or capital contributions.

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax balances on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax balances is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We record uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

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) ("AOCT").

PARENT COMPANY INVESTMENT

Parent company investment in the combined balance sheets represent International Paper's historical investment in the Company, the Company's accumulated net income, and the net effect of transactions with and allocations from International Paper.

NOTE 3 RECENT ACCOUNTING DEVELOPMENTS

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

FINANCIAL INSTRUMENTS – CREDIT LOSSES

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This guidance replaces the current incurred loss impairment method with a method that reflects expected credit losses. The Company adopted this guidance using the modified retrospective approach on January 1, 2020. As a result of using this approach, the Company recognized a cumulative effect adjustment of \$1 million to the opening balance of Parent company investment representing the adjustment to our opening allowance for doubtful accounts required to state our trade receivables and contract assets net of their expected credit losses, net of deferred taxes.

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INTANGIBLES

In January 2017, the FASB issued ASU 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.” This guidance eliminates the requirement to calculate the implied fair value of goodwill under Step 2 of the previous goodwill impairment test approach to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit’s carrying amount over its fair value. This guidance should be applied prospectively. The Company early adopted the provision of this guidance in 2019 in conjunction with our annual evaluation for possible goodwill impairment, but it did not impact the combined financial statements.

LEASES

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842): Leases.” The Company adopted the provisions of this guidance effective January 1, 2019, using the modified retrospective optional transition method. Therefore, the standard was applied beginning January 1, 2019, and prior periods were not restated. The adoption of the standard did not result in a cumulative effect adjustment to the opening balance of Parent company investment. The Company elected the package of practical expedients and implemented internal controls and system functionality to enable the preparation of financial information upon adoption.

The adoption of the new standard resulted in the recognition of an ROU asset and short-term and long-term liabilities recorded on the Company’s combined balance sheets related to operating leases. Accounting for finance leases remained substantially unchanged. In addition, the adoption of the standard did not have a material impact on the Company’s results of operations or cash flows. See Note 7.

REVENUE RECOGNITION

On January 1, 2018, the Company adopted the new revenue recognition standard ASC 606, “Revenue from Contracts With Customers,” (new revenue standard) and all related amendments, using the modified retrospective method. We recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the operating balance of Parent company investment. The Company recorded a net increase to opening Parent company investment of \$3 million as of January 1, 2018, due to the cumulative impact of adopting the new revenue standard, with the impact primarily related to our customized products.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED**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, 2022. The Company is currently evaluating the provisions of this guidance.

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NOTE 4 REVENUE RECOGNITION

EXTERNAL NET SALES BY PRODUCT

External net sales by major products were as follows:

<i>In millions</i>	2020	2019	2018
North America			
Uncoated Papers	\$1,428	\$1,912	\$1,944
Market Pulp	54	40	81
North America	1,482	1,952	2,025
Latin America			
Uncoated Papers	579	920	922
Market Pulp	53	49	57
Latin America	632	969	979
Europe			
Uncoated Papers	666	850	844
Coated Paperboard / Other	98	97	95
Market Pulp	131	149	176
Europe	895	1,096	1,115
Total	\$3,009	\$4,017	\$4,119

REVENUE CONTRACT BALANCES

The opening and closing balances of the Company's contract assets and contract liabilities are as follows:

<i>In millions</i>	Contract Assets (Short-Term)	Contract Liabilities (Short-Term)
Beginning Balance - December 31, 2019	\$ 47	\$ 10
Ending Balance - December 31, 2020	23	11
Increase / (Decrease)	\$ (24)	\$ 1

<i>In millions</i>	Contract Assets (Short-Term)	Contract Liabilities (Short-Term)
Beginning Balance - December 31, 2018	\$ 34	\$ 5
Ending Balance - December 31, 2019	47	10
Increase / (Decrease)	\$ 13	\$ 5

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.

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A contract liability is created when customers prepay for goods prior to the Company transferring control over 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. 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 pre-payment from the customer, respectively.

PERFORMANCE OBLIGATIONS AND SIGNIFICANT JUDGEMENTS

The Company's principal business is to manufacture and sell uncoated freesheet papers, along with coated paperboard and pulp. As a general rule, none of our businesses provide equipment installation or other ancillary services outside of producing and shipping paper goods 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 the Company's customary business practice to receive a valid purchase 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 5 OTHER COMPREHENSIVE INCOME

The following table presents the changes in AOCI, net of tax, reported in the combined financial statements:

<i>In millions</i>	2020	2019	2018
Defined Benefit Pension and Postretirement Adjustments			
Balance at beginning of period	\$ (44)	\$ (38)	\$ (43)
Other comprehensive income (loss) before reclassifications	(5)	(7)	4
Amounts reclassified from accumulated other comprehensive income	1	1	1
Balance at end of period	(48)	(44)	(38)
Change in Cumulative Foreign Currency Translation Adjustments			
Balance at beginning of period	(1,187)	(1,149)	(923)
Other comprehensive income (loss) before reclassifications	(246)	(38)	(226)
Balance at end of period	(1,433)	(1,187)	(1,149)
Net Gains and Losses on Cash Flow Hedging Derivatives			
Balance at beginning of period	2	(4)	1
Other comprehensive income (loss) before reclassifications	(1)	6	(5)
Balance at end of period	1	2	(4)
Total Accumulated Other Comprehensive Income (Loss) at End of Period	<u>\$ (1,480)</u>	<u>\$ (1,229)</u>	<u>\$ (1,191)</u>

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NOTE 6 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 months maturities but with the right to redeem without notices are treated as cash equivalents and are stated at cost. Temporary investments totaled \$36 million and \$104 million as of December 31, 2020 and 2019, respectively.

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable, net, by classification were:

<i>In millions as of December 31</i>	<u>2020</u>	<u>2019</u>
Accounts and notes receivable:		
Trade	\$379	\$493
Notes	2	4
Other	19	16
Total	<u>\$400</u>	<u>\$513</u>

Accounts and notes receivable are recognized net of an allowance for doubtful accounts. The allowance for expected credit losses reflects the best estimate of losses inherent in the Company's receivables portfolio determined on the basis of historical experience, specific allowances for known troubled accounts, expectations for future economic conditions through the use of macroeconomic data and other available evidence. Based on the Company's accounting estimates and the facts and circumstances available as of the reporting date, we believe our allowance for expected credit losses is adequate. While we have taken into account certain impacts of COVID-19 in connection with our estimate of the allowance for expected credit losses, it is possible that additional expected credit losses in excess of such allowance could occur if additional containment and mitigation measures are required or negative economic conditions persist or deteriorate as a result of COVID-19.

The following provides changes in our expected credit losses:

<i>In millions</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 34	\$ 43	\$ 33
Adjustments to reserve	(2)	(2)	19
Write-offs	(2)	(7)	(9)
Ending balance	<u>\$ 30</u>	<u>\$ 34</u>	<u>\$ 43</u>

INVENTORIES

<i>In millions as of December 31</i>	<u>2020</u>	<u>2019</u>
Raw materials	\$ 50	\$ 57
Finished paper and pulp products	171	262
Operating supplies	102	117
Other	19	7
Total	<u>\$342</u>	<u>\$443</u>

The last-in, first-out inventory method is used to value most of the Company's U.S. inventories. Approximately 63% of total raw materials and finished paper and pulp product inventories were valued using this method. The last-in, first-out inventory reserve was \$108 million and \$119 million as of December 31, 2020 and 2019, respectively.

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PLANTS, PROPERTIES AND EQUIPMENT, NET

<i>In millions as of December 31</i>	2020	2019
Land	\$ 9	\$ 9
Buildings	408	425
Machinery	4,299	4,483
Construction in progress	23	38
Capital leases	43	41
Gross cost	4,782	4,996
Less: Accumulated depreciation	3,808	3,822
Plants, Properties and Equipment, net	\$ 974	\$1,174

Non-cash additions to plants, property and equipment included within accounts payable were \$11 million, \$13 million and \$9 million as of December 31, 2020, 2019 and 2018, respectively.

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 \$152 million, \$190 million and \$194 million for the years ended December 31, 2020, 2019 and 2018, respectively. Cost of products sold excludes depreciation and amortization expense.

NOTE 7 LEASES

The Company 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 one year to 79 years.

COMPONENTS OF LEASE EXPENSE

<i>In millions</i>	2020	2019
Operating lease costs	\$ 10	\$ 10
Variable lease costs	16	20
Short-term lease costs	1	2
Finance lease cost		
Amortization of right-of-use assets	4	2
Interest on lease liabilities	1	1
Total lease cost, net	\$ 32	\$ 35

The Company recorded the following lease expense prior to the adoption of ASC 842:

<i>In millions</i>	2018
Total lease cost, net	\$ 20

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SUPPLEMENTAL BALANCE SHEET INFORMATION RELATED TO LEASES

<i>In millions</i>	<u>Classification</u>	<u>2020</u>	<u>2019</u>
Assets			
Operating lease assets	Right of use assets	\$ 46	\$ 39
Finance lease assets	Plants, properties, and equipment, net (a)	33	34
Total leased assets		<u>\$ 79</u>	<u>\$ 73</u>
Liabilities			
Current			
Operating	Other current liabilities	\$ 14	\$ 12
Finance	Notes payable and current maturities of long-term debt	2	3
Noncurrent			
Operating	Other Liabilities	32	28
Finance	Long-term debt	21	23
Total lease liabilities		<u>\$ 69</u>	<u>\$ 66</u>

(a) Finance leases are recorded net of accumulated amortization of \$10 million and \$7 million as of December 31, 2020 and 2019, respectively.

LEASE TERM AND DISCOUNT RATE

	<u>2020</u>	<u>2019</u>
Weighted average remaining lease term (years)		
Operating leases	4.2 years	4.7 years
Finance leases	10.9 years	10.7 years
Weighted average discount rate		
Operating leases	2.70%	2.80%
Finance leases	4.81%	5.17%

SUPPLEMENTAL CASH FLOW INFORMATION RELATED TO LEASES

<i>In millions</i>	<u>2020</u>	<u>2019</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows related to operating leases	\$ 11	\$ 10
Operating cash flows related to financing leases	\$ 1	\$ 1
Financing cash flows related to finance leases	\$ 3	\$ 2
Right of use assets obtained in exchange for lease liabilities		
Operating leases	\$ 16	\$ 10
Finance leases	\$ 4	\$ 5

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MATURITY OF LEASE LIABILITIES

<i>In millions</i>	Operating Leases	Financing Leases	Total
2021	\$ 15	\$ 4	\$ 19
2022	12	4	16
2023	9	3	12
2024	5	2	7
2025	4	2	6
Thereafter	3	14	17
Total lease payments	48	29	77
Less: imputed interest	2	6	8
Present value of lease liabilities	\$ 46	\$ 23	\$ 69

NOTE 8 GOODWILL AND OTHER INTANGIBLES

GOODWILL

There were no impairment charges related to goodwill for the years ended December 31, 2020, 2019 and 2018.

The following table presents changes in the goodwill balance:

<i>In millions</i>	North America	Latin America	EMEA	Total
Balance as of December 31, 2018				
Goodwill	\$ —	\$ 161	\$ 28	\$ 189
Accumulated impairment losses	—	—	(5)	(5)
	—	161	23	184
Currency translation and other (a)	—	(6)	1	(5)
Goodwill additions/reductions	—	—	—	—
Accumulated impairment loss additions/reductions	—	—	—	—
Balance as of December 31, 2019				
Goodwill	—	155	29	184
Accumulated impairment losses	—	—	(5)	(5)
	—	155	24	179
Currency translation and other (a)	—	(34)	(2)	(36)
Goodwill additions/reductions	—	—	—	—
Accumulated impairment loss additions/reductions	—	—	—	—
Balance as of December 31, 2020				
Goodwill	—	121	27	148
Accumulated impairment losses	—	—	(5)	(5)
Total	\$ —	\$ 121	\$ 22	\$ 143

(a) Represents the effects of foreign currency translations and reclassifications.

The Company performed its annual testing of its reporting units for possible goodwill impairments by applying the quantitative assessment to its France, Russia and Brazil reporting units as of October 1, 2020. The Company elected to perform the quantitative goodwill impairment test due to the current economic environment. The quantitative goodwill impairment test was performed by comparing the carrying amount of each respective

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reporting unit to its estimated fair value. The Company calculated the estimated fair value of each of its reporting units with goodwill using a weighted approach based on discounted future cash flows, market multiples and transaction multiples. The carrying amount did not exceed the estimated fair value of any reporting units.

In addition, the Company considered whether there were any events or circumstances outside of the annual evaluation that would reduce the fair value of its reporting units below their carrying amounts and necessitate a goodwill impairment evaluation. In consideration of all relevant factors, there were no indicators that would require goodwill impairment subsequent to October 1, 2020.

OTHER INTANGIBLES

Identifiable intangible assets comprised the following:

	2020			2019		
<i>In millions as of December 31</i>	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Customer relationships and lists	\$ 60	\$ (49)	\$ 11	\$ 77	\$ (61)	\$ 16
Non-compete agreements	—	—	—	5	(5)	—
Software	3	(2)	1	3	(3)	—
Other	4	(4)	—	4	(4)	—
Total	\$ 67	\$ (55)	\$ 12	\$ 89	\$ (73)	\$ 16

The Company recognized the following amounts as amortization expense related to intangible assets:

<i>In millions</i>	2020	2019	2018
Amortization expense related to intangible assets	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 3</u>

Based on current intangibles subject to amortization, estimated amortization expense for each of the succeeding years is as follows: 2021 – \$2 million, 2022 – \$2 million, 2023 – \$2 million, 2024 – \$2 million, 2025 - \$2 million and cumulatively thereafter – \$2 million.

NOTE 9 INCOME TAXES

The components of the Company's income (loss) before income taxes by taxing jurisdiction were as follows.

<i>In millions</i>	2020	2019	2018
U.S.	<u>\$ 10</u>	<u>\$ 145</u>	<u>\$ 137</u>
Non-U.S.	<u>188</u>	<u>357</u>	<u>436</u>
Income (loss) before income taxes	<u>\$198</u>	<u>\$502</u>	<u>\$573</u>

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Income tax provision (benefit) by taxing jurisdictions was as follows:

<i>In millions</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current tax provision (benefit)			
U.S. federal	\$ (4)	\$ 36	\$ 34
U.S. state and local	2	8	8
Non-U.S.	77	88	117
	<u>\$ 75</u>	<u>\$ 132</u>	<u>\$ 159</u>
Deferred tax provision (benefit)			
U.S. federal	\$ (4)	\$ (4)	\$ 1
U.S. state and local	(1)	(2)	1
Non-U.S.	(42)	(1)	(7)
	<u>\$ (47)</u>	<u>\$ (7)</u>	<u>\$ (5)</u>
Income tax provision (benefit)	<u>\$ 28</u>	<u>\$ 125</u>	<u>\$ 154</u>

A reconciliation of income taxes using the statutory U.S. income tax rate of 21% compared to the reported income tax provision (benefit) is summarized as follows:

<i>In millions</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income (loss) before income taxes	\$198	\$502	\$573
Statutory U.S. income tax rate	21%	21%	21%
Income taxes using the statutory U.S. income tax rate	42	105	120
State and local income taxes	1	5	7
Impact of rate differential on non-U.S. permanent differences and earnings	(5)	12	19
Tax audits	(10)	—	—
US tax on non-U.S. earnings (GILTI and Subpart F)	1	4	9
Other, net	(1)	(1)	(1)
Income tax provision (benefit)	<u>\$ 28</u>	<u>\$ 125</u>	<u>\$ 154</u>
Effective income tax rate	14%	25%	27%

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the “CARES Act”). The CARES Act provides various types of economic relief for individuals and businesses due to the COVID-19 pandemic, including temporary corporate tax relief. The CARES Act did not have a material impact to the income tax provision.

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The components of deferred income tax assets and liabilities are as follows:

<i>In millions</i>	<u>2020</u>	<u>2019</u>
Deferred income tax assets:		
Net operating and capital loss carryforwards	\$ 27	\$ 21
Accrued payroll and benefits	9	10
Lease liabilities	10	9
Tax credits	35	32
Other	64	46
Gross deferred income tax assets	<u>\$ 145</u>	<u>\$ 118</u>
Less: valuation allowance (a)	(35)	(33)
Net deferred income tax asset	<u>\$ 110</u>	<u>\$ 85</u>
Deferred income tax liabilities:		
Intangibles	\$ (45)	\$ (59)
Right of use assets	(10)	(9)
Deferred foreign income	(35)	(41)
Plants, properties and equipment	(106)	(121)
Forestlands	(49)	(62)
Gross deferred income tax liabilities	<u>\$(245)</u>	<u>\$(292)</u>
Net deferred income tax liability	<u>\$(135)</u>	<u>\$(207)</u>

(a) The net change in the total valuation allowance for the years ended December 31, 2020 and 2019 was an increase of \$2 million and an increase of \$4 million respectively.

The Company recognizes deferred income tax assets for deductible temporary differences and carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized based on estimates of future taxable income. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. Based on this evaluation, as of December 31, 2020, a valuation allowance of \$35 million has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized. The valuation allowance in both periods is primarily attributable to state tax credits that cannot be realized.

The Company provides for foreign withholding 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 \$0.8 billion of undistributed earnings of non-U.S. subsidiaries as of December 31, 2020 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.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows:

<i>In millions</i>	2020	2019	2018
Balance at January 1	\$ (28)	\$ (29)	\$ (28)
(Additions) reductions for tax positions related to current year	(1)	—	(2)
(Additions) for tax positions related to prior years	—	—	—
Reductions for tax positions related to prior years	11	—	1
Settlements	—	—	—
Expiration of statutes of limitations	—	1	—
Currency translation adjustment	—	—	—
Balance at December 31	<u>\$ (18)</u>	<u>\$ (28)</u>	<u>\$ (29)</u>

Included in the balance of unrecognized tax benefits as of December 31, 2020, December 31, 2019 and December 31, 2018 are \$18 million, \$28 million and \$29 million, respectively, of tax benefits that if recognized would affect the effective tax rate.

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. During 2020, we did not accrue any interest, and as of December 31, 2020, recognized a liability related to the unrecognized tax benefits noted above for interest of \$2 million. During 2019, we accrued interest of \$0.2 million, and as of December 31, 2019, recognized a liability for interest of \$2.7 million. During 2018, we accrued interest of \$0.3 million, and as of December 31, 2018, recognized a liability for interest of \$2.5 million.

The Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by International Paper do Brasil Ltda. (“IP Brasil”), a wholly-owned subsidiary of the Company (the “Brazil Tax Dispute”). The Company received assessments for the tax years 2007-2015 totaling approximately \$114 million in tax and \$367 million in interest, penalties and fees as of December 31, 2020 (adjusted for variation in currency exchange rates). After a previous favorable ruling challenging the basis for these assessments, we received other subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. As legally required, International Paper provided a surety bond to the courts when appealing this matter. Sylvamo intends to further appeal these and any future unfavorable administrative judgments to the Brazilian federal courts and this tax litigation matter may take many years to resolve. Sylvamo may be required to replace International Paper’s existing guarantees of its Brazilian subsidiary’s surety bonds or reimburse International Paper for the costs of continuing to guarantee the existing surety bonds or provide other allowed collateral to continue to pursue these appeals. The Company is evaluating the availability and costs of these alternatives which could be material. The Company believes that it has appropriately evaluated the transaction underlying these assessments, and has concluded based on Brazilian tax law, that its tax position should be sustained. The Company intends to vigorously defend its position against the current assessments and any similar assessments that may be issued for tax years subsequent to 2015.

Refer to Note 15 for an update to this matter that occurred subsequent to the original issuance of the financial statements.

The major jurisdictions where the Company files income tax returns are the United States, Brazil, France and Russia. Generally, tax years 2006 through 2018 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. We do not expect a reduction in the uncertain tax positions in the next twelve months.

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The following details the scheduled expiration dates of the Company's December 31, 2020 net operating loss and income tax credit carryforwards:

<i>In millions</i>	2021 Through 2030	2031 Through 2039	Indefinite	Total
U.S. federal and non-U.S. NOLs	\$ —	\$ —	\$ 24	\$ 24
State taxing jurisdiction NOLs (a)	—	—	—	—
U.S. deferral, non-U.S. and state tax credit carryforwards (a)	27	4	3	34
U.S. federal and state capital loss carryforwards (a)	—	—	3	3
Total	\$ 27	\$ 4	\$ 30	\$ 61
Less: valuation allowance (a)	(27)	(4)	(4)	(35)
Total, net	\$ —	\$ —	\$ 26	\$ 26

(a) State amounts are presented net of federal benefit

NOTE 10 COMMITMENTS AND CONTINGENT LIABILITIES

GUARANTEES

In connection with sales of property, equipment, forestlands and other assets, the Company commonly makes representations and warranties relating to such assets.

ENVIRONMENTAL AND LEGAL PROCEEDINGS

The Company is subject to environmental remediation laws and regulations in the countries in which we operate. Remediation costs are recorded in the combined financial statements when they become probable and reasonably estimable. The Company has estimated the probable liability associated with these environmental remediation matters, including the specific matter described below, to be approximately \$16 million in the aggregate as of December 31, 2020.

In 2018, the Company discovered and voluntarily disclosed to regulators the presence of mercury contamination in sediment in a river tributary that traverses the Company's mill property in Svetogorsk, Russia. The mercury contamination resulted from the operations of a former chlor-alkali manufacturing plant on the mill site. Remediation of the river tributary was completed in 2020. The Company is presently investigating the scope of and remediating soil and groundwater contamination associated with the old chlor-alkali plant. The Company has estimated the probable liability associated with the mercury remediation to be approximately \$13 million as of December 31, 2020. Other than this Svetogorsk matter, completion of other required environmental remedial actions is not expected to have a material effect on our combined financial statements.

TAXES OTHER THAN PAYROLL 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. We have determined that any related federal VAT refunds should be recognized when they are both probable and reasonably estimable. Based upon the best information available to us, we have determined that the amount of refund that is probable of being realized is limited to that determined by the tax authorities' narrow interpretation,

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for which we have recognized a receivable of \$12 million as of December 31, 2020. It is possible that future court decisions and guidance from the tax authorities could expand the scope of the federal VAT refunds.

Refer to Note 15 for an update to this matter that occurred subsequent to the original issuance of the financial statements.

NOTE 11 RETIREMENT AND POSTRETIREMENT BENEFIT PLANS

DEFINED BENEFIT PENSION PLANS

MULTIEMPLOYER PLANS

Certain of the Company's employees participate in defined benefit pension plans (the "Plans") sponsored by International Paper, which include participants of other International Paper operations, that are accounted for by International Paper in accordance with accounting guidance for defined benefit pension plans. Accordingly, net periodic pension expense for Company employees is allocated to the Company based upon a percent of salaries and reported in the combined statements of operations, and the Company does not record an asset or liability to recognize the funded or unfunded status of the Plans. The service and non-service cost components of net periodic pension expense for these employees is recorded within cost of products sold and selling and administrative expenses in the combined statements of operations. During the years ended December 31, 2020, 2019 and 2018, total service and non-service costs were \$9 million, \$11 million and \$12 million, respectively.

International Paper's net periodic pension expense and obligations are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rates and long-term return on plan assets, retirement rates, mortality rates, and other factors. International Paper's selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation, as well as independent studies of trends performed by actuaries. However, actual results may differ substantially from the estimates that were based on the critical assumptions. Actual results that differ from International Paper's assumptions are accumulated and amortized over future periods and, therefore, generally affect International Paper's recognized expense in such future periods. While International Paper management believes that the assumptions used are appropriate, significant differences in actual experience or significant changes in assumptions would affect International Paper's net periodic pension expense and obligations. Furthermore, the assumptions used by International Paper may not be indicative of assumptions which the Company would have made on a standalone basis.

DIRECT PLANS

The Company also has direct defined benefit pension plans in Brazil and the United Kingdom, which the Company accounts for using the single-employer method.

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DIRECT PLANS - OBLIGATIONS AND FUNDED STATUS

The following table shows the changes in the benefit obligation and plan assets and the plans' funded status:

<i>In millions</i>	<u>2020</u>	<u>2019</u>
Change in projected benefit obligation:		
Benefit obligation, January 1	\$165	\$ 138
Service cost	1	1
Interest cost	4	5
Actuarial loss (gain)	7	22
Benefits paid	(5)	(5)
Effect of foreign currency exchange rate movements	(1)	4
Benefit obligation, December 31	<u>\$171</u>	<u>\$ 165</u>
Change in plan assets:		
Fair value of plan assets, January 1	\$163	\$ 138
Actual return on plan assets	11	22
Company contributions	4	4
Benefits paid	(5)	(5)
Effect of foreign currency exchange rate movements	(2)	4
Fair value of plan assets, December 31	<u>\$171</u>	<u>\$ 163</u>
Funded status, December 31	<u>\$—</u>	<u>\$ (2)</u>
Amounts recognized in the consolidated balance sheets:		
Non-current asset	\$ 5	\$ 6
Non-current liability	(5)	(8)
	<u>\$—</u>	<u>\$ (2)</u>
Amounts recognized in accumulated other comprehensive income under ASC 715 (pre-tax)		
Net actuarial loss	<u>\$ 63</u>	<u>\$ 58</u>

The following table summarizes obligation and asset information:

<i>In millions as of December 31</i>	<u>2020</u>	<u>2019</u>
Projected benefit obligation	\$171	\$165
Accumulated benefit obligation	168	163
Fair value of plan assets	171	\$163

DIRECT PLANS - 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.

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Non-service cost components of net periodic pension expense for the Company's direct plans comprised the following:

<i>In millions</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Interest cost	\$ 4	\$ 5	\$ 6
Expected return on plan assets	(8)	(9)	(10)
Actuarial loss (gain)	1	1	1
Net periodic pension expense (benefit)	<u>\$ (3)</u>	<u>\$ (3)</u>	<u>\$ (3)</u>

For direct plans, service cost was not material in all periods. The components of net periodic pension expense other than the service cost component are included in cost of products sold in the combined statements of operations.

DIRECT PLANS - ASSUMPTIONS

The Company 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, 2020 is also the discount rate used to determine net pension expense for the 2021 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:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial assumptions used to determine benefit obligations as of December 31:			
Discount rate	2.27%	2.80%	3.98%
Rate of compensation increase	3.54%	3.39%	3.81%
Actuarial assumptions used to determine net periodic pension cost for years ended			
December 31:			
Discount rate	2.76%	4.23%	3.82%
Expected long-term rate of return on plan assets	4.84%	6.59%	6.84%
Rate of compensation increase	3.42%	3.63%	3.66%

DIRECT PLANS - PLAN ASSETS

The plans maintain 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.

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The pension allocations by type of asset class as of December 31 were as follows:

<i>Asset Class</i>	<u>2020</u>	<u>2019</u>
Equity accounts	9%	10%
Fixed income accounts	18%	23%
Other	73%	67%
Total	<u>100%</u>	<u>100%</u>

U.S. QUALIFIED PLAN

As part of the Separation, International Paper intends to transfer a portion of its U.S. Qualified Pension Plan (“U.S. Qualified Plan”) to the Company for the Company’s U.S. active employees participating in the plan. The pension benefit obligation (“PBO”) and certain assets to fund the defined benefit plan will be carved out of the current plan under International Paper and transferred to the Company. The transferred defined benefit pension plan is estimated to be 97% funded, with a PBO and assets to be transferred of approximately \$338 million and \$327 million, respectively, as of December 31, 2020. The Company’s participation in International Paper’s U.S. Qualified Plan has been accounted for as multi-employer plan in these combined financial statements. Accordingly, the plan obligations and assets expected to be transferred to the Company in connection with the separation have not been recorded in the combined balance sheets.

POSTRETIREMENT BENEFITS

International Paper also 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. Certain of the Company’s current and former employees are eligible for these benefits. We also account for our participation in these benefit programs as a multiemployer benefit plan. Total postretirement benefit expense recognized by the Company was immaterial in all periods.

In addition to the U.S. plan, certain of the Company’s Brazilian employees are eligible for retiree health care and life insurance benefits. The accumulated benefit obligation for this plan as of December 31, 2020 and 2019 was \$17 million and \$19 million, respectively, which is recorded within other liabilities in the combined balance sheets.

NOTE 12 INCENTIVE PLANS

International Paper currently has an Incentive Compensation Plan (“ICP”). 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 Management Development and Compensation Committee of the Board of Directors of International Paper (the “Committee”) that administers the ICP.

Certain Company employees participate in the ICP. The following disclosures of stock-based compensation expense recognized by the Company are based on grants related directly to Company employees, and an allocation of International Paper’s corporate and shared employee compensation expenses.

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Total stock-based compensation cost and the associated income tax benefits recognized by the Company in the combined statements of operations were as follows:

<i>In millions</i>	2020	2019	2018
Total stock-based compensation expense (included in selling and administrative expense)	\$ 15	\$ 19	\$ 19
Income tax benefit (expense) related to stock-based compensation	\$ 1	\$ 1	\$ (1)

Of the total stock-based compensation cost recognized by the Company in the years ended 2020, 2019 and 2018, \$2 million, \$6 million and \$6 million, respectively, related directly to Company employees and \$13 million, \$13 million and \$13 million, respectively, is related to allocations of International Paper's corporate and shared employee stock-based compensation expenses.

As of December 31, 2020, \$4 million of compensation cost, net of estimated forfeitures, related to all stock-based compensation arrangements for Company employees had not yet been recognized. This amount will be recognized in expense over a weighted-average period of 1.6 years.

PERFORMANCE SHARE PLAN

Under the Performance Share Plan ("PSP"), contingent awards of International Paper common stock are granted by the Committee. The PSP awards are earned over a three-year period. PSP awards are earned based on the achievement of defined performance of Return on Invested Capital ("ROIC") measured against International Paper's internal benchmark and ranking of Total Shareholder Return ("TSR") compared to the TSR peer group of companies. The 2018-2020, 2019-2021 and 2020-2022 PSP Awards are weighted 50% for ROIC and 50% for TSR for all participants. The ROIC component of the PSP awards is valued at the closing stock price on the day 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 PSP awards expected to vest. The TSR component of the PSP awards is valued using 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 PSP 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 International Paper's historical volatility over the expected term. PSP grants are made in performance-based restricted stock units.

The following table sets forth the assumptions International Paper used to determine compensation cost for the market condition component of the PSP plan for the three years ended December 31:

	2020	2019	2018
Expected volatility	22.81 - 24.60%	22.81 - 24.60%	22.75 - 22.99%
Risk-free interest rate	1.61 - 2.44%	1.47 - 2.44%	1.31 - 1.98%

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The following summarizes International Paper PSP activity for Company employees:

	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding as of December 31, 2017	348,367	\$ 47.01
Granted	99,946	57.94
Shares issued	(93,525)	52.58
Forfeited	(6,886)	51.54
Outstanding as of December 31, 2018	347,902	48.56
Granted	141,124	40.36
Shares issued	(142,998)	38.79
Forfeited	(12,049)	46.61
Outstanding as of December 31, 2019	333,979	49.34
Granted	136,869	46.05
Shares issued	(71,638)	53.22
Forfeited	(59,766)	49.96
Outstanding as of December 31, 2020	<u>339,444</u>	<u>\$ 47.09</u>

NOTE 13 FINANCIAL INFORMATION BY BUSINESS SEGMENT AND GEOGRAPHIC AREA

The Company's business segments, North America, Latin America and Europe, 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.

Business segment operating profits are used by the Company'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 income (loss) before income taxes, excluding corporate special items, net, interest (income) expense, net, restructuring and other charges, net, and other special items, net.

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 the Company's combined 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

<i>In millions</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
North America	\$ 1,490	\$ 1,996	\$ 2,037
Latin America	632	969	979
Europe	921	1,122	1,143
Corporate and Intersegment Sales	(34)	(70)	(40)
Net Sales	<u>\$ 3,009</u>	<u>\$ 4,017</u>	<u>\$ 4,119</u>

Sylvamo Corporation of International Paper Company
Notes to Combined Financial Statements

Operating Profit

<i>In millions</i>	2020	2019	2018
North America	\$ 43	\$200	\$185
Latin America	84	158	227
Europe	77	140	159
Business Segment Operating Profit	204	498	571
Income (loss) before income taxes	198	502	573
Corporate expenses, net	—	—	—
Interest (income) expense, net	(4)	(9)	(7)
Restructuring and other charges, net	—	6	4
Other special items, net	10	(1)	1
	<u>\$204</u>	<u>\$498</u>	<u>\$571</u>

Other special items, Net

<i>In millions</i>	2020	2019	2018
North America	\$ 1	\$ 2	\$ 1
Latin America	(2)	(3)	—
Europe	11	—	—
Other special items, Net	<u>\$ 10</u>	<u>\$ (1)</u>	<u>\$ 1</u>

Assets

<i>In millions as of December 31</i>	2020	2019
North America	\$ 833	\$ 1,007
Latin America	1,091	1,388
Europe	987	1,075
Assets	<u>\$ 2,911</u>	<u>\$ 3,470</u>

Capital Spending

<i>In millions</i>	2020	2019	2018
North America	\$ 15	\$ 36	\$ 37
Latin America	45	61	86
Europe	15	21	27
Capital Spending	<u>\$ 75</u>	<u>\$ 118</u>	<u>\$ 150</u>

Depreciation, Amortization and Cost of Timber Harvested

<i>In millions</i>	2020	2019	2018
North America	\$ 50	\$ 56	\$ 55
Latin America	66	96	102
Europe	38	40	41
Depreciation and Amortization	<u>\$ 154</u>	<u>\$ 192</u>	<u>\$ 198</u>

Sylvamo Corporation of International Paper Company
Notes to Combined Financial Statements

INFORMATION BY GEOGRAPHIC AREA

External Net Sales (a)

<i>In millions</i>	2020	2019	2018
United States	\$ 1,490	\$ 1,996	\$ 1,984
Brazil	576	886	936
Russia	502	603	604
Europe, other than Russia	419	519	539
Americas, other than United States and Brazil	56	83	96
Corporate and Intersegment Sales	(34)	(70)	(40)
Net Sales	<u>\$3,009</u>	<u>\$4,017</u>	<u>\$4,119</u>

(a) Net sales are attributed to countries based on the location of the seller.

Long-Lived Assets

<i>In millions as of December 31</i>	2020	2019
United States	\$ 436	\$ 472
Latin America	601	804
Europe	230	270
Long-lived Assets	<u>\$1,267</u>	<u>\$1,546</u>

NOTE 14 RELATED PARTY TRANSACTIONS

The combined financial statements have been prepared on a carve-out basis and are derived from the consolidated financial statements and accounting records of International Paper. The following discussion summarizes activity between the Company and International Paper.

ALLOCATION OF GENERAL CORPORATE EXPENSES

The combined statements of operations includes expenses for certain centralized functions and other programs provided and administered by International Paper that are charged directly to the Company. In addition, for purposes of preparing these combined financial statements on a carve-out basis, we have allocated a portion of International Paper's total corporate expense to the Company. See Note 2 for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing these financial statements on a carve-out basis.

RELATED PARTY SALES AND PURCHASES

For the years ended December 31, 2020, 2019 and 2018, the Company sold products to other International Paper businesses in the amount of \$23 million, \$8 million and \$19 million, respectively, which is included in net sales in the combined statements of operations.

The Company purchases certain of its products from International Paper which are produced in facilities that will remain with International Paper. The Company expects to continue to purchase uncoated freesheet and bristols pursuant to an offtake agreement between the Company and International Paper. International Paper's services under the offtake agreements are expected to continue for a 10-year period following the effectuation of the Separation. The Company purchased and recognized in cost of products sold inventory associated with the

Sylvamo Corporation of International Paper Company
Notes to Combined Financial Statements

contemplated offtake agreements of \$210 million, \$283 million and \$404 million for the years ended December 31, 2020, 2019, and 2018, respectively.

In addition, the Company is a party to the Joint Marketing Agreement with JSC Ilim Group, a subsidiary of International Paper's equity method investee Ilim SA, under which the Company purchases, markets and sells paper produced by JSC Ilim Group. The Company purchased and recognized in cost of products sold inventory under this agreement of \$162 million, \$230 million and \$168 million for the years ended December 31, 2020, 2019 and 2018, respectively.

RELATED PARTY RECEIVABLE

Related party receivable consists of the following:

<i>In millions as of December 31</i>	<u>2020</u>	<u>2019</u>
Due from Parent cash pool	<u>\$202</u>	<u>\$197</u>
Professional services provided to Parent / other	<u>19</u>	<u>1</u>
Total	<u>\$221</u>	<u>\$198</u>

RELATED PARTY PAYABLE

Related party payable consists of the following:

<i>In millions as of December 31</i>	<u>2020</u>	<u>2019</u>
Inventory purchases	<u>\$ 16</u>	<u>\$ 14</u>
Other	<u>9</u>	<u>9</u>
Total	<u>\$ 25</u>	<u>\$ 23</u>

Net transfers (to) from Parent are included within Parent company investment on the combined statements of equity. The components of the net transfers (to) from International Paper are as follows:

<i>In millions</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General financing activities	<u>\$(494)</u>	<u>\$(565)</u>	<u>\$(686)</u>
Corporate allocations	<u>154</u>	<u>196</u>	<u>190</u>
Stock-based compensation	<u>15</u>	<u>19</u>	<u>19</u>
Total net transfers (to) from Parent	<u>\$(325)</u>	<u>\$(350)</u>	<u>\$(477)</u>

NOTE 15 SUBSEQUENT EVENTS

The Company's management evaluated subsequent events from December 31, 2020 to April 16, 2021 and July 12, 2021, the dates the financial statements were originally issued and reissued, respectively.

TAXES OTHER THAN PAYROLL TAXES (UNAUDITED)

Regarding the Brazilian VAT matter disclosed in Note 10, on May 13, 2021, the Brazilian Federal Supreme Court clarified aspects of its previous 2017 decision. Contrary to the Brazilian tax authorities narrow interpretation of the effects of the 2017 decision, the Brazilian Federal Supreme Court clarified that the state VAT amount disclosed in sales invoices should be used to calculate the amount of state VAT excluded from the federal VAT calculation base. As a result of this ruling, the Company recognized a receivable and pre-tax gain of approximately \$70 million (\$47 million after taxes) during the quarter ended June 30, 2021, representing the incremental federal VAT refund and interest expected to be recovered from the Brazilian tax authorities through the offset of future taxes payable.

BRAZIL TAX DISPUTE AND TIMBER PAYMENT AGREEMENTS (UNAUDITED)

Regarding the Brazil Tax Dispute matter disclosed in Note 9, as part of the tax matters agreement to be entered into between the Company and International Paper in connection with the Separation, the Company has agreed to pay 40% of any liability resulting from the resolution of the Brazil Tax Dispute following the distribution, with International Paper responsible for paying the remaining 60% of any such liability. After the distribution, all decisions concerning the conduct of the litigation related to the Brazil Tax Dispute, including as to strategy, settlement, pursuit and abandonment, will continue to be made by International Paper. The Company will thus have no control over any decision related to the ongoing litigation. As legally required by the Brazilian federal court, IP Brasil has provided surety bonds in connection with the Brazil Tax Dispute, which were indemnified by International Paper. International Paper has agreed that after the distribution it will continue to indemnify the provider of the surety bonds during the pendency of the appeal in the Brazilian federal court. If IP Brasil were unable to renew the surety bonds upon their expiration, for example, as a result of a downgrade in International Paper's credit ratings below investment grade by Moody's, or if IP Brasil were unable to provide additional surety bonds as and when required by the Brazilian federal court IP Brasil could be required to post acceptable collateral in order to continue the litigation which additional collateral International Paper has agreed to provide on behalf of IP Brasil.

In addition, in connection with the Separation, a subsidiary of International Paper and a subsidiary of Sylvamo will enter into a letter agreement, pursuant to which the Sylvamo subsidiary will make a payment of \$100 million to the International Paper subsidiary if any portion of the Brazil eucalyptus forest plantations owned by Sylvamo as of the distribution date are directly or indirectly transferred, subject to certain exceptions for immaterial transfers. A transfer includes any sale, pledge or transfer of any legal or beneficial interest in the Brazil lands, including any grant of an option or other right or interest or entry into any contract that would result in a reduction or diminution of Sylvamo's economic ownership in the Brazil lands (a "Qualifying Transfer"). A change of control of Sylvamo would also result in the payment becoming due and payable. Management has concluded that a Qualifying Transfer or change in control of the Brazil eucalyptus forest plantations is not considered probable at this time

Sylvamo Corporation of International Paper Company**CONDENSED COMBINED STATEMENTS OF OPERATIONS**
(Unaudited)

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
NET SALES (including sales to a related party of \$3 and \$9 for the six months ended June 30, 2021 and 2020, respectively)	\$1,622	\$1,475
COSTS AND EXPENSES (including purchases from a related party of \$195 and \$210 for the six months ended June 30, 2021 and 2020, respectively)		
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	1,050	1,062
Selling and administrative expenses	99	100
Depreciation, amortization and cost of timber harvested	71	79
Distribution expenses	178	156
Taxes other than payroll and income taxes	13	12
Interest (income) expense, net	(29)	(1)
INCOME (LOSS) BEFORE INCOME TAXES	240	67
Income tax provision (benefit)	63	13
NET INCOME (LOSS)	\$ 177	\$ 54

The accompanying notes are an integral part of these condensed combined financial statements.

Sylvamo Corporation of International Paper Company**CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
(Unaudited)

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
NET INCOME (LOSS)	\$ 177	\$ 54
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Amortization of pension and postretirement net loss	—	—
Change in cumulative foreign currency translation adjustment	(15)	(316)
Net gains/losses on cash flow hedging derivatives:		
Net gains (losses) arising during the period	4	(29)
Reclassification adjustment for (gains) losses included in net earnings	(2)	20
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(13)	(325)
COMPREHENSIVE INCOME (LOSS)	\$ 164	\$ (271)

The accompanying notes are an integral part of these condensed combined financial statements.

Sylvamo Corporation of International Paper Company

CONDENSED COMBINED BALANCE SHEET

<i>In millions</i>	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Current Assets		
Cash and temporary investments	\$ 226	\$ 95
Accounts and notes receivable, net	417	400
Related party receivable	223	221
Inventories	340	342
Other current assets	108	61
Total Current Assets	1,314	1,119
Plants, Properties and Equipment, net	944	974
Forestlands	309	293
Goodwill	147	143
Right of Use Assets	42	46
Deferred Charges and Other Assets	353	336
TOTAL ASSETS	\$ 3,109	\$ 2,911
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 289	\$ 259
Notes payable and current maturities of long-term debt	2	4
Accrued payroll and benefits	65	68
Related party payable	43	25
Other current liabilities	142	134
Total Current Liabilities	541	490
Long-Term Debt	20	22
Deferred Income Taxes	166	170
Other Liabilities	98	117
Commitments and Contingent Liabilities (Note 11)		
Parent Company Equity		
Parent company investment	3,777	3,592
Accumulated other comprehensive loss	(1,493)	(1,480)
Total Parent Company Equity	2,284	2,112
TOTAL LIABILITIES AND PARENT COMPANY EQUITY	\$ 3,109	\$ 2,911

The accompanying notes are an integral part of these condensed combined financial statements.

Sylvamo Corporation of International Paper Company

CONDENSED COMBINED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
<i>In millions</i>	2021	2020
OPERATING ACTIVITIES		
Net Income (Loss)	\$ 177	\$ 54
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation, amortization and cost of timber harvested	71	79
Deferred income tax provision (benefit), net	(2)	(22)
Stock-based compensation	7	7
Changes in operating assets and liabilities		
Accounts and notes receivable	(18)	121
Related party receivable	(4)	(2)
Inventories	5	31
Related party payable	17	17
Accounts payable and accrued liabilities	33	(89)
Other	(64)	(44)
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>222</u>	<u>152</u>
INVESTMENT ACTIVITIES		
Invested in capital projects	(32)	(42)
Cash pool arrangements with Parent	(3)	14
Other	(3)	3
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	<u>(38)</u>	<u>(25)</u>
FINANCING ACTIVITIES		
Net transfers (to) from Parent	1	(175)
Reduction of debt	(4)	(12)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>(3)</u>	<u>(187)</u>
Effect of Exchange Rate Changes on Cash	<u>(50)</u>	<u>49</u>
Change in Cash and Temporary Investments	<u>131</u>	<u>(11)</u>
Cash and Temporary Investments		
Beginning of the period	95	135
End of the period	<u>\$ 226</u>	<u>\$ 124</u>

The accompanying notes are an integral part of these condensed combined financial statements.

Sylvamo Corporation of International Paper Company
CONDENSED NOTES TO THE COMBINED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 BACKGROUND AND SUMMARY OF BUSINESS

BACKGROUND

On December 3, 2020, International Paper Company (“International Paper” or “Parent”) announced that its Board of Directors had approved a plan to spin-off its Printing Papers segment along with certain mixed-use coated paperboard and pulp businesses in North America, France and Russia (collectively referred to herein as the “Company,” “we,” “us,” or “our”), and separate into two distinct publicly-traded companies. The mixed-use operations were historically reported within International Paper’s European Coated Paperboard operating segment (formerly part of the Industrial Packaging Group reportable segment) and the Global Cellulose Fibers reportable segment. Under the plan, International Paper will retain approximately 19.9% of the shares of the Company and would execute a spin-off of the Company in a manner that is intended to be tax-free to International Paper’s stockholders for U.S. federal income tax purposes, except for cash that stockholders receive in lieu of fractional shares, by way of a *pro rata* distribution of the remaining approximately 80.1% of the common stock of the Company to International Paper’s shareholders of record as of the spin-off transaction record date. In connection with the spin-off transaction, International Paper is being treated as the accounting “spinor,” consistent with the legal form of the transaction.

We expect the transaction to be completed on October 1, 2021. The completion of the spin-off is subject to certain customary conditions, including the Form 10 registration statement being declared effective by the Securities and Exchange Commission and final approval by International Paper’s Board of Directors.

COVID-19

On March 11, 2020, the World Health Organization (“WHO”) declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. Many of these restrictive measures have been lifted or reduced as the number of COVID-19 cases has declined in the United States and various other countries in comparison to earlier levels at the height of the pandemic, and economic conditions have improved. In addition, most of our facilities have remained open and operational during the pandemic and at the current time our facilities are generally operational.

Demand for printing papers products, which account for the majority of our net sales, initially was significantly impacted by the pandemic, but has seen a steady increase over the first half of 2021. Our operations have experienced higher supply chain costs and constrained transportation due in part to the impacts of COVID-19.

There continue to be significant uncertainties associated with the COVID-19 pandemic, including with respect to the various economic reopening plans and the resurgence of new variants of the virus in many areas globally; additional actions that may be taken by governmental authorities and private businesses to attempt to contain the COVID-19 outbreak or to mitigate its impact; the efficacy and, availability of various vaccines and associated levels of vaccination, as well as the possibility that strains of the virus may be resistant to current available vaccines; and the impact of COVID-19 on unemployment, economic activity and consumer confidence. COVID-19 has significantly adversely affected portions of our business, and could have a material adverse effect on our financial condition, results of operations and cash flows if public health and/or global economic conditions deteriorate.

NOTE 2 BASIS OF COMBINATION

We have historically operated as part of International Paper and not as a standalone company. The accompanying condensed combined financial statements included in this information statement were prepared on a “carve-out”

Sylvamo Corporation of International Paper Company
CONDENSED NOTES TO THE COMBINED FINANCIAL STATEMENTS
(Unaudited)

basis in connection with the Separation and were derived from the consolidated financial statements and accounting records of International Paper. These condensed combined financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented as the Company was historically managed within International Paper. The condensed combined financial statements have been prepared in United States (“U.S.”) dollars and in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”). The condensed combined financial statements may not be indicative of the Company’s future performance and do not necessarily reflect what the results of operations, financial position and cash flows would have been had it operated as an independent company during the periods presented.

The condensed combined statements of operations also include expense allocations for certain functions provided by International Paper, including, but not limited to general corporate expenses related to finance, legal, information technology, human resources, communications, insurance and stock-based compensation. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder principally allocated on the basis of percent of capital employed, headcount or other measures. During the six months ended June 30, 2021 and 2020, the Company was allocated \$85 million and \$78 million, respectively, of such general corporate expenses, which were included within cost of products sold and selling and administrative expenses in the condensed combined statements of operations. Management considers the basis on which the expenses have been allocated to reasonably reflect the utilization of services provided to or the benefit received by the Company during the periods presented. The allocations may not, however, reflect the expenses the Company would have incurred if the Company had been an independent company for the periods presented. Actual costs that may have been incurred if the Company had been an independent company would depend on several factors, including the organizational structure, whether functions were outsourced or performed by employees, and strategic decisions made in areas such as information technology and infrastructure. The Company is unable to determine what such costs would have been had the Company been independent. Following the Separation from International Paper, the Company may perform these functions using its own resources or purchased services. For an interim period following the Separation, however, some of these functions will continue to be provided by International Paper under a transition services agreement. Additionally, we may provide some services to International Paper under a transition services agreement. We will also enter into certain commercial agreements with International Paper in connection with the Separation.

All intracompany transactions have been eliminated. Related-party transactions between the Company and International Paper relating to general operating activities have been included in these condensed combined financial statements. These related-party transactions historically settled in cash between the Company and International Paper have been reflected in the condensed combined balance sheets as “Related-party receivable” or “Related-party payable” with the aggregate net effect of these related-party transactions reflected in the condensed combined statements of cash flows as either “Related party receivable” or “Related party payable” within operating activities.

The aggregate net effect of transactions with International Paper not settled in cash, including corporate allocations, has been reflected in the condensed combined balance sheets as “Parent company investment” and in the condensed combined statements of cash flows as “Net transfers (to) from Parent” within financing activities.

In addition, certain of the Company’s Europe locations participate in International Paper’s centralized cash pooling arrangement. Amounts due from the cash pool are generally settled on a daily basis and are reflected in the condensed combined balance sheets as “Related-party receivable” with the aggregate net activity between the Company and International Paper reflected in the condensed combined statements of cash flows as “Cash pool arrangements with Parent” within investing activities.

Sylvamo Corporation of International Paper Company
CONDENSED NOTES TO THE COMBINED FINANCIAL STATEMENTS
(Unaudited)

International Paper utilizes a centralized approach to cash management and financing its operations. This arrangement is not reflective of the manner in which the Company would have been able to finance its operations had it been independent from International Paper. The cash and temporary investments held by International Paper at the corporate level are not specifically identifiable to the Company and therefore have not been reflected in the Company's condensed combined balance sheets. Effective transfers between International Paper and the Company are recorded through the Parent company investment account. Cash and temporary investments in the condensed combined balance sheets represent cash and temporary investments held locally by the Company.

The condensed combined financial statements include certain assets and liabilities that have historically been held at the International Paper corporate level but are specifically identifiable or otherwise attributable to the Company. International Paper's third-party debt and the related interest expense have not been allocated to the Company for any of the periods presented as the Company is not the legal obligor of such debt.

NOTE 3 RECENT ACCOUNTING DEVELOPMENTS

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

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, 2022. The Company is currently evaluating the provisions of this guidance.

NOTE 4 REVENUE RECOGNITION

EXTERNAL NET SALES BY PRODUCT

External net sales by major products were as follows:

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
North America		
Uncoated Papers	\$ 764	\$ 711
Market Pulp	33	28
North America	797	739
Latin America		
Uncoated Papers	333	262
Market Pulp	24	22
Latin America	357	284
Europe		
Uncoated Papers	336	338
Coated Paperboard / Other	49	46
Market Pulp	83	68
Europe	468	452
Total	\$1,622	\$1,475

Sylvamo Corporation of International Paper Company
CONDENSED NOTES TO THE COMBINED FINANCIAL STATEMENTS
(Unaudited)

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 \$8 million and \$11 million are included in other current liabilities in the accompanying condensed combined balance sheets as of June 30, 2021 and December 31, 2020, respectively.

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 pre-payment from the customer, respectively.

NOTE 5 EQUITY

A summary of the changes in equity for the six months ended June 30, 2021 and 2020 is provided below:

Six Months Ended June 30, 2021			
<i>In millions</i>	Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Company Equity
Balance, January 1	\$ 3,592	\$ (1,480)	\$ 2,112
Net transfers (to) from Parent	8	—	8
Comprehensive income (loss)	177	(13)	164
Balance, June 30	\$ 3,777	\$ (1,493)	\$ 2,284

Six Months Ended June 30, 2020			
<i>In millions</i>	Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Company Equity
Balance, January 1	\$ 3,746	\$ (1,229)	\$ 2,517
Adoption of ASU 2016-13 expected credit losses on trade receivables and contract assets	1	—	1
Net transfers (to) from Parent	(168)	—	(168)
Comprehensive income (loss)	54	(325)	(271)
Balance, June 30	\$ 3,633	\$ (1,554)	\$ 2,079

Sylvamo Corporation of International Paper Company
CONDENSED NOTES TO THE COMBINED FINANCIAL STATEMENTS
(Unaudited)

NOTE 6 OTHER COMPREHENSIVE INCOME

The following table presents the changes in Accumulated other comprehensive income (loss) (“AOCI”), net of tax, reported in the condensed combined financial statements:

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
Defined Benefit Pension and Postretirement Adjustments		
Balance at beginning of period	\$ (48)	\$ (44)
Amounts reclassified from accumulated other comprehensive income	—	—
Balance at end of period	<u>(48)</u>	<u>(44)</u>
Change in Cumulative Foreign Currency Translation Adjustments		
Balance at beginning of period	(1,433)	(1,187)
Other comprehensive income (loss) before reclassifications	(15)	(316)
Balance at end of period	<u>(1,448)</u>	<u>(1,503)</u>
Net Gains and Losses on Cash Flow Hedging Derivatives		
Balance at beginning of period	1	2
Other comprehensive income (loss) before reclassifications	2	(9)
Balance at end of period	<u>3</u>	<u>(7)</u>
Total Accumulated Other Comprehensive Income (Loss) at End of Period	<u><u>\$ (1,493)</u></u>	<u><u>\$ (1,554)</u></u>

NOTE 7 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 months maturities but with the right to redeem without notices are treated as cash equivalents and are stated at cost. Temporary investments totaled \$192 million and \$36 million as of June 30, 2021 and December 31, 2020, respectively.

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable, net, by classification were:

<i>In millions</i>	June 30, 2021	December 31, 2020
Accounts and notes receivable:		
Trade	\$ 392	\$ 379
Notes	1	2
Other	24	19
Total	<u><u>\$ 417</u></u>	<u><u>\$ 400</u></u>

The allowance for expected credit losses was \$27 million and \$30 million at June 30, 2021 and December 31, 2020, respectively. Based on the Company’s accounting estimates and the facts and circumstances available as of the reporting date, we believe our allowance for expected credit losses is adequate.

Sylvamo Corporation of International Paper Company
CONDENSED NOTES TO THE COMBINED FINANCIAL STATEMENTS
(Unaudited)

INVENTORIES

<i>In millions</i>	June 30, 2021	December 31, 2020
Raw materials	\$ 48	\$ 50
Finished paper and pulp products	186	171
Operating supplies	98	102
Other	8	19
Total	<u>\$ 340</u>	<u>\$ 342</u>

PLANTS, PROPERTIES AND EQUIPMENT, NET

Accumulated depreciation was \$3.9 billion and \$3.8 billion at June 30, 2021 and December 31, 2020, respectively. Depreciation expense was \$70 million and \$78 million for the six months ended June 30, 2021 and 2020, respectively.

Non-cash additions to plants, property and equipment included within accounts payable were \$7 million and \$11 million at June 30, 2021 and December 31, 2020, respectively.

NOTE 8 LEASES

The Company 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 1 to 17 years. Total lease cost was \$19 million and \$17 million for the six months ended June 30, 2021 and 2020, respectively.

SUPPLEMENTAL BALANCE SHEET INFORMATION RELATED TO LEASES

<i>In millions</i>	Classification	June 30, 2021	December 31, 2020
Assets			
Operating lease assets	Right of use assets	\$ 41	\$ 46
Finance lease assets	Plants, properties, and equipment, net (a)	31	33
Total leased assets		<u>\$ 72</u>	<u>\$ 79</u>
Liabilities			
Current			
Operating	Other current liabilities	\$ 13	\$ 14
Finance	Notes payable and current maturities of long-term debt	2	2
Noncurrent			
Operating	Other Liabilities	29	32
Finance	Long-term debt	19	21
Total lease liabilities		<u>\$ 63</u>	<u>\$ 69</u>

(a) Finance leases are recorded net of accumulated amortization of \$12 million and \$10 million as of June 30, 2021 and December 31, 2020, respectively.

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NOTE 9 GOODWILL AND OTHER INTANGIBLES

GOODWILL

The following table presents changes in the goodwill balance as allocated to each business segment for the six months ended June 30, 2021:

<i>In millions</i>	<u>North America</u>	<u>Latin America</u>	<u>EMEA</u>	<u>Total</u>
Balance as of January 1, 2021				
Goodwill	\$ —	\$ 121	\$ 27	\$148
Accumulated impairment losses	—	—	(5)	(5)
	—	121	22	143
Currency translation and other (a)	—	5	(1)	4
Goodwill additions/reductions	—	—	—	—
Accumulated impairment loss additions/reductions	—	—	—	—
Balance as of June 30, 2021				
Goodwill	—	126	26	152
Accumulated impairment losses	—	—	(5)	(5)
Total	\$ —	\$ 126	\$ 21	\$147

(a) Represents the effects of foreign currency translations and reclassifications.

OTHER INTANGIBLES

Identifiable intangible assets comprised the following:

	<u>June 30, 2021</u>			<u>December 31, 2020</u>		
<i>In millions</i>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Intangible Assets</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Intangible Assets</u>
Customer relationships and lists	\$ 62	\$ (52)	\$ 10	\$ 60	\$ (49)	\$ 11
Non-compete agreements	—	—	—	—	—	—
Software	3	(2)	1	3	(2)	1
Other	4	(4)	—	4	(4)	—
Total	\$ 69	\$ (58)	\$ 11	\$ 67	\$ (55)	\$ 12

NOTE 10 INCOME TAXES

An income tax provision of \$63 million was recorded for the six months ended June 30, 2021 and the reported effective income tax rate was 26.3%. An income tax provision of \$13 million was recorded for the six months ended June 30, 2020 and the reported effective income tax rate was 19.2%.

The Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by International Paper do Brasil Ltda. ("IP Brasil"), a wholly-owned subsidiary of the Company (the "Brazil Tax Dispute"). The Company received assessments for the tax years 2007-2015 totaling approximately \$116 million in tax and \$376 million in interest, penalties and fees as of June 30, 2021 (adjusted

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for variation in currency exchange rates). After a previous favorable ruling challenging the basis for these assessments, we received other subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. The Company has appealed and intends to further appeal these and any future unfavorable administrative judgments to the Brazilian federal courts; however, this tax litigation matter may take many years to resolve. The Company believes that it has appropriately evaluated the transaction underlying these assessments, and has concluded based on Brazilian tax law, that its tax position should be sustained. The Company intends to vigorously defend its 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 IP Brasil to resolve the Brazil Tax Dispute for less than the assessed amount. If a tax amnesty program is enacted prior to the distribution date and International Paper decides to participate in the amnesty program prior to the distribution date, International Paper would retain 100% of the liability up to \$180 million, Sylvamo would retain up to the next \$60 million of the liability and International Paper would retain 100% of the liability over \$240 million. Unless International Paper decides to resolve the Brazil Tax Dispute prior to the date of the distribution (including by becoming party to an applicable amnesty program), International Paper will pay 60%, and Sylvamo will pay 40%, on up to \$300 million of the Brazil Income Tax Liabilities (equivalent to a total cap on Sylvamo payments of \$120 million), and International Paper will pay all amounts of the Brazil Income Tax Liabilities over \$300 million. After the Separation, all decisions concerning the conduct of the litigation related to the Brazil Tax Dispute, including as to strategy, settlement, pursuit and abandonment, will continue to be made by International Paper. The Company will thus have no control over any decision related to the ongoing litigation.

As legally required by the Brazilian federal court, IP Brasil has provided surety bonds in connection with the Brazil Tax Dispute, which were indemnified by International Paper. International Paper has agreed that after the distribution it will continue to indemnify the provider of the surety bonds during the pendency of the appeal in the Brazilian federal court for which Sylvamo will pay International Paper an annual guarantee fee calculated at an annual rate of 1.5% based on 40% of up to \$300 million of the face amount of the surety bonds, which face amount was \$351 million as of June 30, 2021. If IP Brasil were unable to renew the surety bonds upon their expiration, for example, as a result of a downgrade in International Paper's credit ratings below investment grade by Moody's, or if IP Brasil were unable to provide additional surety bonds as and when required by the Brazilian federal court IP Brasil could be required to post acceptable collateral in order to continue the litigation which additional collateral International Paper has agreed to provide on behalf of IP Brasil. In the event that International Paper is required to post collateral to secure its obligations under the surety bonds, the guarantee fee will terminate, and Sylvamo will pay International Paper a collateral fee calculated at an annual rate equal to LIBOR plus 3% based on 40% of up to \$300 million of the fair market value of the collateral unless Sylvamo elects to post collateral in satisfaction of 40% of up to \$300 million of the liability, in which case the collateral fee shall be zero.

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

ENVIRONMENTAL AND LEGAL PROCEEDINGS

The Company is subject to environmental remediation laws and regulations in the countries in which we operate. Remediation costs are recorded in the condensed combined financial statements when they become probable and reasonably estimable. The Company has estimated the probable liability associated with these environmental remediation matters, including the specific matter described below, to be approximately \$18 million in the aggregate as of June 30, 2021.

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In 2018, the Company discovered and voluntarily disclosed to regulators the presence of mercury contamination in sediment in a river tributary that traverses the Company's mill property in Svetogorsk, Russia. The mercury contamination resulted from the operations of a former chlor-alkali manufacturing plant on the mill site. Remediation of the river tributary was completed in 2020. The Company is presently investigating the scope of and remediating soil and groundwater contamination associated with the old chlor-alkali plant. The Company has estimated the probable liability associated with environmental matters at our Svetogorsk, Russia mill to be approximately \$16 million as of June 30, 2021, inclusive of \$13 million related to this mercury remediation matter. Other than this Svetogorsk matter, completion of other required environmental remedial actions is not expected to have a material effect on our condensed combined financial statements.

TAXES OTHER THAN PAYROLL 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 December 31, 2020, we had recognized a receivable of \$11 million based upon the authorities narrow interpretation. On May 13, 2021, the Brazilian Federal Supreme Court ruled again on the case. The latest ruling provides a much broader definition of the state VAT, which increases the exclusion amount from the Federal VAT calculations. Therefore, we have recognized an additional receivable of \$70 million, which brings the total receivable to \$81 million as of June 30, 2021. The \$70 million of income recognized during the second quarter of 2021 includes income of \$42 million in cost of products sold and income of \$28 million in Interest expense, net in the accompanying condensed consolidated statement of operations. The issue is now considered fully resolved, and no further ruling by either the Brazilian Supreme Court nor the Brazilian tax authorities is expected.

NOTE 12 RETIREMENT AND POSTRETIREMENT BENEFIT PLANS

DEFINED BENEFIT PENSION PLANS

MULTIEMPLOYER PLANS

Certain of the Company's employees participate in defined benefit pension plans (the "Plans") sponsored by International Paper, which include participants of other International Paper operations, that are accounted for by International Paper in accordance with accounting guidance for defined benefit pension plans. Accordingly, net periodic pension expense for Company employees is allocated to the Company based upon a percent of salaries and reported in the condensed combined statements of operations, and the Company does not record an asset or liability to recognize the funded or unfunded status of the Plans. The service and non-service cost components of net periodic pension expense for these employees is recorded within cost of products sold and selling and administrative expenses in the condensed combined statements of operations. During the six months ended June 30, 2021 and 2020, total service and non-service costs were \$3 million and \$4 million, respectively.

International Paper's net periodic pension expense and obligations are developed from actuarial valuations. Inherent in these valuations are key assumptions, including discount rates and long-term return on plan assets, retirement rates, mortality rates, and other factors. International Paper's selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation, as well as independent studies of trends performed by actuaries. However, actual results may differ substantially from the estimates that were based on the critical assumptions. Actual results that differ from International Paper's assumptions are accumulated and amortized over future periods and, therefore, generally affect International Paper's recognized expense in such

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future periods. While International Paper management believes that the assumptions used are appropriate, significant differences in actual experience or significant changes in assumptions would affect International Paper's net periodic pension expense and obligations. Furthermore, the assumptions used by International Paper may not be indicative of assumptions which the Company would have made on a standalone basis.

DIRECT PLANS

The Company also has direct defined benefit pension plans in Brazil and the United Kingdom, which the Company accounts for using the single-employer method.

DIRECT PLANS—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.

Non-service cost components of net periodic pension expense for the Company's direct plans comprised the following:

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
Interest cost	\$ 2	\$ 2
Expected return on plan assets	(4)	(4)
Actuarial loss (gain)	1	1
Net periodic pension expense (benefit)	\$ (1)	\$ (1)

For direct plans, service cost was not material in all periods. The components of net periodic pension expense other than the service cost component are included in cost of products sold in the condensed combined statements of operations.

U.S. QUALIFIED PLAN

As part of the separation, International Paper intends to transfer a portion of its U.S. Qualified Pension Plan ("U.S. Qualified Plan") to the Company for the Company's U.S. active employees participating in the plan. The pension benefit obligation ("PBO") and certain assets to fund the defined benefit plan will be carved out of the current plan under International Paper and transferred to the Company. The transferred defined benefit pension plan is estimated to be 97% funded, with a PBO and assets to be transferred of approximately \$292 million and \$282 million, respectively, as of December 31, 2020. The Company's participation in International Paper's U.S. Qualified Plan has been accounted for as a multi-employer plan in these condensed combined financial statements. Accordingly, the plan obligations and assets expected to be transferred to the Company in connection with the separation have not been recorded in the condensed combined balance sheets.

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INTERNATIONAL PLANS

As part of the separation, International Paper also intends to transfer certain international pension plans in Belgium, France, and Poland (“international plans”) to the Company for the Company’s active employees participating in these plans. The net unfunded pension liability to be transferred related to the international plans was approximately \$13 million as of December 31, 2020. The Company’s participation in the international plans have been accounted for as multi-employer plans in these condensed combined financial statements. Accordingly, the international plans’ obligations and assets expected to be transferred to the Company in connection with the separation have not been recorded in the condensed combined balance sheets.

NOTE 13 INCENTIVE PLANS

International Paper currently has an Incentive Compensation Plan (“ICP”). 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 Management Development and Compensation Committee of the Board of Directors of International Paper (the “Committee”) that administers the ICP.

Certain Company employees participate in the ICP. The following disclosures of stock-based compensation expense recognized by the Company are based on grants related directly to Company employees, and an allocation of International Paper’s corporate and shared employee compensation expenses.

Total stock-based compensation cost and the associated income tax benefits recognized by the Company in the condensed combined statements of operations were as follows:

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
Total stock-based compensation expense (included in selling and administrative expense)	\$ 7	\$ 7
Income tax benefit (expense) related to stock-based compensation	\$ (1)	\$ (1)

Of the total stock-based compensation cost recognized by the Company in the six months ended June 30, 2021 and 2020, \$2 million and \$1 million, respectively, related directly to Company employees and \$5 million and \$6 million, respectively, is related to allocations of International Paper’s corporate and shared employee stock-based compensation expenses.

As of June 30, 2021, \$6 million of compensation cost, net of estimated forfeitures, related to all stock-based compensation arrangements for Company employees had not yet been recognized. This amount will be recognized in expense over a weighted-average period of 2.1 years.

NOTE 14 FINANCIAL INFORMATION BY BUSINESS SEGMENT AND GEOGRAPHIC AREA

The Company’s business segments, North America, Latin America and Europe, 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.

Business segment operating profits are used by the Company’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 income (loss)

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before income taxes, excluding corporate special items, net, interest (income) expense, net, restructuring and other charges, net, and other special items, net.

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 the Company's combined 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

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
North America	\$ 808	\$ 739
Latin America	357	284
Europe	481	462
Corporate and Intersegment Sales	(24)	(10)
Net Sales	\$1,622	\$1,475

Operating Profit

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
North America	\$ 40	\$ (4)
Latin America	87	29
Europe	42	46
Business Segment Operating Profit	169	71
Income (loss) before income taxes	240	67
Interest (income) expense, net	(29)	(1)
Other special items, net	(42)	5
	\$ 169	\$ 71

NOTE 15 RELATED PARTY TRANSACTIONS

The condensed combined financial statements have been prepared on a carve-out basis and are derived from the consolidated financial statements and accounting records of International Paper. The following discussion summarizes activity between the Company and International Paper.

ALLOCATION OF GENERAL CORPORATE EXPENSES

The condensed combined statements of operations includes expenses for certain centralized functions and other programs provided and administered by International Paper that are charged directly to the Company. In addition, for purposes of preparing these condensed combined financial statements on a carve-out basis, we have

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allocated a portion of International Paper's total corporate expense to the Company. See Note 2 for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing these financial statements on a carve-out basis.

RELATED PARTY SALES AND PURCHASES

For the six months ended June 30, 2021 and 2020 the Company sold products to other International Paper businesses in the amount of \$3 million and \$9 million, respectively, which is included in net sales in the condensed combined statements of operations.

The Company purchases certain of its products from International Paper which are produced in facilities that will remain with International Paper. The Company expects to continue to purchase uncoated freesheet and bristols pursuant to an offtake agreement between the Company and International Paper. The Company purchased and recognized in cost of products sold inventory associated with the contemplated offtake agreements of \$104 million and \$130 million for the six months ended June 30, 2021 and 2020, respectively.

In addition, the Company is a party to the Joint Marketing Agreement with JSC Ilim Group, a subsidiary of International Paper's equity method investee Ilim SA, under which the Company purchases, markets and sells paper produced by JSC Ilim Group. The Company purchased and recognized in cost of products sold inventory under this agreement of \$91 million and \$80 million for the six months ended June 30, 2021 and 2020, respectively.

RELATED PARTY RECEIVABLE

Related party receivable consists of the following:

<i>In millions</i>	June 30, 2021	December 31, 2020
Due from Parent cash pool	\$ 205	\$ 202
Professional services provided to Parent / other	18	19
Total	<u>\$ 223</u>	<u>\$ 221</u>

RELATED PARTY PAYABLE

Related party payable consists of the following:

<i>In millions</i>	June 30, 2021	December 31, 2020
Inventory purchases	\$ 16	\$ 16
Other	27	9
Total	<u>\$ 43</u>	<u>\$ 25</u>

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Net transfers (to) from Parent are included within Parent company investment on the condensed combined balance sheets and with the summary of changes in equity included in Note 5. The components of the net transfers (to) from International Paper are as follows:

<i>In millions</i>	Six Months Ended June 30,	
	2021	2020
General financing activities	\$ (79)	\$ (247)
Corporate allocations	80	72
Stock-based compensation	7	7
Total net transfers (to) from Parent	\$ 8	\$ (168)

TIMBER PAYMENT AGREEMENT

In connection with the Separation, a subsidiary of International Paper and a subsidiary of Sylvamo will enter into a letter agreement, pursuant to which the Sylvamo subsidiary will make a payment of \$100 million to the International Paper subsidiary if any portion of the Brazil eucalyptus forest plantations owned by Sylvamo as of the distribution date are directly or indirectly transferred, subject to certain exceptions for immaterial transfers. A transfer includes any sale, pledge or transfer of any legal or beneficial interest in the Brazil lands, including any grant of an option or other right or interest or entry into any contract that would result in a reduction or diminution of Sylvamo's economic ownership in the Brazil lands (a "Qualifying Transfer"). A change of control of Sylvamo would also result in the payment becoming due and payable. Management has concluded that a Qualifying Transfer or change in control of the Brazil eucalyptus forest plantations is not considered probable at this time.

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 9, 2021 and August 23, 2021, the date the financial statements were issued and reissued, respectively. Subsequent to the original issuance, the expected terms of the cost sharing arrangement between the Company and International Paper for the Brazil Tax Dispute were modified. These modifications have been reflected within Footnote 10—Income Taxes.