Risk Factors Comparison 2023-11-17 to 2022-11-18 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

We are subject to certain risks and events that have adversely affected and / or may in the future adversely affect our results of operations, cash flows and financial condition, and the trading price of our ~~common stock, par value $ 0. 01 per share ("~~ Common Stock ~~")~~. In evaluating our business and any investment in our securities, you should consider the following risk factors and the other information presented in this report, as well as the other reports and registration statements we file from time to time with the SEC. ~~The risks addressed below are not the only ones we face.~~ Additional risks not currently known to us or that we currently believe to be immaterial could also adversely impact our business. **Market and** Industry Risks We **Factors That** Are Beyond Our Control,Such as U.S.and Worldwide Economic and Financial Market Conditions,and ~~Geopolitical Conflicts and Other~~ Social and Political ~~Unrest or~~ Change Our businesses have been,and may be,adversely affected by a number of factors that are beyond our control,including,but not limited to:• **general** ~~macroeconomic~~ ----- **economic** and business conditions,including **inflation and deflation and** deteriorating macroeconomic conditions and related supply and demand dynamics ~~,as well as inflation and deflation~~ ;• **changes in tax laws** ~~geopolitical conflicts and other social and political unrest~~ or ~~change,and other changes impacting matters such as~~ tax **rates** ~~policy,sustainability,environmental regulations and trade policies and agreements~~ ;• conditions in the financial services markets,including counterparty risk,insurance carrier risk,rising interest rates,rising commodity prices,fluctuations in the value of local currency versus the U.S.dollar and the impact of a stronger U.S.dollar,which may impact price and demand for our products;• financial uncertainties in our major international markets; **• social and political change impacting matters such as tax policy,sustainability,environmental regulations and trade policies and agreements;or • government deficit reduction and other** Are Subject to Pricing Cycles, Which ~~Could~~ **May Continue to** Materially Adversely Affect Our Businesses **We** ~~Our businesses~~ have experienced, and are likely to continue experiencing, pricing cycles relating to industry capacity and ~~general economic~~ **macroeconomic** conditions. The length and magnitude of these cycles have varied over time and by product. Prices for our products are driven by many factors, including ~~general economic~~ **macroeconomic** conditions, demand for our products and competitive conditions in the industries in which we serve, and we have little influence over the timing and extent of price changes, which may be unpredictable and volatile. Where supply exceeds demand, prices for our products could decline, and our results of operations, cash flows and financial condition, and the trading price of our Common Stock ~~could~~ **have been, and may continue to** be **,** adversely affected. **We** ~~For example, we~~ believe that the trading price of our Common Stock has been adversely affected in part due to ~~concerns about~~ the impact of macroeconomic conditions on pricing and demand and announcements by certain of our competitors of planned additional capacity in the North American containerboard market, as well as the subsequent implementation of certain of those plans and the impact it will have on future supply and demand dynamics and pricing. ~~Certain~~ **Many of our customer contracts include price adjustment provisions based upon** published indices (including those published by Pulp and Paper Week (" PPW ")) **for our products that** contribute to the setting of selling prices for some of our products. PPW is a limited survey that may not accurately reflect changes in market conditions for our products. Changes in how ~~the~~ **these** indices ~~in PPW~~ are determined or maintained, or other indices are established or maintained, could adversely impact the selling prices for these **products. Published containerboard and paperboard prices declined during fiscal 2023, which will result in lower prices, and likely lower profitability, for certain of our** products. Our Earnings Are Highly Dependent on Volumes Because our operations generally have high fixed operating costs, our earnings are highly dependent on volumes, which tend to fluctuate due to ~~general economic~~ **macroeconomic** conditions, supply and demand dynamics in the markets we serve, and due to company and customer specific issues. We are presently experiencing lower demand for certain products due to **factors such as, but not limited to, challenging** macroeconomic conditions ~~and~~ **, certain** customer inventory rebalancing **and shifting consumer spending** . These fluctuations at times lead to significant variability in our sales, results of operations, cash flow and financial condition, making it difficult to predict our financial results with ~~any degree of~~ certainty. This variability in performance due to fluctuations in volumes may also cause the trading price of our Common Stock to be adversely affected. The COVID **- 19** pandemic ~~has~~ **(" COVID ")** affected our operational and financial performance to varying degrees. The extent of the ~~effects~~ **impact** of future public health crises, including a resurgence of COVID, or related containment measures and government responses, ~~which result in reduced volumes~~ are highly uncertain and cannot be predicted **, including as it relates to demand and volume** . Any failure to maintain volumes may materially adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We May Face Increased Costs For, or Inadequate Availability of, Raw Materials, Energy and Transportation We rely heavily on the use of certain raw materials, energy sources and third-party companies ~~to~~ **for** ~~transport~~ **transportation services** ~~our goods~~ . The costs of recycled fiber and virgin fiber, the principal externally sourced raw materials for our paper mills, are subject to pricing variability due to market and industry conditions. Demand for recycled fiber has fluctuated and may increase due to, among other factors, increased consumption of recycled fiber, including through additions of new recycled paper mill capacity, **and** increasing demand for products packaged in packaging made with paper manufactured from ~~100 %~~ recycled fiber ~~and the shift by manufacturers of virgin paperboard, tissue, newsprint and corrugated packaging to the production of products with some recycled fiber content. In fiscal 2022, we experienced periods of increased recycled fiber costs primarily due to market demand and availability, before seeing prices decline in the fourth quarter~~ . The market price of virgin fiber varies based on **the** availability and source of virgin fiber, and the availability of virgin fiber may be impacted by, among other factors, ~~wet~~ weather conditions **and the housing market** . In addition, costs for key chemicals used in our manufacturing operations fluctuate, which impacts our manufacturing costs.

Certain published indices contribute to price setting for some of our raw materials and future changes in how these indices are established or maintained **, as well as their performance,** could adversely impact the pricing of these raw materials. The cost of natural gas, **coal, oil, electricity and purchased biomass fuel, all of** which we use in ~~many of~~ our **business** ~~manufacturing operations~~ , ~~including many of our mills, and other energy costs (including energy generated by burning natural gas, fuel oil, biomass and coal) has~~ at times **has** fluctuated significantly. In fiscal 2022, the price of the natural gas consumed in our manufacturing operations increased significantly compared to **fiscal 2021 and continued to increase in fiscal 2023 before declining during** the ~~prior year period~~ **last half of fiscal 2023 compared to fiscal 2022** . **When** ~~Energy~~ **energy** costs ~~have increased, and in the future could continue to~~ increase **, leading to increases in** our operating costs ~~and~~ **, they could** make our products less competitive compared to similar or alternative products offered by competitors. We distribute our products primarily by truck and rail, although we also distribute some of our products by cargo ship. The reduced availability of trucks, rail cars or cargo ships, including as a result of labor shortages in the transportation industry, could adversely impact our ability to distribute our products in a timely or cost- effective manner. We experienced higher freight costs and some distribution delays in **the first half of fiscal 2023 and** both fiscal 2022 and 2021 **. While we have generally been able to manage through these issues and have not experienced material disruptions in our ability to serve our customers, they have resulted in significantly higher costs for transportation services** . High transportation costs could make our products less competitive compared to similar or alternative products offered by competitors. Because our businesses operate in highly competitive industry segments, we may not be able to recoup past or future increases in the cost of raw materials, energy or transportation through price increases for our products **, particularly given the present dislocation between price and inflation** . The failure to obtain raw materials, energy or transportation services at reasonable market prices (or the failure to pass on price increases to our customers) or a reduction in the availability of raw materials, energy or transportation services due to increased demand, significant changes in climate or weather conditions, or other factors could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We Face Intense Competition We compete in industries that are highly competitive. Our competitors include large and small, vertically integrated companies and numerous smaller non-integrated companies. We generally compete with companies operating in North America, although we have operations spanning North America, South America, Europe, Asia and Australia. Factors affecting our ability to compete include the entry of new competitors into the markets we serve, increased competition from overseas producers, our competitors' pricing **, go- to-market, and sustainability** strategies, the introduction by our competitors of new products, technologies and equipment **, including the use of artificial intelligence and machine learning solutions** , our ability to innovate and to anticipate and respond to changing customer preferences and **to develop and execute on** our ~~ability~~ **go- to- market and sustainability strategies and** to maintain the cost- efficiency of our operations, including our facilities. In addition, changes within these industries, including the consolidation of our competitors and customers **or changes in capacity** , **have impacted, and** may **in the future,** impact competitive dynamics. If our competitors are more successful than us with respect to any key competitive factor, our results of operations, cash flows and financial condition, and the trading price of our Common Stock, could be adversely affected. Our products also compete, to some extent, with various other packaging materials, including products made of ~~paper,~~ plastics, wood and various types of metal. Customer shifts away from containerboard and paperboard packaging to packaging made from other materials could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. Operating Risks We May Be Unsuccessful in Making and...... offset by unanticipated costs or delays. We May Incur Business Disruptions That Adversely Affect Our Businesses **We** ~~Our businesses~~ depend on continuous operation of our facilities ~~to be efficient~~ . The operations at our facilities have in the past and may in the future be interrupted or impaired by various operating risks, including, but not limited to, risks associated with: • catastrophic events, such as fires, floods, earthquakes, explosions, natural disasters, severe weather, including hurricanes, ~~tornados~~ **tornadoes** and droughts, and pandemics, including COVID, or other health crises or similar occurrences; • interruptions in the delivery of raw materials or other manufacturing inputs; • failure of third- party service providers and / or business partners to fulfill their commitments and responsibilities in a timely manner and in accordance with agreed upon terms; • ~~adverse~~ government regulations ~~; • equipment breakdowns or failures~~ ; • prolonged power failures; • unscheduled maintenance outages **, including due to equipment breakdowns or failures** ; • information system disruptions or failures due to any number of causes, including cyber- attacks; • violations of our permit requirements or revocation of permits; • releases of pollutants and hazardous substances to air, soil, surface water or ground water; • disruptions in transportation infrastructure, including roads, bridges, railroad tracks and tunnels; • shortages of equipment or spare parts; and • labor disputes and shortages. For example, operations at several of our facilities located in the south and southeastern U. S. have been interrupted in recent years by hurricanes and severe winter weather, resulting in, among other things, lost mill production. In addition, COVID ~~has~~ impacted our operations and financial performance to varying degrees **, including as a result of supply chain and labor disruptions and higher costs** . The extent of the effects of future public health crises, including the impact of a resurgence of COVID, or other business disruptions, on our operational and financial performance in future periods will depend on future developments, which are highly uncertain and cannot be predicted. **Our** ~~During the COVID pandemic, we experienced, and may experience in the future, lower demand for certain of our products, supply chain and labor disruptions and higher costs. In addition, our~~ production capabilities may be disrupted if we are unable to secure sufficient supplies of raw materials or if significant portions of our workforce are unable to work effectively as a result of a business disruption. **We have insurance coverage, subject to applicable deductibles or retentions, policy limits and other conditions, for certain business disruptions; however, we may not be successful with respect to any claim regarding insurance coverage and, if we are successful, any amounts paid pursuant to the insurance may not be sufficient to cover all our costs and expenses.** Business disruptions have impaired, and may in the future impair, our production capabilities and adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We May Fail to Anticipate Trends That Would Enable Us to

Offer Products That Respond to Changing Customer Preferences **or to Protect Intellectual Property Related to Our Products** Our success depends, in part, on our ability to offer differentiated solutions, and we must continually develop and introduce new products and services to keep pace with technological and regulatory developments and changing customer preferences. The services and products that we offer customers may not meet their needs as their business models evolve. Also, our customers may decide to decrease their use of our products, use alternative materials for their product packaging or forego the packaging of certain products entirely. Regulatory developments can also significantly alter the market for our products. For example, a move to electronic distribution of disclaimers and other paperless regimes could adversely impact our healthcare inserts and labels businesses. Similarly, certain states and local governments have adopted laws banning single- use paper bags or charging businesses or customers fees to use paper bags. These and similar developments could adversely impact demand for certain of our products. Customer preferences for products and packaging formats are constantly changing based on, among other factors, cost, convenience, and health ~~, environmental~~ and ~~social~~ **sustainability** concerns and perceptions. For example, changing consumer dietary habits and preferences have slowed the sales growth for certain of the food and beverage products that we package. Also, there is an increasing focus among consumers to ensure that products delivered through e- commerce are packaged efficiently. In addition, customers are increasingly interested in the carbon footprint of our products. ~~For instance, in 2019 Amazon began requiring all items sold through Amazon that are larger than a specified size to be designed and certified as ready- to- ship.~~ Our results of operations, cash flows and financial condition, and the trading price of our Common Stock, could be adversely affected if we fail to anticipate **and address these and other** trends ~~that would enable us to~~ **, including by developing and** ~~offer~~ **offering** products that respond to changing customer preferences **. Our success also depends, in part, upon our ability to obtain and maintain protection for certain proprietary packaging products and packaging machine technologies used to produce our products. Failure to protect our existing intellectual property may result in the loss of valuable legal rights. Our competitors may obtain intellectual property rights that could require us to license those rights or to modify or cease the use or sale of certain of our technologies or products. Our patents could be invalidated, rendered unenforceable, circumvented, challenged or licensed to others, and our pending or future patent applications may not be issued with the scope of the claims we seek, if at all. Further, other companies may develop technologies that are similar or superior to our technologies, duplicate our technologies or design around our patents, and steps we take to protect our technologies may not prevent misappropriation of those technologies** . Our Capital Expenditures May Not Achieve the Desired Outcomes or May Be ~~Achieved~~ **Completed** at a Higher Cost than Anticipated We ~~regularly make~~ **operate in a** capital ~~expenditures~~ **- intensive industry** , and many of our capital projects are complex, costly and / or implemented over an extended period of time. Our ~~capital~~ expenditures for ~~particular~~ capital projects could be higher than we ~~anticipated~~ **anticipate** , we may experience unanticipated business disruptions or delays in completing the projects **,** and / or we may not achieve the desired benefits from ~~the~~ **those projects, including as a result of a deterioration in macroeconomic conditions or in our business, unavailability of** capital ~~projects~~ **equipment or related materials** , ~~any~~ **delays in obtaining permits or other requisite approvals or changes in laws and regulations. Any** of ~~which~~ **these circumstances** could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. In addition, disputes between us and contractors who are involved with implementing capital projects could lead to time- consuming and costly litigation. We Are Exposed to Risks Related to International Sales and Operations We derived ~~18~~ **24** . ~~3~~ **4** % of our net sales in fiscal ~~2022~~ **2023** from outside the U. S. through international operations, some of which were transacted in U. S. dollars ~~. We expect net sales from international operations to increase in fiscal 2023 in connection with our acquisition of Grupo Gondi~~ . In addition, certain of our domestic operations have sales to foreign customers. Our operating results and business prospects could be adversely affected by risks related to the countries outside the U. S. in which we have manufacturing facilities or sell our products. Countries are exposed to varying degrees of economic, political and social **unrest or** instability. In addition, economies and operating environments have been, and may continue to be, adversely impacted to varying degrees by ~~COVID~~ **public health crises** . We are exposed to risks of operating in various countries, including, but not limited to, risks associated with: • **geopolitical events and political, economic and social unrest or instability, including downturns or changes in economic activity due to, among other things, regional conflicts or commodity inflation; •** the difficulties ~~with~~ **,** and costs of complying **,** with a wide variety of complex **and changing** laws, treaties and regulations; • ~~unexpected changes in political or regulatory environments;~~ earnings and cash flows that may be subject to tax withholding requirements or the imposition of tariffs, exchange controls or other restrictions; • repatriating cash from foreign countries to the U. S. ~~; • political, economic and social instability, including downturns or changes in economic activity due to, among other things, commodity inflation or regional conflicts~~ ; • import and export restrictions and other trade barriers; • responding to disruptions in existing trade agreements or increased trade tensions between countries or political and economic unions; • maintaining overseas subsidiaries and managing international operations; • obtaining regulatory approval for significant transactions; • government limitations on foreign ownership or takeovers, nationalizations of business or mandated price controls; • fluctuations in foreign currency exchange rates; and • transfer pricing. We are also subject to taxation in the U. S. and numerous non- U. S. jurisdictions and have several ongoing audit examinations covering multiple years with various tax authorities. We base our tax returns on our interpretation of tax laws and regulations in effect; however, governing tax bodies have in the past and may in the future disagree with certain of our tax positions, which could result in a higher tax liability. For instance, we are challenging claims by the Brazil Federal Revenue Department that we underpaid tax, penalties and interest associated with a claim that a subsidiary of MeadWestvaco Corporation (the predecessor of WestRock MWV, LLC) had reduced its tax liability related to the goodwill generated by the 2002 merger of two of its Brazilian subsidiaries. See Item 8 ~~—~~ **.** " Financial Statements and Supplemental Data — Note ~~17~~ **19** . Commitments and Contingencies — Brazil Tax Liability " for additional information. Any one or more of these risks could adversely affect our international operations and our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We ~~Cannot Operate Our Joint Ventures Solely For Our Benefit, Which Subjects Us to~~

~~Risks We have invested in joint ventures and may form additional joint ventures in the future. Our participation in joint ventures is subject to risks, including, but not limited to, risks associated with: • shared decision- making, which could require us to expend additional resources to resolve impasses or potential disputes; • maintaining good relationships with our partners, which could limit our future growth potential; • conflict of interest issues if our partners have competing interests; • investment or operational goals that conflict with our partners' goals, including the timing, terms and strategies for investments or future growth opportunities; • our partners' ability to fund their share of required capital contributions or to otherwise fulfill their obligations as partners; and • obtaining consents from our partners for any sale or other disposition of our interest in a joint venture or underlying assets of the joint venture. We~~ May Produce Faulty or Contaminated Products Due to Failures in Quality Control Measures and Systems Our failure to produce products that meet **applicable** safety and quality standards could result in adverse effects on consumer health, litigation exposure, loss of market share and adverse reputational and financial impacts, among other potential consequences, and we may incur substantial costs in taking appropriate corrective action (up to and including recalling products from end consumers) and reimbursing customers and / or end consumers for losses that they suffer as a result of these failures. Our **failure** ~~actions or omissions with respect~~ to **meet these standards** ~~product safety and quality~~ could lead to regulatory investigations, enforcement actions and / or prosecutions, and result in adverse publicity, which may damage our reputation. Any of these results could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We provide representations in certain of our contracts that our products are produced in accordance with customer specifications. If the product contained in packaging manufactured by us is faulty or contaminated, the manufacturer of the product may allege that the packaging we provided caused the fault or contamination, even if the packaging complies with contractual specifications. If our packaging fails to **meet contract specifications** ~~function properly or to preserve the integrity of its contents~~, we could face liability from our customers and third parties for bodily injury or other damages. These liabilities could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We Are Subject to **Information** ~~Cyber-~~ Security **and Information Technology** Risks, Including Related to Customer, Employee, Vendor or Other Company Data We use information technologies to securely manage operations and various business functions. We rely on various technologies, some of which are managed by third parties, to process, transmit and store electronic information. In addition, we facilitate a variety of business processes and activities, including reporting on our business and interacting with customers, vendors and employees. We also collect and store data, including proprietary business information, and may have access to confidential or personal information that is subject to privacy and security laws, regulations and customer- imposed controls. **The current cyber threat environment presents enhanced risk for all companies, including those in our industry. Increasing use of artificial intelligence may increase these risks.** Our systems **, and those of our third- party providers and business partners,** are subject to recurring attempts by third parties to access information, manipulate data or disrupt our operations. Despite our security design and controls, and those of our third- party providers **and business partners** , we have in the past experienced, and may in the future become subject to **, unauthorized data disclosures, manipulation or loss** , system damage, disruptions or shutdowns. These incidents may be due to any number of causes, including cyber- attacks, data breaches, employee error or malfeasance, such as ransomware and data theft by common hackers, criminal groups or nation- state organizations or social activist organizations (which efforts may increase as a result of geopolitical events and political **and social** unrest **or instability** around the world), power outages, telecommunication or utility failures, systems failures, service provider failures, natural disasters or other catastrophic events **. Moreover, hardware, software or applications that we or third parties use may have inherent vulnerabilities or defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security** . Misuse of internal applications, theft of intellectual property, trade secrets or other corporate assets, and inappropriate disclosure of confidential information could result from such incidents. In January 2021, we detected a ransomware attack impacting certain of our systems (the " Ransomware Incident "). In response, we proactively shut ~~-~~ down a number of our systems, which impacted certain of our operations, including our ability to produce and ship paper and packaging. Due to these actions, our mill system production was approximately 115, 000 tons lower than planned for the quarter ended March 31, 2021 **,** and we estimated the pre- tax income impact of the lost sales and operational disruption of this incident, as well as ransomware recovery costs, at approximately $ 80 million. In response to the Ransomware Incident, we accelerated information technology investments that we had previously planned to make in future periods in order to further strengthen our information security and technology infrastructure. As a result, we have incurred and expect to continue to incur, significant costs as we enhance our data security and take further steps to prevent unauthorized access to, or manipulation of, our systems and data. Despite these efforts, similar incidents may occur in the future. In particular, the Ransomware Incident may embolden individuals or groups to target our systems. Additionally, while we have insurance coverage in place to address various ~~cyber~~ **information security** risks, this insurance coverage is subject to a deductible and may not be sufficient to cover all losses or types of claims that may arise in connection with such incidents. The **information** ~~cyber-~~ security- related vulnerabilities that we face may ~~also~~ remain undetected for an extended period of time. We may **also** face ~~other~~ challenges and risks during our integration of acquired businesses and operations as we upgrade and standardize our information technology systems. We maintain contingency plans and processes to prevent or mitigate the impact of these events; however, these events could **nonetheless** result in ~~operational~~ disruptions **and damage** like ~~those~~ **that** we suffered in connection with the Ransomware Incident or the misappropriation of sensitive data, and depending on their nature and scope, could lead to the compromise of confidential information, improper use of our systems and networks, manipulation and destruction of data, defective products, production downtimes, operational disruptions and exposure to liability. Such disruptions or misappropriations and the resulting repercussions, including reputational damage and legal claims or proceedings, may adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We May Be Adversely Impacted By Work Stoppages and Other Labor Relations Matters A significant number of our union employees are governed by CBAs. **We are currently negotiating a new master agreement with the USW, as the current agreement, which covers approximately 7, 300 of our employees, will expire in December 2023. In addition,** ~~Expired~~ **expired union** contracts are in the process of renegotiation and others expire within one year. We **have reached a tentative agreement on the terms of a new master agreement; however, it remains subject to approval of the requisite union membership, and we cannot predict if or when that approval will be obtained. In addition, we** may not be able to successfully negotiate ~~new~~ **other** union contracts without work stoppages or labor difficulties or **to** renegotiate them on favorable terms. We have experienced isolated work stoppages from time to time **, including** ~~. We are presently engaged with~~ a **defensive lockout** ~~labor dispute and resulting work stoppage~~ at our Mahrt mill in Cottonton, AL **from October 2022 to February 2023** ~~. We have effectuated a contingency plan,~~ and **a strike at our corrugated converting facility in Dayton, NJ since June 2023, which resulted in increased costs as described in " Note 8. Segment Information " of** the ~~mill~~ **Notes to Consolidated Financial Statements. Although we recently reached a tentative agreement to resolve the strike at the Dayton facility, it** is ~~continuing~~ **subject** to ~~operate~~ **approval of the requisite union membership,** and ~~produce paper~~ **we cannot predict if** ~~for~~ - **or** ~~our customers~~ **when that approval will be obtained** . If we experience ~~any~~ - **an** extended interruption of operations at any of our facilities as a result of ~~strikes or other~~ work stoppages or if we are unable to successfully renegotiate the terms of any of these agreements, our results of operations, cash flows and financial condition, and the trading price of our Common Stock, could be adversely affected. In addition, our businesses rely on vendors, suppliers and other third parties that have union employees. ~~Strikes or work~~ **Work** stoppages **or other labor relations matters** affecting these vendors, suppliers and other third parties could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We Operate in a Challenging Market for Talent and May Not Attract, Motivate ~~, Train~~ and Retain Qualified Personnel, Including Key Personnel Our success depends on our ability to attract, motivate ~~, train~~ and retain employees with the skills necessary to understand and adapt to the continuously developing needs of our customers. The increasing demand for qualified personnel makes it more difficult for us to attract **, motivate** and retain employees with requisite skill sets, particularly employees with specialized technical and trade experience. Changing demographics and labor work force trends also may result in a loss of knowledge and skills as more tenured and experienced workers retire. If we are unable to attract, motivate ~~, train~~ and retain qualified personnel, or if we experience excessive turnover, ~~particularly~~ **including** among hourly workers, we may experience declining sales, manufacturing delays or other inefficiencies, increased recruiting, training and relocation costs and other difficulties, and our results of operations, cash flows and financial condition, and the trading price of our Common Stock may be adversely impacted. The market for both hourly workers and professional workers remained challenging in fiscal ~~2022~~ **2023** . The market and labor environment for hourly workers is increasingly competitive and ~~experiencing~~ **facing** higher levels of labor unrest **than has historically been experienced** . In certain locations where we operate, the demand for labor continues to exceed the supply of labor, resulting in higher costs ~~for employers~~ . Despite our focused efforts to attract **, motivate** and retain employees, including by offering higher levels of compensation in certain instances ~~and retention bonuses in select locations~~ , we experienced attrition rates within our ~~hourly~~ workforce in ~~fiscal 2022~~ **the past two years** that exceeded **historical** ~~pre- 2021~~ levels ~~and we~~ **. We also** incurred higher operating costs at certain of our facilities in the form of higher levels of overtime pay due to shift requirements and staffing challenges. **In addition,** ~~The market for professional workers remains challenging. Many~~ **many** professional workers desire a fully remote work setting. We offer flexible working arrangements in the majority of instances; however, we may experience higher levels of attrition within our professional workforce if **these workers desire more remote work opportunities than we are able to offer. We may also experience higher levels of attrition if** employees do not perceive the purpose and impact of their work to be rewarding or **their** work- life balance to be satisfactory. We **also** rely on key executive and management personnel to manage our business efficiently and effectively. The loss of these employees, combined with a challenging market for attracting and retaining employees **,** could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock may be adversely impacted. **The proposed Transaction may exacerbate each of these challenges.** We Face ~~Physical, Operational, Financial and Reputational~~ Risks Associated with **Sustainability Matters, Including** Climate Change Our physical assets and infrastructure, including our manufacturing operations, have been and remain subject to risks from volatile and damaging weather patterns. For example, severe weather- related events, such as hurricanes, ~~tornados~~ **tornadoes** , other extreme storms, wildfires, and floods, have resulted in and **/ or** could in future periods result in lost production and / or physical damage to our facilities. Unpredictable weather patterns **or extended periods of severe weather** also may result in supply chain disruptions and increased material costs. The ability to harvest the virgin fiber used in our manufacturing operations may be limited, and prices for this raw material may fluctuate, during prolonged periods of heavy rain or drought or during tree disease or insect epidemics **or other environmental conditions** that may be caused by variations in climate conditions. Such events could also impact the premiums we pay for insurance. Other climate- related business risks that we face include risks related to the transition to a lower- carbon economy, such as increased prices for certain fuels, including natural gas; the introduction of a carbon tax or government mandates to reduce GHG emissions; and more stringent and / or complex environmental and other permitting requirements. To the extent that severe weather **or other climate** - related risks materialize, and we are unprepared for them, we may incur unexpected costs, which could have a material effect on our results of operations, cash flows and financial condition, and the trading price of our Common Stock may be adversely impacted. There has been an increased focus, including from investors, customers, **regulators and** ~~the~~ **other stakeholders regarding sustainability matters, including with respect to** ~~general public and U. S. and foreign governmental and nongovernmental authorities on~~ climate change **, circular economy, packaging waste, sustainable supply chain practices, deforestation, biodiversity,** ~~and~~ **land** ~~GHG emissions~~ **, energy and water use, diversity, equity, inclusion and belonging and other human capital matters. This increased awareness may result in more prescriptive reporting requirements with respect to these topics, an increased expectation that such topics will be voluntarily disclosed by companies such as ours, and increased**

pressure to make commitments, set targets and take action to meet them . We have ~~voluntarily~~ established **and publicly disclosed** targets **and other commitments related to certain sustainability matters, including our SBT** to reduce **Scope 1, 2 and 3** GHG emissions by 2030 ~~. For example, we have established a SBT to reduce absolute Scope 1 and 2 GHG emissions 27. 5 % by 2030~~ from a 2019 baseline year. **All of our sustainability** ~~The SBT also includes a targeted~~ **targets** ~~reduction in absolute Scope 3 GHG emissions from purchased goods~~ and **commitments are** ~~services, fuel and energy activities, upstream and downstream transportation and distribution, and end- of- life treatment of sold products by 27. 5 % within the same timeframe. Meeting our SBT is expected to increase our capital expenditures and may increase our operational costs. The anticipated capital and operational costs to achieve our SBT could deviate materially from our initial estimates. Further, the achievement of our SBT is~~ subject to ~~various~~ **a variety of assumptions,** risks and uncertainties, ~~some~~ **many** of which are outside our control ~~. We have also established and publicly disclosed other ESG targets and goals and other sustainability commitments that are subject to a variety of assumptions, risks and uncertainties~~ . If we are unable to meet these targets ~~, goals~~ or commitments on our projected timelines or at all, or if they are **perceived negatively, including the perception that they are** not ~~perceived to be~~ sufficiently robust **or, conversely, are too costly** , our reputation as well as our relationships with investors, customers and other stakeholders could be harmed, which could in turn adversely impact our business ~~and~~ **,** results of operations **and the trading price of our Common Stock. Meeting certain of these targets may also increase our capital expenditures and operational costs, and those expenditures could deviate, perhaps materially, from initial estimates** . In addition, not all of our competitors may seek to establish climate or other ~~ESG~~ **sustainability** targets and goals, or at a comparable level to ours, which could result in our competitors achieving competitive advantages through lower supply chain **, capital** or operating costs. We May Not Be Able To Successfully Implement Our Strategic Transformation Initiatives, Including Our New Business Systems Transformation We have undertaken several projects to enhance productivity and **performance,** increase efficiency **, and deliver cost savings** throughout our businesses, which may not be achieved on the anticipated timelines or at all. ~~In~~ **For example, in** the fourth quarter of fiscal 2022, we launched a multi- year phased business systems transformation project. The investment will replace much of our existing disparate systems and transition them to a standardized enterprise resource planning (“ ERP ”) system on a cloud- based platform, as well as a suite of other complementing technologies, across our global organization. The new systems are intended to transform areas such as manufacturing, supply chain, procurement, quote to cash, financials and analytics, and position us to better leverage automation and process efficiency and enable productivity enhancements. An implementation of this scale is a major financial undertaking and will require substantial time and attention of management and key employees. We may not be able to successfully implement our ERP system without delays related to resource constraints or challenges with the critical design phases of the implementation, or we may experience unanticipated business disruptions and / or we may not achieve the desired benefits from the project. Project completion dates and ~~anticipated~~ **projected** costs may also change. Additionally, the effectiveness of our internal control over financial reporting could be adversely affected if the new ERP is not successfully implemented. Any of these items **, along with any failure to effectively manage data governance risks prior to or during ERP implementation,** could adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We May Be Unsuccessful in **Making and** Integrating Mergers,Acquisitions and Investments,and Completing Divestitures We have completed a number of mergers,acquisitions,investments and divestitures in the past **and we may acquire** , ~~including~~ **invest in** ~~our~~ - **or sell,or enter into transactions with additional companies,such as our planned** acquisition of the remaining ownership interest in Grupo Gondi and the **pending** divestiture of our interior partition operations and ~~our~~ **three** uncoated recycled paperboard mills. **We** ~~Subject to restrictions in,and compliance with,the Transaction Agreement,we may seek to acquire,invest in or sell,or enter into transactions with other companies in the future.However,we~~ may not be able to identify suitable targets or purchasers or successfully complete suitable transactions in the future,and completed transactions may not be successful.These transactions create risks,including,but not limited to,risks associated with:• disrupting our ongoing business,including distracting management from our existing businesses;• integrating acquired businesses and personnel into our business,including integrating personnel,information technology systems and operations across different cultures and languages,and addressing the operational risks associated with these integration activities as well as the economic,political ~~,~~ **and** regulatory ~~and compliance~~ risks associated with specific countries;• working with partners or other ownership structures with shared decision- making authority;• obtaining and verifying relevant information regarding a business prior to the consummation of the transaction,including the identification and assessment of liabilities,claims or other circumstances that could result in litigation or regulatory risk exposure;• obtaining required regulatory approvals and / or ~~debt or equity~~ financing on favorable terms;• retaining key employees,contractual relationships or customers;• the potential impairment of assets and goodwill;• the additional operating losses and expenses of businesses we acquire or in which we invest;• incurring **substantial** indebtedness to finance an acquisition or investment; ~~and~~ • implementing controls,procedures and policies at companies we acquire **;and • the dilution of interests of holders of our Common Stock through the issuance of equity securities.These transactions may not be successful and may adversely affect our results of operations,cash flows and financial condition,and the trading price of our Common Stock** .Among the benefits we expect from ~~mergers~~ **potential,as well as completed** ,acquisitions and ~~investments~~ **joint ventures** are synergies,cost savings,growth opportunities or access to new markets (or a combination thereof),and in the case of divestitures,the realization of proceeds from the sale of businesses and assets to purchasers that place higher strategic value on these businesses and assets than we do.For ~~mergers and~~ acquisitions,our success in realizing these benefits and the timing of realizing them depend on the successful integration of the acquired businesses and operations with our business and operations ~~.These transactions may not be successful and may adversely affect our results of operations,cash flows and financial condition,and the trading price of our Common Stock~~ .Even if we integrate these businesses and operations successfully,we may not realize the full benefits we expected within the anticipated timeframe,or at all,and the benefits may be offset by unanticipated costs or delays. ~~Transaction Risks We~~ Financial Risks We ~~Have Been, And~~ May Be ~~In the Future,~~

Adversely Affected by Factors That Are Beyond Our Control,...... or • government deficit reduction and other -- **the Loss** ~~austerity measures in specific countries or regions, or in the various industries in which we operate. For instance, we are presently experiencing lower demand for certain products due to macroeconomic conditions and customer inventory rebalancing. This circumstance may be exacerbated if these conditions lead to higher unemployment rates, lower family income, unfavorable currency exchange rates, lower corporate earnings, lower business investment and / or lower consumer spending. The global economy is also experiencing the highest levels~~ of ~~inflation in decades, and we are experiencing cost inflation across our business. Persistent inflation results in continued higher production and transportation costs, which we may not be able to recover through higher prices charged to our customers. These conditions and other macroeconomic uncertainties could result in higher operating and distribution costs driven by economic downtime, as we experienced in the fourth quarter of fiscal 2022. In addition, changes in trade policy, including renegotiating or potentially terminating, existing bilateral or multilateral agreements, as well as the imposition of tariffs, could impact demand for our products and the costs associated with certain of our capital investments. Macroeconomic challenges may also lead to changes in tax laws or tax rates that may have a material impact on our future cash taxes, effective tax rate or deferred tax assets and liabilities. For example, the Biden Administration has proposed significant changes to the U. S. tax laws, including an increase to the federal corporate tax rate, limiting deductions where certain conditions exist, and several proposals that would have the combined effect of increasing the U. S. taxation on profits earned outside the U. S. On August 16, 2022, the Inflation Reduction Act of 2022 (" Inflation Reduction Act") was signed into law, with tax provisions primarily focused on implementing a 15 % minimum tax on global adjusted financial statement income and a 1 % excise tax on share repurchases. While we are still evaluating the impact that the Inflation Reduction Act will have on our financial results, we do not believe the impact will be material. We are not able to predict or control adverse changes in economic and financial market conditions, and adverse social and political change, and our results of operations, cash flows and financial condition, and the trading price of our Common Stock could be adversely affected by these matters. We Depend on~~ Certain Large Customers We have large customers, none of which individually accounted for more than 10 % of our consolidated net sales in fiscal ~~2022~~ **2023** . The loss of large customers could adversely affect our sales and, depending on the magnitude of the loss, our results of operations, cash flows and financial condition, and the trading price of our Common Stock. In particular, because our businesses operate in highly competitive industry segments, we regularly bid for new business or for the renewal of existing business. The loss of business from our larger customers, or the renewal of business on less favorable terms, may adversely impact our financial results. **See Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations. "** We Have Had Significant Levels of Indebtedness in the Past and May Incur Significant Levels of Indebtedness in the Future, Which Could Adversely Affect Our Financial Condition and Impair Our Ability to Operate Our Business At September 30, ~~2022~~ **2023** , we had $ ~~7.~~ 8 **. 6** billion of debt outstanding compared to $ **7.** 8 ~~. 2~~ billion at September 30, ~~2021~~ **2022 , which primarily reflects** ~~. We expect to incur~~ additional debt **incurred** in connection with the **Mexico** ~~acquisition~~ **Acquisition , net** of **debt repayments** ~~the remaining interest in Grupo Gondi~~ . The level of our indebtedness has important consequences, including: • a portion of our cash flows from operations will be dedicated to payments on indebtedness and will not be available for other purposes, including operations, capital expenditures and future business opportunities, including acquisitions; • we may be limited in our ability to obtain additional financing for working capital, capital expenditures, future business opportunities, acquisitions, general corporate and other purposes; • our exposure to rising interest rates subjects us to increased debt service obligations, both with respect to existing floating rate indebtedness and the incurrence of additional fixed or floating indebtedness during periods where such rates are in effect, particularly in light of the ~~significant~~ **continued** increase in interest rates **in** ~~during the course of~~ fiscal ~~2022~~ **2023** ; **and** • we may be limited in our ability to adjust to changing market conditions, which would place us at a competitive disadvantage compared to competitors that have less debt ~~; and • our vulnerability to a downturn in general economic conditions or in our business may increase, and we may be unable to carry out important capital spending~~ . Our credit facilities contain certain restrictive covenants, including a covenant to satisfy a debt to capitalization ratio. These restrictions may limit our flexibility to respond to changing market conditions and competitive pressures. Credit Rating Downgrades Could Increase Our Borrowing Costs or Otherwise Adversely Affect Us Some of our outstanding indebtedness has received credit ratings from rating agencies. Our credit ratings could change based on, among other things, our results of operations and financial condition. Credit ratings are subject to ongoing evaluation by credit rating agencies and may be lowered, suspended or withdrawn entirely by a rating agency or placed on a " watch list " for a possible downgrade or assigned a " negative outlook ". Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade or have been assigned a negative outlook, could increase our borrowing costs, which could in turn adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. If a downgrade were to occur or a negative outlook were to be assigned, it could impact our ability to access the capital markets to raise debt and / or increase the associated costs. In addition, while our credit ratings are important to us, we may take actions and otherwise operate our business in a manner that adversely affects our credit ratings. We sell short- term receivables from certain customer trade accounts on a revolving basis. Any downgrade of the credit rating or deterioration of the financial condition of these customers may make it more costly or difficult for us to engage in these activities, which could adversely affect our cash flows and liquidity. We Have a Significant Amount of Goodwill and Other Intangible Assets and ~~a~~ **Have Experienced Impairments in the Past, and Any Additional Future** Write- ~~Down~~ **Downs** Could Materially Adversely Impact Our Operating Results and Stockholders' Equity At September 30, ~~2022~~ **2023** , the carrying value of our goodwill and intangible assets was $ ~~8~~ **6** . 8 billion. We review the carrying value of our goodwill for impairment annually, or more frequently when impairment indicators exist. **Similarly, we review our other intangible assets for impairment when circumstances indicate that the carrying value may not be recoverable.** The impairment ~~test~~ **analysis** requires us to analyze a number of factors and make estimates that require **significant** judgment ~~. In fiscal 2022, each of our reporting units had fair values that exceeded their carrying values by more than 15 %. Future changes in the cost of capital,~~

~~expected cash flows, changes in our business strategy and external market conditions, among other factors, could require us to record an impairment charge for goodwill, which could lead to decreased assets and reduced net income. If a significant write down were required, the charge could have a material adverse effect on our operating results and stockholders' equity and could impact the trading price of our Common Stock~~ . In fiscal 2020, we recorded a pre- tax **,** non- cash goodwill impairment **charge** of ~~approximately~~ $ 1. 3 billion in our legacy Consumer Packaging reporting unit. **In the second quarter of fiscal 2023, we determined that our Global Paper and Corrugated Packaging reporting units had carrying values that exceeded their fair values, and we recorded an aggregate pre- tax, non- cash impairment charge of $ 1. 9 billion. These impairments materially adversely affected our operating results for the applicable reporting periods. The factors that led to these impairment charges may persist, worsen, or recur in the future. Additionally, other future changes, including to underlying assumptions, estimates and market factors, could require us to record additional impairment charges, which could lead to future decreases in assets and reductions in net income. Because the fair values of the Corrugated Packaging and Distribution reporting units are not substantially more than their carrying values, these reporting units have greater risk of future impairments should we experience adverse changes in our assumptions, estimates, or market factors. See " Note 1. Description of Business and Summary of Significant Accounting Policies — Goodwill " of the Notes to Consolidated Financial Statements for additional information. Any additional significant write- down could have a material adverse effect on our operating results and stockholders' equity and could impact the trading price of our Common Stock.** We ~~May~~ **Will Likely** Incur Additional Restructuring Costs and May Not Realize Expected Benefits from Restructuring We have ~~previously~~ restructured portions of our operations **from time to time, have current restructuring initiatives taking place,** and **it is** likely **that we** will engage in future restructuring ~~initiatives~~ **activities** . For instance, during **fiscal 2023, we recorded various impairments and other charges associated with our decision to permanently cease operations at our Tacoma, WA and North Charleston, SC containerboard mills and in** fiscal 2022, we recorded various impairments and other charges associated with our decision to permanently cease operations at our Panama City, FL mill and to permanently close the corrugated medium manufacturing operations at our St. Paul, MN mill **. In addition, we have consolidated, and in the future will likely consolidate, converting operations** . Because we are not able to predict or control market conditions, including changes in the supply and demand for our products, the loss of large customers, the selling prices for our products or our manufacturing costs, we may not be able to predict the appropriate time to undertake restructurings. The cash and non- cash costs associated with these activities vary depending on the type of facility impacted, with the ~~non- cash cost~~ **costs** of a mill closure generally being more significant than that of a converting facility due to the **size and complexity of a mill decommissioning process and** higher level of investment. Restructuring activities may divert the attention of management, disrupt our operations and fail to achieve the intended cost and operations benefits. In addition, significant judgment is required to estimate restructuring costs, and these estimates, and the assumptions underlying them, may change as additional information becomes available or facts or circumstances related to ~~the~~ restructuring ~~initiative~~ **initiatives** change. We May Incur Withdrawal Liability and / or Increased Funding Requirements in Connection with Multiemployer Pension Plans We participate in several multiemployer pension plans (" MEPP " or " MEPPs ") **that provide retirement benefits to certain union employees in accordance with various CBAs** . Our contributions to any particular MEPP may increase based on the declining funded status of a MEPP and legal requirements, such as those of the Pension Protection Act of 2006 (" Pension Act "), which require substantially underfunded MEPPs to implement a funding improvement plan (" FIP ") or a rehabilitation plan (" RP ") to improve their funded status. The funded status of a MEPP may be impacted by, among other items, a shrinking contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to these plans, the inability or failure of companies withdrawing from the plan to pay their withdrawal liability, low interest rates, changes in actuarial assumptions and / or lower than expected returns on pension fund assets. We believe that certain of the MEPPs in which we participate or have participated, including the Pace Industry Union- Management Pension Fund (" PIUMPF "), have material unfunded vested benefits. We submitted formal notification to withdraw from MEPPs in the past and have recorded withdrawal liabilities, including an estimate of our portion of PIUMPF' s accumulated funding deficiency. We may withdraw from other MEPPs in the future. At September 30, ~~2022~~ **2023** , we had **recorded** $ ~~214~~ **203** . ~~7~~ **2** million of withdrawal liabilities, including liabilities associated with PIUMPF' s accumulated funding deficiency demands. In July 2021, PIUMPF filed suit against us in the U. S. District Court for the Northern District of Georgia claiming the right to recover our pro rata share of the pension fund' s accumulated funding deficiency, along with interest, liquidated damages and attorney' s fees. The impact of increased contributions, future funding obligations or future withdrawal liabilities may adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. See " Note ~~5~~ **6** . Retirement Plans — Multiemployer Plans " and " Note ~~17~~ **19** . Commitments and Contingencies — Litigation " of the Notes to Consolidated Financial Statements for additional information. Legal and Regulatory Risks We Are Subject to a Wide Variety of Laws, Regulations and Other Requirements That **May** ~~are Subject to~~ Change and May Impose Substantial Compliance Costs We are subject to a wide variety of federal, state, local and foreign laws, regulations and other requirements, including those relating to the environment, product safety, competition, corruption, occupational health and safety, labor and employment, data privacy, tax and health care. These laws, regulations and other requirements may change or be applied or interpreted in ways that will require us to modify our equipment and / or operations, subject us to enforcement risk, expose us to reputational harm or ~~impose on or~~ require us to incur additional costs, including substantial compliance costs, which may adversely affect our results of operations, cash flows and financial condition, and the trading price of our Common Stock. We have **also** incurred, and expect to continue to incur, significant capital, operating and other expenditures to comply with applicable environmental laws and regulations. Our environmental expenditures include those related to compliance with air and water permits and regulatory requirements, waste disposal and the cleanup of contaminated soil and groundwater, including situations where we have been identified as a potentially responsible **or liable** party (" PRP "). Because...... personal injury under environmental and common laws . The Foreign Corrupt Practices Act of 1977 and local anti- bribery laws, including those in Brazil, China, Mexico, India and the United Kingdom ~~(where we maintain operations directly or through a joint venture)~~ , prohibit companies and their intermediaries from making improper payments to government officials for the purpose of influencing official decisions. Our internal control policies and procedures, or those of our vendors, may not adequately protect us from reckless or criminal acts committed or alleged to have been committed by our employees, agents or vendors. Any such violations could lead to civil or criminal monetary and non- monetary penalties and / or could damage our reputation. We are subject to a number of labor and employment and occupational health and safety laws and regulations that could significantly increase our operating costs and reduce our operational flexibility. Additionally, changing privacy laws in the United States ~~(where, among others, the California Consumer Privacy Act became effective in 2020 and its successor, the California Privacy Rights Act, which will be effective January 1, 2023)~~ , Europe ~~(where the General Data Protection Regulation became effective in 2018)~~ , Brazil ~~(where the Lei Geral de Proteção de Dados became effective in 2020)~~ , China ~~(where the Personal Information Protection Law became effective on November 1, 2021)~~ and elsewhere have created new individual privacy rights, imposed increased obligations on companies handling personal data and increased potential exposure to fines and penalties **(“ PRP ”).Because environmental laws and regulations are constantly evolving,we will continue to incur costs to maintain compliance and our compliance costs could increase materially** .Future compliance with existing and new laws and requirements has the potential to disrupt our business operations and may require significant expenditures,and our existing reserves for specific matters may not be adequate to cover future costs.In particular,our manufacturing operations consume significant amounts of energy,and we may in the future incur additional or increased capital,operating and other expenditures from changes due to new or increased climate-related and other environmental requirements.We could also incur substantial liabilities,including fines or sanctions,enforcement actions,natural resource damages claims,cleanup and closure costs,and third- party claims for property damage and personal injury under environmental and ~~other~~ **common** laws ~~.We believe that we can assert claims for indemnification pursuant to existing rights we have under certain purchase and other agreements in connection with certain remediation sites.We have~~ . Our Bylaws Contain an Exclusive Forum Provision That Could Limit Our Stockholders’ Ability To Choose Their Preferred Judicial Forum for Disputes With Us Or Our Directors, Officers Or Employees For many years, our bylaws have provided that a state court in Delaware (or, if such a court does not have jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us or our directors, officers or employees arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This provision of the bylaws is not a waiver of, and does not relieve anyone of, duties to comply with, federal securities laws, including those specifying the exclusive jurisdiction of federal courts under the Securities Exchange Act of 1934, as amended, and concurrent jurisdiction of federal and state courts under the Securities Act of 1933, as amended. This provision of the bylaws may limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find this provision in our bylaws to be inapplicable or unenforceable in any action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition and results of operations, and the action may result in outcomes unfavorable to us, which could have a materially adverse impact on our reputation, our business operations, and our financial position or results of operations.