

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 001-33776

RESOLUTE FOREST PRODUCTS INC.

(Exact name of registrant as specified in its charter)

Delaware

98-0526415

(State or other jurisdiction of incorporation or organization)

(I.R.S. employer identification number)

111 Robert-Bourassa Boulevard

Suite 5000

Montreal

Quebec

Canada

H3C 2M1

(Address of principal executive offices) (Zip Code)

(514) 875-2160

(Registrant's telephone number, including area code)

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

Common Stock, par value \$0.001 per share

RFP

New York Stock Exchange
Toronto Stock Exchange

(Title of class)

(Trading Symbol)

(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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.

Indicate by a check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2020) was \$118 million.

As of January 29, 2021, there were 80,813,619 shares of Resolute Forest Products Inc. common stock, \$0.001 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed within 120 days of December 31, 2020, are incorporated by reference in this Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13 and 14.

TABLE OF CONTENTS

Part I		
Item 1.	Business	3
Item 1A.	Risk Factors	10
Item 1B.	Unresolved Staff Comments	23
Item 2.	Properties	23
Item 3.	Legal Proceedings	23
Item 4.	Mine Safety Disclosures	23
Part II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	24
Item 6.	Selected Financial Data	26
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	65
Item 8.	Financial Statements and Supplementary Data	67
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	116
Item 9A.	Controls and Procedures	116
Item 9B.	Other Information	116
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance	117
Item 11.	Executive Compensation	117
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	118
Item 13.	Certain Relationships and Related Transactions, and Director Independence	118
Item 14.	Principal Accounting Fees and Services	118
Part IV		
Item 15.	Exhibits, Financial Statement Schedules	119
Item 16.	Form 10-K Summary	123
Signatures		124

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION AND USE OF THIRD-PARTY DATA

Statements in this Annual Report on Form 10-K (or, “*Form 10-K*”) that are not reported financial results or other historical information of Resolute Forest Products Inc. (with its subsidiaries, either individually or collectively, unless otherwise indicated, referred to as “Resolute Forest Products,” “Resolute,” “we,” “our,” “us,” or the “Company”) are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. They include, for example, statements relating to the impact of the novel coronavirus (or, “*COVID-19*”) pandemic and resulting economic conditions on our business, results of operations and market price of our securities, and to our: efforts and initiatives to reduce costs and increase revenues and profitability; business and operating outlook; future pension obligations; assessment of market conditions; growth strategies and prospects, and the growth potential of the Company and the industry in which we operate; liquidity; future cash flows, including as a result of the changes to our pension funding obligations; estimated capital expenditures; and strategies for achieving our goals generally, including the strategies described in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview – Our Business,” of this Form 10-K. Forward-looking statements may be identified by the use of forward-looking terminology such as the words “should,” “would,” “could,” “will,” “may,” “expect,” “believe,” “anticipate,” “attempt,” “project,” “estimate,” “guide,” “strive,” “continue,” “create,” “plan,” “see,” “seek,” “improve,” “move,” “position,” “build,” “grow,” “pursue,” and other terms with similar meaning indicating possible future events or potential impact on our business or Resolute Forest Products’ shareholders.

The reader is cautioned not to place undue reliance on these forward-looking statements, which are not guarantees of future performance. These statements are based on management’s current assumptions, beliefs, and expectations, all of which involve a number of business risks and uncertainties that could cause actual results to differ materially. The potential risks and uncertainties that could cause our actual future financial condition, results of operations, and performance to differ materially from those expressed or implied in this Form 10-K include, but are not limited to, the impact of: the COVID-19 pandemic on our business and resulting economic conditions, developments in non-print media, including changes in consumer habits, and the effectiveness of our responses to these developments; intense competition in the forest products industry; any inability to offer products certified to globally recognized forestry management and chain of custody standards; any inability to successfully implement our strategies to increase our earnings power; the possible failure to successfully integrate acquired businesses with ours or to realize the anticipated benefits of acquisitions, such as our entry into wood manufacturing in the U.S., and tissue production and sales, or divestitures or other strategic transactions or projects; uncertainty or changes in political or economic conditions in the U.S., Canada or other countries in which we sell our products; global economic conditions; the highly cyclical nature of the forest products industry; any difficulties in obtaining timber or wood fiber at favorable prices, or at all; changes in the cost of purchased energy and other raw materials; physical, financial and regulatory risks associated with global, regional, and local weather conditions, and climate change; any disruption in operations or increased labor costs due to labor disputes; difficulties in our employee relations, attraction or retention; disruptions to our supply chain, operations, or the delivery of our products; disruptions to our information technology systems including cybersecurity and privacy incidents; risks related to the operation and transition of legacy system applications; negative publicity, even if unjustified; currency fluctuations; any increase in the level of required contributions to our pension plans, including as a result of any increase in the amount by which they are underfunded; our ability to maintain adequate capital resources to provide for all of our substantial capital requirements; the terms of our outstanding indebtedness, which could restrict our current and future operations; the replacement of the London Interbank Offered Rate (or, the “*LIBOR*”) with an alternative interest rate; losses that are not covered by insurance; any additional closure costs and long-lived asset or goodwill impairment or accelerated depreciation charges; any need to record additional valuation allowances against our recorded deferred income tax assets; our exports from one country to another country becoming or remaining subject to duties, cash deposit requirements, border taxes, quotas, or other trade remedies or restrictions; countervailing and anti-dumping duties on imports to the U.S. of the vast majority of our softwood lumber products produced at our Canadian sawmills; any failure to comply with laws or regulations generally; any additional environmental or health and safety liabilities; any violation of trade laws, export controls, or other laws relating to our international sales and operations; adverse outcomes of legal proceedings, claims and governmental inquiries, investigations, and other disputes in which we are involved; the actions of holders of a significant percentage of our common stock; and the potential risks and uncertainties described in Part I, Item 1A, “Risk Factors,” which have been heightened by the COVID-19 pandemic, including related governmental responses and economic impacts, market disruptions and resulting changes in consumer habits.

All forward-looking statements in this Form 10-K are expressly qualified by the cautionary statements contained or referred to in this section and in our other filings with the U.S. Securities and Exchange Commission (or, the “*SEC*”) and the Canadian securities regulatory authorities. We disclaim any obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

Market and Industry Data

The information on industry and general economic conditions in this Form 10-K was derived from third-party sources and trade publications we believe to be widely accepted and accurate. We have not independently verified the information and cannot assure you of its accuracy.

PART I**ITEM 1. BUSINESS**

We are a global leader in the forest products industry with a diverse range of products, including market pulp, tissue, wood products, and paper. We own or operate some 40 facilities, as well as power generation assets in the U.S. and Canada. Marketing our products in over 50 countries, we have third-party certified 100% of our managed woodlands to at least one internationally recognized forest management standard.

Resolute Forest Products Inc., a Delaware corporation, was formed on January 25, 2007, from the merger of Abitibi-Consolidated Inc. and Bowater Incorporated. Our common stock trades under the stock symbol “RFP” on both the New York Stock Exchange (or, the “NYSE”) and the Toronto Stock Exchange (or, the “TSX”).

Information About our Executive Officers

The following is information about our executive officers as of March 1, 2021:

Name	Age	Position	Officer Since
Remi G. Lalonde	44	President and Chief Executive Officer, and Chief Financial Officer	2018
Lori Kilgour	50	Senior Vice President, Process Improvement and Chief Information Officer	2019
John Lafave	56	Senior Vice President, Pulp and Paper Sales and Marketing	2018
Patrice Minguez	57	President, Tissue Group	2017
Daniel Ouellet	50	Senior Vice President, Human Resources	2018
Hugues Simon	50	President, Wood Products	2021
Richard Tremblay	57	Senior Vice President, Pulp and Paper Operations	2014
Jacques P. Vachon	61	Senior Vice President, Corporate Affairs and Chief Legal Officer	2007
Sylvain A. Girard	50	Senior Vice President and Chief Financial Officer (as of March 2, 2021)	2021

Mr. Lalonde became president and chief executive officer as of March 1, 2021, after Yves Laflamme stepped down and retired. Mr. Lalonde will cease to be chief financial officer upon the appointment of Sylvain Girard to this role as of March 2, 2021. Mr. Lalonde previously served as senior vice president and chief financial officer from November 2018 to March 1, 2021, and was vice president, strategy and corporate development from May 2018 to November 2018. He was general manager of Resolute’s pulp and paper mill in Thunder Bay (Ontario), from February 2016 to May 2018. Before taking a leadership role in operations, Mr. Lalonde was treasurer and vice president, investor relations, from November 2014 to February 2016, and vice president, investor relations, from September 2011 to November 2014. He initially joined Resolute in 2009 as senior legal counsel, securities, following six years at a Wall Street law firm.

Ms. Kilgour previously served as vice president, information technology, from July 2017 to May 2019, as vice president and program director from July 2015 to July 2017, and as vice president, operational excellence, engineering and energy, from January 2013 to July 2015. Prior to joining Resolute in 2013, she worked at Tembec, Verso Corporation/International Paper and Catalyst.

Mr. Lafave previously served as vice president, sales, national accounts – paper sales, vice-president, sales, national accounts – newsprint, vice president, sales, national accounts – commercial printers, and executive sales representative from 2003 to 2009. Prior to joining Resolute, he held progressive positions in sales with UPM-Kymmene and Repap Enterprises.

Mr. Minguez previously served as special advisor to the former president and chief executive officer in July 2017. Prior to joining Resolute in August 2017, he was founder and former president of Cellynne Holdings, Inc., a tissue business, from January 1989 to August 2012. From February 1987 to January 1989, Mr. Minguez headed Société Antillaise de Service SARL, a distribution company he founded, specializing in janitorial supplies and proprietary systems.

Mr. Ouellet previously served as vice president, human resources, for Resolute’s Canadian and U.S. operations, from January 2016 to May 2018, and as vice president, human resources, for its Canadian operations, from November 2013 to January 2016. He held a range of other human resources positions since joining Resolute in September 2000, and also acquired operational experience leading the Company’s sawmill operations in the Saguenay – Lac-Saint-Jean region of Quebec. Prior to joining Resolute, Mr. Ouellet worked with Alliance Forest Products, Alcan, and a regional trade union.

Mr. Simon previously served as a special advisor to the senior vice president and chief financial officer from January 4, 2021 to March 1, 2021. Prior to joining Resolute in 2021, he was president of BarretteWood Inc., from July 2016 to November 2020,

and served as vice president, sales and procurement for BarretteWood Inc. from August 2012 to July 2016. He also served as vice president sales and marketing and value added operations of Resolute wood products and a range of other positions with Resolute and its predecessor companies, from 1999 to 2012.

Mr. Tremblay previously served as senior vice president, pulp and paper group, from June 2015 to February 2018, and as senior vice president, pulp and paper operations, from February 2014 to May 2015. He served as interim senior vice president, pulp and paper operations, from November 2013 to January 2014, and as vice president, pulp and paper operations from June 2011 to October 2013. Prior to joining Resolute in June 2011, he served as general manager of several mills at Smurfit Stone Container Corporation between 2002 and 2011.

Mr. Vachon previously served as senior vice president and chief legal officer from January 2011 to February 2012, as senior vice president, corporate affairs and chief legal officer from October 2007 to January 2011, and as senior vice president, corporate affairs and secretary, from 1997 to October 2007.

The Company announced the appointment of Sylvain A. Girard as the Company's next senior vice president and chief financial officer, effective March 2, 2021. Mr. Girard joined Resolute as special advisor to Remi G. Lalonde, on February 15, 2021. Mr. Girard most recently served as executive vice president and chief financial officer of SNC-Lavalin Group Inc. from 2016 to 2020. Previously, he held senior executive positions in finance with SNC-Lavalin, following 22 years with General Electric Company (or, "GE"). He held a number of positions at GE, including 14 years as chief financial officer in the financial and healthcare sectors of GE in Europe.

Products

We manage our business based on the products we manufacture. Our reportable segments correspond to our principal product lines: market pulp, tissue, wood products, and paper. As of the second quarter of 2020, the results from our newsprint and specialty papers operations have been combined to form the paper reportable segment. This better reflects management's internal analysis, given the diminishing percentage newsprint and specialty papers represent in our product portfolio.

Market pulp

We produce market pulp at five facilities in North America, with total capacity of 1.3 million metric tons, or 8% of total North American capacity. Our market pulp includes virgin pulp and recycled bleached kraft (or, "RBK") pulp, for which we are a leading global producer. Approximately 80% of our virgin pulp capacity is softwood-based: northern bleached softwood kraft (or, "NBSK") pulp, southern bleached softwood kraft (or, "SBSK") pulp, and fluff pulp. The remainder of our virgin pulp capacity consists of northern bleached hardwood kraft (or, "NBHK") pulp and southern bleached hardwood kraft (or, "SBHK") pulp. Pulp not converted into paper or tissue is sold as market pulp, which is used to make a range of consumer products including tissue, packaging, specialty paper products, diapers, and other absorbent products. 23% of our 2020 market pulp shipments were exported outside of North America, including significant exports to Europe, Asia, and Latin America.

Tissue

We produce tissue products at three facilities in North America. With total capacity of 128,000 short tons (116,000 metric tons), we are a fully integrated manufacturer operating four tissue machines and 13 converting lines, including the converting facility in Hagerstown, Maryland, that we acquired in December 2020. We manufacture a range of tissue products for the away-from-home and retail markets, including recycled and virgin paper products, covering premium, value, and economy grades. We also sell parent rolls not converted into tissue products.

Wood products

We own 14 sawmills in Canada that produce construction-grade lumber sold in North America. On February 1, 2020, we completed the acquisition of three sawmills in the U.S. South, bringing our number of sawmills to 17. The three sawmills have a combined production capacity of 550 million board feet once ramped-up. For more information, see Note 3, "Business Acquisition," to our consolidated financial statements and related notes (or, "Consolidated Financial Statements") appearing in Part II, Item 8, "Financial Statements and Supplementary Data," of this Form 10-K.

Our Canadian sawmills produce dimension spruce-pine-fir lumber and provide wood chips to our pulp and paper mills in Canada. Our sawmills also supply wood residue to our other segments, to be used as fuel to produce electricity and steam based on renewable sources. Our U.S. sawmills produce dimension lumber and decking from southern yellow pine. In 2020, we shipped 1.9 billion board feet of construction-grade lumber and decking. We also operate two remanufactured wood products facilities that manufacture bed frame components, finger joints, and furring strips, two engineered wood products facilities that manufacture I-joists for the construction industry, and one wood pellet facility, all of which are located in Quebec and Ontario.

Paper

We produce a wide range of papers at 10 mills strategically located to serve major markets, with total capacity of 2.1 million metric tons. We are a leading global producer of newsprint and the largest producer of uncoated mechanical papers in North America.

We own six newsprint facilities in North America, with total capacity of 1.4 million metric tons, which represents 9% of total worldwide capacity and 44% of total North American capacity. We sell newsprint to newspaper publishers worldwide and also to commercial printers in North America for uses such as inserts and flyers. In 2020, North American deliveries represented 65% of our total newsprint shipments.

We produce specialty papers at four facilities in North America. With total capacity of 0.7 million metric tons, our specialty papers comprise uncoated mechanical papers, including supercalendered paper and white paper, as well as uncoated freesheet papers. With 26% of total North American capacity, we are the largest producer of uncoated mechanical papers in North America, and the fourth largest in the world. Our specialty papers are used in books, retail inserts, direct mail, coupons, magazines, catalogs, bags and other commercial printing applications. We sell specialty papers to major commercial printers, direct mailers, publishers, catalogers and retailers, mostly in North America.

For information on our corporate strategy, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview – Our Business” of this Form 10-K.

Pulp, tissue, and paper manufacturing facilities

The following table lists the pulp, tissue, and paper manufacturing facilities and the number of machines we owned as of December 31, 2020. The table presents our total 2020 production by product line (which represents all of our reportable segments except wood products), reflecting the impact of any downtime taken in 2020, and our 2021 capacity. Total capacity is based on an operating schedule of approximately 360 days. In certain cases, production can exceed capacity, due to changes in the manufacturing properties of the product.

<i>(In thousands of metric tons)</i>	Number of Machines	2021	2020	2020 Production By Product Line		
		Total Capacity	Total Production	Market Pulp	Tissue	Paper
Canada						
Alma (Quebec)	3	341	253	—	—	253
Amos (Quebec)	1	194	59	—	—	59
Baie-Comeau (Quebec)	2	336	58	—	—	58
Clermont (Quebec)	1	221	219	—	—	219
Dolbeau (Quebec)	1	137	112	—	—	112
Gatineau (Quebec)	1	197	190	—	—	190
Kénogami (Quebec)	1	132	121	—	—	121
Saint-Félicien (Quebec)	1	369	365	365	—	—
Thunder Bay (Ontario)	2	530	495	306	—	189
U.S.						
Calhoun (Tennessee)	3	356	307	128	49	130
Coosa Pines (Alabama)	1	264	256	256	—	—
Grenada (Mississippi)	1	229	204	—	—	204
Hialeah (Florida)	2	31	22	—	22	—
Menominee (Michigan)	1	170	112	112	—	—
Sanford (Florida)	1	25	24	—	24	—
	22	3,532	2,797	1,167	95	1,535

Wood products facilities

The following table lists the sawmills we owned or operated as of December 31, 2020. The table presents our total 2020 production, reflecting the impact of any downtime taken in 2020, and our 2021 mechanical capacity. We do not have access to

enough timber to operate all of the sawmills at their total mechanical capacity. Total capacity is based on an operating schedule of approximately 355 days.

<i>(In million board feet)</i>	2021 Total Capacity	2020 Total Production
Canada		
Atikokan (Ontario)	145	139
Comtois (Quebec)	145	47
Girardville (Quebec)	220	214
Ignace (Ontario)	115	—
La Doré (Quebec)	198	225
La Tuque (Quebec) ⁽¹⁾	186	101
Maniwaki (Quebec)	204	96
Mistassini (Quebec)	209	203
Obedjiwan (Quebec) ⁽²⁾	65	47
Pointe-aux-Outardes (Quebec)	184	109
Saint-Félicien (Quebec)	174	105
Saint-Thomas (Quebec)	93	35
Senneterre (Quebec)	167	139
Thunder Bay (Ontario)	330	277
U.S. ⁽³⁾		
Cross city (Florida)	185	128
El Dorado (Arkansas) ⁽⁴⁾	180	3
Glenwood (Arkansas)	185	98
	2,985	1,966

⁽¹⁾ Forest Products Mauricie L.P. is located in La Tuque and is a consolidated subsidiary in which we have a 93.2% interest. The amounts in the above table represent the sawmill's total capacity and production.

⁽²⁾ Société en Commandite Scierie Opitciwan is located in Obedjiwan and is an unconsolidated entity in which we have a 45% interest. The amounts in the above table represent the sawmill's total capacity and production.

⁽³⁾ On February 1, 2020, we acquired from Conifex Timber Inc. all of the equity securities and membership interests in certain of its subsidiaries, the business of which consists mainly in the operation of three sawmills and related assets in Cross City and in Glenwood and El Dorado, with combined production capacity of 550 million board feet. When operating to capacity, almost 25% of our lumber production will be in the U.S. South. For more information, see Note 3, "Business Acquisition," to our Consolidated Financial Statements.

⁽⁴⁾ The El Dorado mill, which was already idled at the time of the acquisition, was restarted in the fourth quarter of 2020.

The following table lists the remanufactured wood, engineered wood, and wood pellet products facilities we owned or operated as of December 31, 2020, and their respective 2021 capacity and 2020 production. Total capacity is based on an operating schedule of approximately 355 days.

<i>(In million board feet, except where otherwise stated)</i>	2021 Total Capacity	2020 Total Production
Remanufactured Wood Products Facilities		
Château-Richer (Quebec)	66	40
La Doré (Quebec)	16	14
Total Remanufactured Wood Products Facilities	82	54
Engineered Wood Products Facilities		
Larouche and Saint-Prime (Quebec) (in million linear feet) ⁽¹⁾	145	134
Wood Pellet Products Facility		
Thunder Bay (Ontario) (in thousands of metric tons)	45	41

⁽¹⁾ Resolute-LP Engineered Wood Larouche Inc. and Resolute-LP Engineered Wood St-Prime Limited Partnership are located in Larouche and Saint-Prime, respectively, and are unconsolidated entities in which we have a 50% interest in

each entity. We operate the facilities and our joint venture partner sells the products. The amounts in the above table represent the mills' total capacity and production.

Other products

We sell green power produced from renewable sources and wood-related products to customers located in Canada and the U.S. Sales of these other products are considered a recovery of the cost of manufacturing our primary products.

We also have a 49% interest in Serres Toundra Inc., a joint venture that produces vegetables from 19 hectares of greenhouses adjacent to our Saint-Félicien pulp mill. The greenhouses source a portion of their heat from our Saint-Félicien pulp mill and are also expected to source a portion of their CO₂ requirements from such mill by the end of 2021.

Raw Materials

In the manufacture of our paper, tissue, pulp, and wood products, our operations consume substantial amounts of raw materials such as wood and chemicals, as well as energy. We purchase raw materials and energy sources (to complement internal generation) primarily on the open market. These raw materials are market-priced commodities and as such, are subject to fluctuations in market prices. For additional information about commodity price risk, see Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk – Commodity Price Risk" of this Form 10-K.

Wood

Our sources of wood include purchases from local producers, including sawmills that supply residual wood chips, wood harvested from government-owned land on which we hold timber supply guarantees or harvesting rights, and property we own or lease. In Quebec, under the *Sustainable Forest Development Act*, volumes are allocated through timber supply guarantees, which are five years in length and renewable, subject to certain conditions. As of December 31, 2020, we were allocated 4.5 million cubic meters of supply through the timber supply guarantees. In Ontario, we had long-term harvesting rights for 11.5 million acres of government-owned land, as of December 31, 2020. The harvesting rights licenses in Ontario are 20 years in length and automatically renew every five years, contingent upon our continued compliance with environmental performance and reforestation requirements.

We depend heavily on harvesting rights and timber supply guarantees over government-owned land in Ontario and Quebec, respectively. The volume of harvest permitted under these licenses is subject to limits, which are generally referred to as the annual allowable cut (or, the "AAC"). The AAC is reviewed regularly, typically every five years in Quebec and every 10 years in Ontario. The next AAC revision in Quebec is scheduled to take place in 2023 while Ontario is completing AAC revisions in 2021 for the forests in which we operate. About 25% of the total allowable harvesting rights in Quebec are allocated through an open auction system. The prices generated by the auction system are used to set pricing for the remainder of the AAC. The timber requirements for our U.S. sawmills are met mostly by purchasing timber from timberland owners.

In addition to the forest management regulations that we must abide with, we have sought out independent certification for 100% of the forests that we manage or on which we hold significant harvesting rights in order to demonstrate our strong belief that it is possible to operate successfully with sustainable harvesting practices while maintaining biodiversity and protecting the forest, values important to a range of stakeholders. The woodlands that we manage are all independently certified to at least one internationally recognized forest management standard: Sustainable Forestry Initiative® (or, "SFI®") and Forest Stewardship Council® (or, "FSC®"). In 2020, we successfully maintained SFI forest management certifications for all of our managed woodlands in Quebec and Ontario. We also continued to maintain the FSC forest management certificates that we held in Quebec and Ontario. In addition, we continue to be one of the largest holders of SFI and FSC forest management certificates in North America.

We have also instituted fiber-tracking systems at all of our North American facilities to ensure that our wood fiber supply comes from acceptable sources such as certified forests and legal harvesting operations, with the exception of our three recently acquired sawmills in the U.S. South, which are expected to have their fiber-tracking systems certified in 2021. These systems are third-party certified according to one or more of three internationally recognized chain of custody standards, namely SFI, FSC, and Programme for the Endorsement of Forest Certification (or, "PEFC"). 100% of our wood and fiber sources are procured through the FSC Controlled Wood standard, the FSC chain of custody certification, the PEFC due diligence requirements, or the SFI fiber sourcing requirements, and in some cases a combination of these standards.

We strive to improve our forest management and wood fiber procurement practices and we encourage our wood and fiber suppliers to demonstrate continual improvement in forest resource management, wood and fiber procurement, and third-party certification.

Chemicals

We use various chemicals in our pulp, tissue, and paper manufacturing operations including caustic soda, sodium chlorate, hydrogen peroxide, liquid sodium hydrosulfite, and sulfuric acid.

Energy

Steam and electrical power constitute the primary forms of energy used in pulp, tissue, and paper production. Process steam is produced in boilers using a variety of fuel sources, as well as heat recovery units in mechanical pulp facilities. All of our pulp, paper and tissue operating sites generate 100% of their own steam requirements. In 2020, the Alma, Calhoun, Coosa Pines, Dolbeau, Gatineau, Kénogami, Saint-Félicien and Thunder Bay operations collectively consumed 61% of their electrical requirements from internal sources, notably on-site cogeneration and hydroelectric dams. We purchased the balance of our electrical energy needs from third parties. We have six sites that operate cogeneration facilities and all of these sites generate primarily green energy from renewable biomass.

We also have one hydroelectric generation and transmission network (Hydro-Saguenay in the Saguenay – Lac-Saint-Jean region of Quebec), which consists of seven generating stations with 170 MW of capacity. The water rights agreements required to operate some of these facilities typically range from 10 to 50 years and, subject to certain conditions, some are renewable for additional terms. In some cases, the agreements are contingent on the continued operation of the related paper mills and a minimum level of capital spending in the region. For the other facilities, the right to generate hydroelectricity stems from our ownership of the riverbed on which these facilities are located.

Competition

In general, our products, other than tissue, are globally-traded commodities. The markets in which we compete are highly competitive and, aside from quality specifications to meet customer needs, including designations to globally recognized forest management and chain of custody standards, the production of our products does not depend upon a proprietary process or formula. Pricing and the level of shipments of our products are influenced by the balance between supply and demand as affected by global economic conditions, changes in consumption and capacity, the level of customer and producer inventories, and fluctuations in currency exchange rates. Prices for our products have been and are likely to continue to be highly volatile.

We produce six major grades of market pulp (NBSK, SBSK, NBHK, SBHK, RBK, and fluff), for which we compete with a number of major market pulp producers, primarily with operations in North America. Market pulp being a globally-traded commodity, we also compete with other producers from South America (eucalyptus hardwood and radiata pine softwood), Europe (northern hardwood and softwood), and Asia (mixed tropical hardwood). Price, quality, service, and fiber sources are considered the main competitive determinants.

We are an integrated manufacturer of tissue products and compete with several major competitors in the North American tissue market. The key competitive attributes in this market include price, product quality, service, and customer relationships. Competition is also significantly affected by geographic location, as freight costs represent a material portion of the costs. We compete with branded and private-label products within North America.

We compete in North America with both large North American and numerous smaller local lumber producers in a highly competitive market. We also compete with European producers in the North American market during periods of favorable currencies and prices. Because there are few distinctions between lumber from different producers, competition is primarily based on price. Competition is also affected by cost and availability of wood, freight cost, and labor. We have been required to pay cash deposits for estimated countervailing duties and anti-dumping duties on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills, since April 28, 2017, and June 30, 2017, respectively. As of December 31, 2020, the rates for such estimated countervailing and anti-dumping duties were 19.10% and 1.15%, respectively. During any period in which our U.S. imports of softwood lumber products from our Canadian sawmills are subject to countervailing duty or anti-dumping cash deposit requirements or duty requirements, our competitive position could be materially affected. For additional information, see Item 1A, “Risk Factors – Legal and Compliance Risks – We are subject to countervailing and anti-dumping duty orders on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills, which could materially affect our operations and cash flows,” of this Form 10-K.

In 2020, the five largest North American newsprint producers represented 88% of North American capacity, and the five largest global producers represented 32% of global newsprint capacity. We face competition from both large global producers and numerous smaller regional producers. Price, quality, and customer relationships are important competitive determinants.

Our uncoated mechanical and uncoated freesheet papers compete on the basis of price, quality, service, and range of product line. We compete with numerous uncoated mechanical paper producers, with the five largest North American producers

representing 89% of the North American uncoated mechanical papers capacity, and the five largest global producers representing 54% of global uncoated mechanical papers capacity in 2020. In addition, imports from overseas accounted for 9% of North American uncoated mechanical paper demand in 2020. There are also numerous worldwide suppliers of other grades of paper such as coated mechanical papers and coated freesheet.

As with other global commodities, the competitive position of our products is significantly affected by fluctuations in foreign currency exchange rates. For additional information, see Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk – Foreign Currency Exchange Risk,” of this Form 10-K.

Trends in non-print media are expected to continue to adversely affect demand for traditional print media. For additional information, see Item 1A, “Risk Factors – Strategic Risks – Developments in non-print media and changes in consumer habits regarding the use of paper are expected to continue to adversely affect the demand for some of our key products,” of this Form 10-K.

Based on market interest, we offer a number of our products with specific designations to one or more globally recognized forest management and chain of custody standards. Our ability to conform to new or existing guidelines for certification depends on a number of factors, many of which are beyond our control, such as: changes to the standards or the interpretation or the application of the standards; the adequacy of government-implemented conservation measures; and the existence of territorial disputes between Indigenous peoples and governments. If we are unable to offer certified products, or to meet commitments to supply certified product, it could adversely affect the marketability of our products and our ability to compete with other producers.

Human Capital

As of December 31, 2020, we employed approximately 7,100 people, of whom approximately 3,700 were represented by various unions, primarily Unifor, and the Confederation of National Trade Unions (or, the “CNTU”) in Canada, and predominantly by the United Steelworkers International (or, the “USW”) in the U.S. In the past year, we renewed or entered into a number of agreements with unions, covering approximately 500 employees in Canada. Collective agreements covering approximately 300 employees in Canada have expired, involving certain Canadian sawmills.

While we intend to renew collective agreements, there can be no assurance that we will be able to renew agreements on satisfactory terms, or that we will maintain continuously satisfactory agreements with all of our unionized employees. Should we be unable to do so, it could result in strikes, work stoppages, or disturbances by affected employees, which could cause us to experience a disruption of operations and affect our business, financial condition, or results of operations.

Our long-term competitiveness is tied to the ability to recruit, develop and retain top-quality employees with the right skills. We are building a strong corporate culture that attracts results-driven and action-oriented employees and allows natural leaders to grow. We hired 970 new permanent and temporary employees, raising our employer profile through targeted recruitment practices. We assessed 100% of salaried employees’ effectiveness through the Demonstrated Effectiveness Appraisal process, which is focused on enhancing organizational capability through managerial accountability and people development. We continue to train every employee on Resolute’s Code of Business Conduct and have in place a Diversity Policy designed to ensure equal consideration and opportunities to all employees. We are equally committed to ensuring that our employees are consistently motivated and engaged by promoting individual professional development goals, support sharing of knowledge and resources across the Company, and create opportunities for growth and learning wherever possible.

The health and safety of our employees is a core Company value. We are committed to providing our employees with safe working environments, in addition to complying with applicable legal requirements at all our sites. Since 2015, our Occupational Safety and Health Administration (OSHA) incident rate world-class performance has been below 0.80, and we achieved an OSHA incident rate of 0.62 in 2020, which is one of the lowest rates within the North American forestry products industry.

Since the beginning of the COVID-19 pandemic, a vigilance committee has been set up to collect and analyze continuous relevant information through the appropriate public health authorities where we operate, and more than 30 pandemic crisis management protocols have been implemented to ensure the safety and health of employees and contractors working at all our sites, helping to mitigate disruptions of operations.

In addition, the board adopted a board-level diversity policy striving to maintain a minimum of 25% representation each of men and women on our board of directors, as well as an executive leadership-level diversity policy acknowledging diversity as a key factor in the Company’s talent management strategy. Currently there are two women on the board representing 29% of its membership.

Trademarks

We have registrations or pending applications for our key trademarks “RESOLUTE” and “resolute Forest Products & Design” in the countries of our principal markets, as well as “RESOLUTE FOREST PRODUCTS”, “R Design”, and “RESOLUTE TISSUE” in Canada and the U.S., and “RÉSOLU” and “Produits forestiers résolu & Design” in Canada. The current registrations of these trademarks are effective for various periods of time and may be renewed periodically, provided that we, as the registered owner, comply with all applicable renewal requirements.

Environmental and Other Regulated Matters

We are subject to a number of federal or national, state, provincial, and local laws and regulations in various jurisdictions relating to the environment, health and safety, and some of our infrastructure, including dams and bridges. We believe our operations are in material compliance with current applicable environmental, health and safety, as well as applicable infrastructure laws and regulations. While it is impossible to predict future laws and regulations that may be adopted, we believe that we will not be at a significant competitive disadvantage with regard to meeting future Canadian or U.S. standards. For additional information, see Note 18, “Commitments and Contingencies – Environmental matters,” to our Consolidated Financial Statements.

Internet Availability of Information

We make our Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, and any amendments to these reports, available free of charge on our website (www.resolutefp.com) as soon as reasonably practicable after we file or furnish such materials to the SEC. The SEC also maintains a website (www.sec.gov) that contains our reports and other information filed with the SEC. Our reports are also available on the System for Electronic Document Analysis and Retrieval website (www.sedar.com).

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Form 10-K and in other documents we file with the SEC, you should carefully consider the following factors, among others, which could materially affect our business, financial condition, future results, reputation as well as the market price of our securities. In particular, the risks described below could cause actual events to differ materially from those contemplated in the forward-looking statements in this Form 10-K.

Risks related to the COVID-19 pandemic

The outbreak of the pandemic caused by COVID-19 has had, and could continue to have a negative impact on financial markets, economic conditions and portions of our business. While we are unable to predict the extent, nature and duration of these impacts at this time, the global COVID-19 pandemic could negatively affect our business and results of operations, as well as the market price of our securities, in a number of ways, including the following:

- While we expect to continue to operate in all of our business segments in Canada and the U.S., we have reduced our operational footprint to levels consistent with essential or reduced needs, including the temporary idling of certain machines or facilities and implementing temporary or permanent layoffs. Further adjustments to our operational footprint, temporary or permanent, could be made as the COVID-19 pandemic situation develops.
- The COVID-19 pandemic has already accelerated the secular demand decline for paper products like those we manufacture as widespread confinement alters consumer habits, which has had, and could continue to have an impact on pulp demand. The decline in demand and altered habits could have a permanent effect.
- Any construction slowdown in North America may result in a decline in demand for wood products. If the demand for wood products falls and we reduce harvesting and sawmill activity as a result, we could have greater difficulty obtaining the supply of timber and wood fiber required for our operations at favorable prices, or at all.
- There is lower demand for our away-from-home tissue products usually found in hotels, restaurants, schools, office buildings and other businesses or premises, and our ability to convert our tissue for the retail market may be limited.
- There is increased risk that we may not obtain raw materials, chemicals and other required supplies or services in a timely fashion and at favorable prices due to the impact of the reduced economic activity as a result of the COVID-19 pandemic on our suppliers, which could affect our production output and profitability.
- Additional trade restrictions or barriers could also negatively affect our supply chain as well as the sales or distribution of our products.
- The impact of the reduced economic activity as a result of the COVID-19 pandemic on our customers has increased our risk of credit exposure and that risk could continue to increase.
- Although the forest products industry has generally been recognized as critical or essential in locations where we operate, the current health restrictions, including social distancing measures, impact how our employees fulfill their duties, and limits the number of employees we can have at our operations, which in turn could impact our production output and costs.
- It could be difficult or costly to restart certain of our temporarily idled operations, and we could face personnel shortages if employees are no longer available or amenable to return to work.
- Should certain employees become ill from COVID-19 or unable to work, the attention of our management team could be diverted and our operations could be affected.
- The reduced operations and staffing at our facilities, remote working conditions and increased risk of obtaining supplies or services could increase the risk of non-compliance and incidents.

If necessary, to preserve liquidity, we could suspend or defer capital projects, as well as other strategic initiatives. Strategies to increase earnings power or generate additional cash flow, including acquisitions, divestitures and other transactions could be delayed or not materialize given the current economic uncertainty. In response to the COVID-19 pandemic, we could decide to permanently shut down machines or facilities and be required to record significant closure costs, remediation costs, long-lived asset impairment or accelerated depreciation charges.

The economic uncertainty resulting from the COVID-19 pandemic and the ensuing decline in financial market returns and low-interest rate environment could continue to result in an increase in the amount by which our pension plans are underfunded by the next measurement date at year-end. This could result in a significant increase in the amount of our required future pension contributions, which could have an adverse effect on our financial condition.

If we do not generate enough cash to fund our short-term or long-term obligations, we may have to draw further on our credit facilities to meet our obligations or seek additional sources of liquidity. The economic uncertainty resulting from the COVID-19 pandemic and any downgrade of our credit ratings could lead to greater difficulty in obtaining additional financing on favorable terms.

The COVID-19 pandemic, including related governmental responses and economic impacts, market disruptions and changes in consumer habits, has heightened the risks and uncertainties described in the risk factors below, and should be read in conjunction therewith.

Strategic Risks

Strategic risks relate to our future business plans and strategies, including the risks associated with the global macro-environment in which we operate, trends in our industry, demand for our products, competitive threats, product innovation, public policy developments, changes to consumption habits, resource allocation, and strategic initiatives, including mergers and acquisitions, dispositions, and restructuring activity.

Developments in non-print media and changes in consumer habits regarding the use of paper are expected to continue to adversely affect the demand for some of our key products.

Trends in non-print media are expected to continue to adversely affect demand for traditional print media, including our papers, and our customers' products. Neither the timing nor the extent of these trends can be predicted with certainty. Our newspaper, magazine, book and catalog publishing customers could increase their use of, and compete with, non-print media, including multimedia technologies, electronic storage and communication platforms such as websites and social media, which could further reduce their consumption of newsprint, commercial printing papers or other products we manufacture, including market pulp. The demand for our paper products has weakened significantly over the past decade. This situation has accelerated since the COVID-19 pandemic as confinement and work from home has altered consumer habits, which could become permanent and also impact the demand for pulp. For example, over the 10 years ended December 31, 2020, according to industry statistics, North American newsprint demand fell by 69%, and fell by 26% in 2020.

We face intense competition in the forest products industry.

We compete with numerous forest products companies, some of which have greater financial resources. The trend toward consolidation in the forest products industry has led to the formation of sizable global producers that have greater flexibility in pricing and financial resources for marketing, investment, research and development, innovation, and expansion. Because the markets for our products are highly competitive, actions by competitors can affect our ability to compete and the volatility of prices at which our products are sold.

The forest products industry is capital intensive, and we require significant investment to remain competitive. Some of our competitors may be lower-cost producers in some of the businesses in which we operate. For example, the sizable low-cost hardwood and softwood grade pulp capacity in South America, which continues to grow as a result of ongoing investment and whose costs are thought to be very competitive, and the actions those mills take to gain market share, could continue to adversely affect our competitive position in similar grades. This in turn could impact our sales and cash flows, and push us to consider significant capital investments to remain competitive. Failure to compete effectively could have a material adverse effect on our business, financial condition or results of operations.

If we are unable to offer products certified to globally recognized forestry management and chain of custody standards or meet customers' product specifications, it could adversely affect our ability to compete.

Based on market interest, we offer a number of our products, including pulp and paper, wood and tissue, with specific designations to one or more globally recognized forest management and chain of custody standards as well as product specifications to meet customers' requirements. Our ability to conform to new or existing guidelines for certification depends on a number of factors, many of which are beyond our control, such as: changes to the standards or the interpretation or the application of the standards; the collaboration of our suppliers in timely sharing product information; the adequacy of government-implemented conservation measures; and the existence of territorial disputes between Indigenous peoples and governments. If we are unable to offer certified products, or to meet commitments to supply certified product or meet the product specifications of our customers, it could adversely affect the marketability of our products and our ability to compete with other producers.

We may not be successful in implementing our strategies to increase earnings power.

Our corporate strategy is focused on continuing to transform the Company away from mature product markets and products in structurally declining demand toward a more profitable and sustainable organization over the long run. This includes maximizing value generation from structurally declining paper, growing in pulp and wood products, integrating our pulp into value-added quality tissue, and investing in product innovation, while maintaining a disciplined approach to capital allocation.

The implementation of our corporate strategy is subject to uncertainty and could require significant capital investments. In addition, strategic initiatives could have unintended consequences, including, for example, a loss of certain pulp customers if our tissue segment becomes competitive with tissue products sold by those customers.

As part of our corporate strategy, we pursue acquisitions, divestitures, and other strategic transactions and projects to complement, expand or optimize our business, such as our entry into wood manufacturing in the U.S., and tissue production and sales. In connection with any acquisition, divestiture, strategic transaction or project, we may not successfully integrate an acquired business, assets, technologies, processes, controls, policies, and operations with ours or realize some or all of the anticipated benefits and synergies of the acquisition, divestiture, strategic transaction or project. In connection with such transactions, we may face challenges associated with entering into a new market, production location, product category, or meeting customers' demands. We may also face issues with the separation of processes and loss of synergies following the divestiture of businesses. In addition, we may not be able to successfully negotiate potential acquisitions, divestitures, strategic transactions or projects that we identify, or may not be able to obtain financing that may be needed. Future acquisitions could result in potentially dilutive issuances of equity securities and the incurrence of debt and contingent liabilities, and substantial goodwill. The negotiation of any transaction and its completion may be complex, costly, and time consuming. To the extent we are unsuccessful in implementing our corporate strategy or our efforts do not achieve the anticipated outcomes, our results of operations and cash flows may be adversely affected.

Changes in the political or economic conditions in the U.S., Canada or other countries in which we sell our products could adversely affect our results of operations.

We manufacture products in the U.S. and Canada, and we sell products throughout the world. The economic and political policies of each country and region have a significant impact on our costs and the prices of, and demand for, our products. Changes in regional economies and economic policies can affect demand for our products, manufacturing and distribution costs, pricing, sales volume, and the availability or cost of insurance. These changes, in turn, can affect our results of operations. Changes to regional economies and economic policies that can bring about such effects include, among others, changes in the terms of, or countries that are parties to, bilateral and multi-lateral trade agreements and arrangements, limitations on the ability of potential customers to import products or obtain foreign currency for payment of imported products, and political and economic instability, including pandemics, significant civil unrest, acts of war or terrorist activities, or unstable or unpredictable governments in countries in which we operate or trade.

Our business is subject to global economic conditions and is highly cyclical; soft conditions could cause a number of the risks we face to increase in likelihood, magnitude and duration.

Our operations and performance depend significantly on worldwide economic conditions. During periods of weak or weakening global economic conditions, we would expect any increase in unemployment or lower gross domestic product growth rates to adversely affect demand for our products as our customers delay or reduce their expenditures. For example, during an economic downturn, end consumers may reduce newspaper and magazine subscriptions as a direct result of their financial circumstances, contributing to lower demand for our products by our customers. Advertising demand in printed magazines and newspapers may also decline. Lower demand for print advertisements leads to fewer or smaller pages in, and may lead to less frequent publication of, printed newspapers, magazines and other advertisement circulars and periodicals, decreasing the demand for our products. In addition, demand for our market pulp products is generally associated with the production rates of paper producers, as well as consumption trends for products such as tissue, toweling and absorbent products.

An economic downturn in the U.S. or Canada could also negatively affect the U.S. or Canadian housing industry, which is a significant driver of demand for our lumber and other wood-based products. For example, a decline in housing starts or in the repair and remodeling segment could create a low level of primary demand for our lumber and other wood-based products, which we would expect to result in our wood products business operating at a lower level until there is a meaningful recovery in new residential construction demand or in the repair and remodeling sector. In addition, with less lumber demand, sawmills could generate fewer wood chips that we use in our pulp and paper mills, which could lead those mills to increase their supply from the open market, where prices can fluctuate with market conditions. We could also have less wood residue to use internally, which would increase our fossil fuel consumption and, as a result, our costs and environmental impact.

The forest products industry is also highly cyclical. The overall levels of demand for the products we manufacture, and consequently, our sales and profitability, reflect fluctuations in levels of end user demand. As described above, end user demand depends at least in part on general economic conditions in North America and the world, and the effect can be significant. In addition to end user demand, we have experienced cyclical changes in prices, sales volume and margins for our commodity products as a result of changing market trends and the effect of capacity fluctuations on supply and demand as well as the relative competitiveness of producers. Because our commodity products have few distinguishing qualities from producer to producer, competition is based mainly on price, which is determined by supply relative to demand, which is in turn affected by the factors described above.

Operational Risks

Operational risks arise from external events, processes, people and systems that affect the operation of our businesses. These include risks affecting, among other things, marketing and sales, woodlands management, production, supply chains, information management, data protection and security, including cybersecurity, human resources, and reputation.

Our manufacturing businesses may have difficulty obtaining timber or wood fiber at favorable prices, or at all.

Wood fiber is the principal raw material we use in our business. We primarily use wood chips and logs for our pulp, tissue, and paper mills. Our wood products business is also dependent on our timber supply.

We depend heavily on harvesting rights and timber supply guarantees over government-owned land in Ontario and Quebec, respectively. The volume of harvest permitted under these licenses is subject to limits, which are generally referred to as the annual allowable cut (or, "AAC"). The AAC is reviewed regularly, typically every five years in Quebec and every 10 years in Ontario. The next AAC revision in Quebec is scheduled to take place in 2023 while Ontario is completing AAC revisions in 2021 for the forests in which we operate. About 25% of the total allowable harvesting rights in Quebec are allocated through an open auction system. The prices generated by the auction system are used to set pricing for the remainder of the AAC.

In addition, regulatory developments, activist campaigns and litigation advanced by Indigenous groups or other stakeholders have caused, and may cause in the future, significant reductions in the amount of timber available for commercial harvest in Canada, or that meet standards required for third-party certifications. Future regulation, particularly by Ontario, Quebec, or the federal Canadian government, as well as litigation, changes in forest management certification standards, and actions taken by activists to influence the availability of timber for commercial harvest could focus on any one or more of the use of timberlands, forest management practices, forest management and chain of custody certification standards, consultation with Indigenous groups, protection of habitats and endangered or other species, including the woodland caribou, promotion of forest biodiversity, and the response to, and prevention of, catastrophic wildfires.

Increased pressures on the Canadian provincial and federal governments to increase the protection of the woodland caribou, its habitat, and the boreal forest, could impact timber supply. For example, regulations relating to habitats, and endangered or other species could significantly reduce timber supply to our mills. Our access to timber may also be affected by factors such as fire and fire prevention, insect infestation, disease, ice storms, wind storms, drought, flooding, and other natural and man-made causes, which could potentially reduce supply and increase prices.

Though timber is our primary source of fiber, wood fiber is a commodity and we also buy a significant portion of our fiber requirements on the open market. Prices for wood fiber are cyclical and subject to market influences, which could be concentrated in one or more regions due to market shifts. The timber requirements for our U.S. sawmills are met mostly by purchasing timber from timberland owners.

If we are unable to obtain adequate supplies of timber or wood fiber at favorable prices for any of the reasons described above, our business operation could be materially and adversely affected.

A sustained increase in the cost of purchased energy and other raw materials would lead to higher manufacturing costs, which could reduce our margins.

Our operations consume large amounts of energy, such as electricity, natural gas, fuel oil, and wood residue, a substantial proportion of which we buy on the open market. The main raw materials we require in our manufacturing processes are wood fiber and chemicals. The prices for raw materials and energy are volatile and may change rapidly, which impacts our manufacturing costs, directly affects our results of operations and may contribute to earnings volatility.

For our commodity products, the relationship between industry supply and demand, rather than changes in the cost of raw materials, determines our ability to increase prices. Consequently, we may be unable to pass along increases in our operating costs to our customers. Any sustained increase in energy, chemical, or raw material prices without any corresponding increase

in product pricing would reduce our operating margins and potentially require us to limit or cease operations of one or more of our facilities.

We also generate electricity at our hydroelectric facilities. There can be no certainty that we will be able to maintain the water rights necessary for our hydroelectric power generating facilities, or to renew them on favorable conditions. The closure of certain machines or facilities located in Quebec could trigger the exercise of termination rights by the Quebec government under hydro water rights agreements. The amount of electricity we can generate is also subject to the volume of rain or snowfall and is therefore variable from one year to the next.

We are subject to physical, financial and regulatory risks associated with global, regional, and local weather conditions, and climate change.

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 availability of water, the distribution and abundance of species, and the spread of disease or insect epidemics, which in turn may adversely or positively affect timber production and availability. 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, wildfires, drought, flooding, snow, ice storms, the spread of disease, and insect infestations. Any of these natural disasters could also affect woodlands or cause variations in the cost of raw materials, such as virgin fiber. Changes in precipitation could make wildfires more frequent or more severe, and could adversely affect timber harvesting or our hydroelectric production. The effects of global, regional, and local weather conditions, and climate change, including the costs of complying with evolving climate change regulations and transition costs relating to a low carbon economy could also adversely impact our results of operations.

We could experience disruptions in operations or increased labor costs due to labor disputes or occupational health and safety issues.

As of December 31, 2020, we employed approximately 7,100 people, of whom approximately 3,700 were represented by various unions, primarily Unifor, and the Confederation of National Trade Unions (or, the “CNTU”) in Canada, and predominantly by the United Steelworkers International (or, the “USW”) in the U.S. In the past year, we renewed or entered into a number of agreements with unions, covering approximately 500 employees in Canada. Collective agreements covering approximately 300 employees in Canada have expired, involving certain Canadian sawmills.

While we intend to renew collective agreements, there can be no assurance that we will be able to renew agreements on satisfactory terms, or that we will maintain continuously satisfactory agreements with all of our unionized employees. Should we be unable to do so, it could result in strikes, work stoppages, or disturbances by affected employees, which could cause us to experience a disruption of operations and affect our business, financial condition, or results of operations.

Occupational health and safety issues, including relating to the COVID-19 pandemic, could also cause disruptions in operations or otherwise affect labor-related costs.

Difficulties in our employee relations or difficulties identifying, attracting, and retaining employees for work, particularly in remote locations and certain positions with specialized skills, could lead to operational disruptions or increase our costs.

Our ability to achieve our future goals and objectives is dependent, in part, on maintaining good relations with our employees and minimizing employee turnover at our corporate offices, mills, and woodlands operations. Work stoppages, excessive employee turnover, or difficulty in attracting and retaining employees, particularly for work in remote locations and certain positions with specialized skill sets, could lead to operational disruptions or increased costs.

Disruptions to our supply chain, operations, or the delivery of our products, could adversely affect our financial condition or results of operations.

The success of our businesses is largely contingent on the availability of, and direct access to, raw materials, as well as our ability to ship products on a timely and cost-efficient basis. As a result, any event that disrupts or limits transportation or delivery services or the operations of our suppliers could materially and adversely affect our business. In addition, our operating results depend on the continued operation of our various production facilities and our ability to complete construction and maintenance projects on schedule. Interruptions of operations at our facilities, including interruptions caused by the events described below, could materially reduce the productivity and profitability of a particular manufacturing facility, or our business as a whole, during and after the period of such operational difficulties.

Our operations, supply chain, and transportation and delivery services are subject to potential hazards, including explosions, fires, accidental release of toxic materials, severe weather and natural disasters, mechanical and power failures, structural failures at any of our dams or hydroelectric facilities, supplier disruptions, labor shortages or other difficulties, public health measures to prevent or eradicate epidemics or pandemics, transportation interruptions, remediation complications, environmental and workplace risks, and terrorist or other violent acts.

Some of these hazards can cause personal injury and loss of life, severe damage to or destruction of property, equipment, or the environment, and can result in, among other things: the suspension of operations; the shutdown of affected facilities; reputational damage; the imposition of civil or criminal penalties; workers' compensation; and claims against us with respect to workplace exposure, exposure of contractors on our premises, as well as other persons located nearby.

We are subject to disruptions to the information technology systems used to manage our operations and other business processes, including cybersecurity and privacy incidents that could involve sensitive company, employee, customer, vendor, and shareholder information.

We use information technology to securely manage operations and various business functions. We rely on various technologies to process, store, and report on our business and interact with employees, customers, vendors, and shareholders. The secure and reliable processing, maintenance, and transmission of this information is critical to our operations and business strategy. Despite our security design and controls, and those of our third-party providers, our information technology and infrastructure may be vulnerable to interruptions, breakdowns, cyberattacks or breaches due to employee error, malfeasance, hackers, computer viruses, ransomware, natural disasters, power or telecommunications failures, as well as other disruptions. A cybersecurity breach could result in operational disruptions or the misappropriation of sensitive data or personal information and could subject us to civil and criminal penalties, litigation, or have a negative impact on our reputation. We may be required to expend capital and other resources to protect against such security breaches or cyberattacks, or to remediate problems caused by such breaches, attacks, or other disruptions. We have been the subject of cyberattacks from time to time, none of which have had a material impact on our business information systems or operations. There can be no assurance that such disruptions or misappropriations and the resulting repercussions will not negatively impact our cash flows and materially affect our results of operations or financial condition. Recent developments in cybersecurity and privacy legislation in different jurisdictions are imposing additional obligations on us and could expand our potential liability in the event of a cybersecurity or privacy incident.

We are currently transitioning from certain legacy system applications, and during the transition, such legacy systems may be more vulnerable to attack or failure and implementation of the transition may cause disruptions to our business information systems.

We are currently in the process of replacing certain legacy system applications with an integrated business management software platform. Prior to the completion of this upgrading process, we may not have supplier or third-party support for legacy systems in the event of failure or required updates, and such legacy systems may be more vulnerable to breakdown, malicious intrusion, and random attack. Prior to the completion of this upgrading process, we may also experience difficulties maintaining or replacing the hardware infrastructure required to operate these legacy systems. Such legacy systems, if not properly functioning prior to their replacement, could adversely affect our business.

During the process of replacing legacy systems, we could experience disruptions to our business information systems and normal operating processes because of the projects' complexity. The potential adverse consequences could include delays, loss of information, decreased management reporting capabilities, damage to our ability to process transactions, harm to our control environment, diminished employee productivity, business interruptions, and unanticipated increases in costs. Further, our ability to achieve anticipated operational benefits from new platforms is not assured.

Negative publicity, even if unjustified, could have a negative impact on our brand and the marketability of our products.

We believe that we have established a reputation for transparent communications, social and corporate governance, responsible forestry practices, and overall sustainability leadership. We also believe that our commitment to sustainable and responsible forestry practices extends well beyond strict compliance with applicable forestry regulations, which in Quebec and Ontario are already among the most, if not the most, rigorous in the world. Negative publicity, whether or not justified, relating to our operations and our business could tarnish our reputation or reduce the value of our brand and market demand for our products. In addition, the actions of activists, whether or not justified, could impede or delay our ability to access raw materials or obtain third-party certifications with respect to forest management and chain of custody standards that we seek in order to supply certified products to our customers. In these cases, we may have to incur significant expenses and dedicate additional resources to defend ourselves against activist campaigns, rebuild our reputation, and restore the value of our brand.

Financial Risks

Financial risks relate to our ability to meet financial obligations and mitigate exposure to broad market risks, including: volatility in foreign currency exchange rates, interest rates and commodity prices, capital structure, as well as credit and liquidity risk, including risk related to cash management, extension of credit, collections, credit ratings, and availability and cost of funding.

Currency fluctuations can adversely affect our competitive position, selling prices, manufacturing costs, and net monetary items.

We compete with producers from around the world, particularly North America, Europe, and South America, in most of our product lines, with the exception of wood products and tissue, where we compete primarily with other North American producers. We sell our products mainly in transactions denominated in U.S. dollars, but we also sell in certain local currencies, including the Canadian dollar, the euro, and the pound sterling. Changes in the relative strength or weakness of these currencies, particularly the U.S. dollar, could affect international trade flows of these products. A stronger U.S. dollar might attract imports, thereby increasing product supply and possibly creating downward pressure on prices. On the other hand, a weaker U.S. dollar might encourage U.S. exports but also increase manufacturing costs in Canadian dollars.

We are particularly sensitive to changes in the value of the Canadian dollar versus the U.S. dollar. The actual impact of these changes depends primarily on the proportion of our production and sales that occur in Canada, the proportion of our financial assets and liabilities denominated in Canadian dollars, and the magnitude, direction and duration of changes in the exchange rate. We expect exchange rate fluctuations to continue to impact costs and revenues, but we cannot predict the magnitude or direction of this effect for any period, and there can be no assurance of any future effects. In 2019 and 2020, the Canadian dollar fluctuated between a low of US\$1.27 in December of 2020 and a high of US\$1.45 in March of 2020. Based on operating projections for 2021, if the Canadian dollar strengthens by one cent against the U.S. dollar, we expect that it will decrease our annual operating income by approximately \$16 million, and *vice versa*.

Furthermore, certain monetary assets and liabilities, including a substantial portion of our net pension and other postretirement benefit obligations and our net deferred income tax assets, and certain of our indebtedness, including the Quebec secured term loan facility (or, the “*Loan Facility*”) are denominated in Canadian dollars. As a result, our earnings and the amounts borrowable under our Loan Facility can be subject to the potentially significant effect of foreign exchange gains or losses in respect of these Canadian dollar net monetary items. A fluctuation of the Canadian dollar against the U.S. dollar in any given period would generally cause a foreign exchange gain or loss or change in the effective availability of the Loan Facility.

The amount by which our pension plans are underfunded could increase the level of required contributions, which could have an adverse impact on our financial condition.

As of December 31, 2020, we had net pension obligations of \$1,440 million, of which approximately 78% relates to our registered pension plans in the provinces of Quebec and Ontario, and approximately 22% of which relates to our U.S. qualified pension plan. See Note 16, “Pension and Other Postretirement Benefit Plans,” to our Consolidated Financial Statements, for a description of our pension plan funding obligations, including our unfunded pension obligations.

The amount by which our pension plans are funded or underfunded varies depending upon the return on pension fund investments, the level of interest rates used to determine minimum funding levels, the payments of benefits, and other actuarial assumptions and experience. Variations from our assumptions would cause the actual amount of our required contributions to vary from our current estimates. Any additional contributions to our pension plans to fund potential deficit increases would be required to be paid over a period of time ranging from seven to 11 years depending upon the laws applicable to the funding of the specific pension plan. Any change to laws and regulations applicable to the funding of our pension plans could also increase or decrease our future funding obligations. Similarly, because we make our Quebec and Ontario pension plan contributions in Canadian dollars, the amount of our contributions as stated in U.S. dollars can be subject to the potentially significant effect of foreign currency exchange rate variations. Any such variations could materially affect our cash flows and financial condition, in each case either positively or negatively depending on the direction and magnitude of the variation. In addition, an increase in our net pension obligations could make it more difficult to obtain financing on favorable terms.

It is also possible that regulators, including Canadian provincial pension regulators, could attempt to compel additional funding of certain of our pension plans, including our Canadian registered pension plans, in respect of plan members associated with sites we formerly operated. On June 12, 2012, we filed a motion for directives with the Quebec Superior Court, the court with jurisdiction in the creditor protection proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (or, the “*CCAA Creditor Protection Proceedings*”), seeking an order to prevent pension regulators in each of Quebec, New Brunswick, and Newfoundland and Labrador from declaring partial wind-ups of pension plans relating to employees of former operations in

New Brunswick, and Newfoundland and Labrador, or a declaration that any claim for accelerated reimbursements of deficits arising from a partial wind-up is a barred claim under the CCAA Creditor Protection Proceedings. A partial wind-up would likely shorten the period in which any deficit within those plans, which could reach up to C\$150 million (\$118 million), would have to be funded if we do not obtain the relief sought. At this time, we cannot estimate the additional contributions, if any, that may be required in future years, but they could be material.

Our operations require substantial capital and we may be unable to maintain adequate capital resources to provide for all of our capital requirements.

Our businesses are capital intensive and require regular capital expenditures in order to maintain our equipment, increase our operating efficiency, comply with environmental laws, and innovate to remain competitive. If our available cash resources and cash generated from operations are not sufficient to fund our operating needs, make pension contributions, and finance our working capital, capital expenditures, and duty cash deposits, we would either need to borrow or reduce or delay capital expenditures. If we cannot maintain or upgrade our equipment as required, we may become unable to manufacture products that compete effectively. An inability to make required capital expenditures in a timely fashion could also have a material adverse effect on our growth, business, financial condition, or results of operations.

The terms of our ABL Credit Facility, our Senior Secured Credit Facility, the indenture governing our 2026 Notes and our Loan Facility could restrict our current and future operations, and changes relating to LIBOR could impact our borrowings under some of these facilities.

The credit agreements governing our senior secured asset-based revolving credit facility (or, the “ABL Credit Facility”), our senior secured credit facility (or, the “Senior Secured Credit Facility”), the indenture governing our 4.875% senior notes due 2026 (or, the “2026 Notes”), and our Loan Facility contain certain restrictive covenants that impose operating, borrowing, and financial restrictions on us and could limit our ability to engage in activities that might be in our long-term best interests. For a description of our ABL Credit Facility, Senior Secured Credit Facility, the indenture governing the 2026 Notes and the Loan Facility, including the covenants and restrictions they contain, see Note 15, “Long-Term Debt,” to our Consolidated Financial Statements.

A breach of the covenants under the ABL Credit Facility, the Senior Secured Credit Facility, the 2026 Notes or the Loan Facility could result in an event of default, which could allow holders and lenders, as the case may be, to accelerate the repayment of their debt and could result in the acceleration of the repayment of any other debt to which a cross-acceleration or cross-default provision applies. An event of default under the ABL Credit Facility, the Senior Secured Credit Facility or the Loan Facility would also allow the lenders to terminate all commitments to extend further credit to us under those facilities. If we were unable to repay amounts due and payable under the ABL Credit Facility, the Senior Secured Credit Facility or the Loan Facility, the lenders would have the right to proceed against the collateral securing the indebtedness. In any of these events, we may seek to refinance our indebtedness, but be unable to do so on commercially reasonable terms. As a result, we could be: limited in how we conduct our business; unable to raise additional debt or equity financing to operate during general economic or business downturns; unable to compete effectively or to take advantage of new business opportunities; or forced to sell assets.

In addition, our borrowings under the ABL Credit Facility and the Senior Secured Credit Facility bear interest at variable rates, primarily based on LIBOR as the reference. LIBOR is subject to national and international proposals for reform that may cause LIBOR to cease to exist after 2021 or to perform differently than in the past. While we expect that reasonable alternatives to LIBOR will be available, we cannot predict the consequences and timing of the development of alternative reference rates, and the transition to an alternative reference rate could result in an increase in our interest expense.

We may be subject to losses that might not be covered in whole or in part by our insurance coverage.

We maintain property, business interruption, credit, general liability, casualty, and other types of insurance, including environmental liability, that we believe are in accordance with customary industry practices, but we are not fully insured against all potential hazards inherent in our business, including losses resulting from human error, cybersecurity issues, natural disasters, war risks, or terrorist acts. As is typical in the industry, we also do not maintain insurance for any loss to our access to standing timber from natural disasters, regulatory changes, or other causes. Changes in insurance market conditions have caused, and may in the future cause, premiums and deductibles for certain insurance policies to increase substantially and in some instances, for certain insurance to become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, we might not be able to finance the amount of the uninsured liability on terms acceptable to us or at all, and might be obligated to divert a significant portion, or all, of our cash flow from normal business operations.

We could be required to curtail production, shut down machines or facilities, restructure operations, or sell non-core assets, which could result in recording significant additional closure costs and long-lived asset impairment or accelerated depreciation charges.

As part of our transformation strategy, and in response to changing market dynamics and structurally declining demand for some of our products, it may be necessary to further curtail production, permanently shut down machines and facilities, restructure operations, or sell non-core assets. In addition to the potential loss of production, curtailments and shutdowns could result in asset or goodwill impairments, accelerated depreciation, and closure costs for the affected facilities, including restructuring charges, exit or disposal costs, and remediation and other environmental costs, which could negatively impact our cash flows and materially affect our results of operations and financial condition. The closure of machines or facilities could also trigger the payment of severance, additional pension contributions, or wind-up deficiencies.

Losses related to the impairment of long-lived assets to be held and used are recognized when circumstances, such as continuing losses or demand declines in certain businesses, indicate the carrying value of an asset group may not be recoverable. When indicators that the carrying value of an asset group may not be recoverable are triggered, we evaluate the carrying value of the asset group in relation to its expected undiscounted future cash flows. If the carrying value of an asset group is greater than the expected undiscounted future cash flows to be generated by the asset group, an impairment charge is recognized based on the excess of the asset group's carrying value over its fair value. If it is determined that the carrying value of an asset group is recoverable, we review and adjust, as necessary, the estimated useful lives of the assets in the group. If there were to be a triggering event, it is possible that we could record significant non-cash long-lived asset impairment or accelerated depreciation charges in future periods, which would be recorded as operating expenses and would negatively impact our results of operations.

We also may be disposing of assets or businesses and be required to recognize additional impairment charges based on the excess of the asset group's carrying value over the expected net proceeds from the sale, which could materially affect our results of operations and financial condition.

We could be required to record goodwill impairment charges on all or a significant amount of the goodwill on our Consolidated Balance Sheets.

We have goodwill of \$31 million recorded in our Consolidated Balance Sheet as of December 31, 2020, all of which arose from our acquisition of the U.S. Sawmill Business. Goodwill represents the excess of the purchase price of an acquisition over the estimated fair values of identifiable tangible and intangible assets of the acquired business. Future acquisitions that we make may also result in significant amounts of additional goodwill. The determination of goodwill involves significant judgment and assumptions including the assessment of the results of the most recent fair value calculations, the identification of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, specific events affecting us and the business, and making the assessment on whether each relevant factor will impact the impairment test positively or negatively, and the magnitude of any such impact. The carrying value of goodwill is not amortized, and is tested for impairment at the reporting unit's level annually, or more frequently if events or changes in circumstances indicate a potential impairment loss. In the event that the net carrying amount of the reporting unit exceeds its fair value, an impairment charge is recognized for the amount by which the reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill in that reporting unit.

We could be required to record additional valuation allowances against our recorded deferred income tax assets.

We recorded significant deferred income tax assets relating to our Canadian operations in our Consolidated Balance Sheet as of December 31, 2020. If, in the future, we determine that we are unable to recognize these deferred income tax assets as a result of sustained cumulative losses in our Canadian operations, we could be required to record additional valuation allowances for the portion of the deferred income tax assets that is not more likely than not to be realized. Such valuation allowances, if taken, would be recorded as a charge to income tax provision and would adversely impact our results of operations.

Legal and Compliance Risks

Legal and compliance risks arise from governmental and regulatory action, operations and business conduct, and contractual and other legal liabilities, including risks associated with: international trade regulation; legal proceedings; our shareholder relationships; commitments to customers, suppliers or other stakeholders; and compliance with securities, governance and other laws and regulations, policies and procedures, such as those relating to financial reporting and disclosure obligations, the environment, forest management, health and safety, marketing, product safety and liability, and privacy and antitrust. Governmental and regulatory risk includes the risk that government or regulator actions will impose additional costs on us or cause us to have to change our operations and business models or practices.

Products we produce in one country and export to another may become subject to duties or other international trade remedies or restrictions.

We produce products in the U.S. and Canada, and we sell products worldwide. Under international agreements and the domestic trade laws of many countries, trade remedies are available to domestic industries where imports are alleged to be “dumped” or “subsidized” and such imports are alleged to cause material injury, or an imminent threat of injury, to a domestic industry. Under such laws, dumping generally involves selling for export a product at a price lower than that at which the same or similar product is sold in the home market of the exporter, or where the export prices are lower than a value that typically must be at or above the full cost of production (including sales and marketing costs) and a reasonable amount for profit. International trade laws also generally provide that subsidies from governments may be subject to trade remedies under certain circumstances. A trade remedy investigation or proceeding may involve allegations of either dumping, subsidization, or both. Where injurious dumping is found, the trade remedy is typically an anti-dumping duty order. Where injurious subsidization is found, the trade remedy is typically a countervailing duty order. In principle, a duty equal to the amount of dumping or subsidization, as applicable, should be imposed on the importer of the product. However, whether or not consistent with treaty obligations or other applicable law, authorities have imposed assumed or estimated rates on products that may not be related to actual dumping by a particular producer or may not be based on subsidies actually received by the producer. Anti-dumping and countervailing duty orders do not prevent the export or import of the product, but rather require the importer of the product to pay to the government an anti-dumping duty or countervailing duty, or a deposit on estimated anti-dumping duties or countervailing duties, as applicable. The imposition of additional anti-dumping duties, countervailing duties, deposit requirements in respect of estimated duties, or any other trade remedy on one or more of our products could materially affect our cash flow, and the competitive position of our operations relating to the affected product.

In addition to risks related to the trade remedies discussed above, a country could impose taxes or tariffs on some or all imported products, whether or not consistent with existing trade treaties or agreements, and trade treaties, agreements and arrangements may be renegotiated or terminated, or one or more countries that are parties may withdraw. Such actions with respect to trade treaties, agreements, or arrangements taken by any country where we sell our products internationally, could materially affect our cash flow, and the competitive position of our operations relating to the affected products.

We are subject to countervailing and anti-dumping duty orders on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills, which could materially affect our operations and cash flows.

The vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills are subject to orders requiring us to pay cash deposits to the U.S. for estimated countervailing and anti-dumping duties. These cash deposit requirements are the result of petitions filed by U.S. softwood lumber products producers and forest landowners with the U.S. Department of Commerce (or, “Commerce”) and the U.S. International Trade Commission.

No such deposits paid to the U.S. will be converted into actual countervailing duties or anti-dumping duties unless and until all appeals of final determinations and orders have been exhausted. We requested and participated in the first and second administrative reviews and could remain subject to annual administrative reviews for five or more years following the initial Commerce orders.

We have been required to pay cash deposits for estimated countervailing duties and anti-dumping duties on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills, since April 28, 2017, and June 30, 2017, respectively. As of December 31, 2018, the rates for such estimated countervailing and anti-dumping duties were 14.70% and 3.20%, respectively. Commerce issued its final results in the countervailing duties first administrative review on December 1, 2020 and its final results in the anti-dumping first administrative review on November 30, 2020 and established our new rates at 19.10% for countervailing duties and 1.15% for anti-dumping duties. These rates will apply until Commerce sets new duty rates in subsequent administrative reviews, or new rates may be set through a remand determination by a United States-Mexico-Canada Agreement binational panel (or, “Panel”) on appeal. Through December 31, 2020, our aggregate cash deposits paid to the U.S. for all affected products totaled \$243 million.

We cannot provide any assurance regarding the estimated or final duty rates that may be determined by Commerce in its future administrative reviews. During any period in which our U.S. imports of softwood lumber products from our Canadian sawmills are subject to countervailing or anti-dumping cash deposit requirements or duty requirements, our cash flows and the competitive position of those products and our related Canadian operations could be materially affected.

Any failure to comply with laws and regulations could require us to incur or record additional liabilities and adversely affect our results of operations.

We are subject to a variety of foreign, federal or national, state, provincial, and local laws and regulations dealing with financial reporting and disclosure obligations, corporate governance, antitrust, customs and trade, employees, contractors, transportation, taxes, timber and water rights, pensions, benefit plans, workplace health and safety, the manufacture and sale of consumer products, including product safety and liability, the environment, and Indigenous peoples, among others. Many of these laws and regulations are complex and subject to differing interpretation, and the requirements of laws and regulations of different countries and jurisdictions in which we operate, have sales or otherwise do business, or in which our securities trade or in which our security holders reside, may differ or be inconsistent with one another. Compliance with these laws and regulations, including changes to them or their interpretations or enforcement, or introduction of new laws and regulations, has required in the past, and could require in the future, substantial expenditures by us and adversely affect our results of operations. In addition, noncompliance with laws and regulations, especially those related to the environment and Indigenous peoples, could significantly damage, and require us to spend substantial amounts of money to rebuild our reputation.

In addition, our ability to comply with these laws and regulations often depends, at least in part, on compliance by independent third parties, such as contractors and agents we retain to provide services. For example, our compliance with customs requirements for international shipments depends in part on compliance by our customs brokers, sureties, transportation companies, and external advisors, in addition to our own employees and consultants, and we could be liable for noncompliance by any of them, even if inadvertent. Failure to comply with laws and regulations can also be the result of unintended consequences, such as unforeseen consequences of information technology modifications, upgrades, or replacements. Although we strive to comply with laws and regulations applicable to us, no company, including ours, can assure that it will successfully prevent, detect, or remediate all potential instances of non-compliance, and any failure to do so could be material, require substantial expenditures, and adversely affect our results of operations.

As an owner of real estate and industrial facilities, we could be required to incur or record additional environmental and related health and safety liabilities.

As an owner and operator of real estate and industrial facilities, we are subject to a wide range of general and industry-specific laws and regulations relating to pollution and the protection of the environment, as well as several requirements stipulated in our facilities' permits, including those governing air emissions, water usage, wastewater discharges, the storage, management and disposal of regulated substances and waste, the investigation and clean-up of contaminated sites, landfill and wastewater treatment system operation and closure, forest management and operations, endangered species and their habitat, health and safety, carbon pricing and climate change. Changes to our operations and costs to comply with these laws and regulations may increase as the requirements of these laws and regulations evolve. Noncompliance with these regulations or permit conditions can result in significant civil, administrative or criminal fines or penalties, or regulatory or judicial orders enjoining or curtailing operations. This may include liability under environmental laws for cleanup, improvement or change of pollution control equipment, and other costs and damages, including investigation costs, tort liability and damages to natural resources, resulting from past or present spills, releases or threats of releases of regulated substances and waste on or from our current or former properties or operations. We may also be liable under health and safety laws for related exposure of employees, contractors and other persons to substances and waste on or from our current or former properties or injuries. We may incur liability under these laws without regard to whether we knew of, were responsible for, or owned the property at the time of, any exposure, spill, release or threats of releases of any regulated substances or waste on or from any current or former property, or at properties where we arranged for the disposal of regulated materials or waste. Claims or liability may also arise out of currently unknown environmental conditions, obligations arising as a result of new or revised rules or regulations (e.g. regulation of perfluoroalkyl or polyfluoroalkyl substances, or "PFAS") or aggressive enforcement efforts by government regulators, public interest groups or private parties. As a result, we may be required to incur or record additional environmental or related health and safety liabilities.

Our international sales and operations are subject to applicable laws relating to trade, export controls, and foreign corrupt practices, the violation of which could adversely affect our operations.

As a result of our international sales and operations, we are required to comply with trade and economic sanctions and other restrictions imposed by the U.S., Canada, and other governments or organizations. We are also subject to the U.S. Foreign Corrupt Practices Act, the Corruption of Foreign Public Officials Act (Canada), the United Kingdom Bribery Act 2010 and other anti-bribery laws that generally bar bribes or unreasonable gifts to foreign governments or officials and, in some jurisdictions, to other commercial parties. Changes in trade sanctions laws could restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in modifications to compliance programs. Violations of these laws or regulations could result in sanctions, including fines, loss of authorizations

needed to conduct our international business, and other penalties, as well as result in a default under certain of our financing agreements, each of which could adversely impact our business, operating results, and financial condition.

We are and may become a party to a number of legal proceedings, claims, governmental inquiries, investigations, and other disputes, and adverse judgments could have a material adverse effect on our financial condition.

We become involved in various legal proceedings, claims, governmental inquiries, investigations, and other disputes in the normal course of business. These could include, for example, matters related to contracts, transactions, commercial and trade disputes, taxes, environmental issues, activist damages, employment and workers' compensation claims, grievances, human rights complaints, pension and benefit plans and obligations, health and safety, product safety and liability, asbestos exposure, intellectual property, financial reporting and disclosure obligations, corporate governance, Indigenous peoples' claims, antitrust, governmental regulations, and other matters. In addition to claims against us and our consolidated subsidiaries, these matters may involve claims asserted by others against unconsolidated partnerships and joint ventures in which we have an interest. Although the final outcome of these matters is subject to many variables and cannot be predicted with any degree of certainty, we regularly assess the status of the matters and establish provisions (including legal costs expected to be incurred) when we believe an adverse outcome is probable, and the amount can be reasonably estimated. Legal proceedings that we believe could have a material adverse effect if not resolved in our favor, or that we believe to be significant, are discussed in Item 3 of this Form 10-K and in Note 18, "Commitments and Contingencies – Legal matters" to our Consolidated Financial Statements. However, our reports do not disclose or discuss all matters of which we are aware. If our assessment of the probable outcome or materiality of a matter is not correct, we may not have made adequate provision for such loss and our financial condition, cash flows, or results of operations could be adversely impacted.

In addition, if a loss resulting from an adverse outcome in connection with a matter were to affect the solvency of certain of our subsidiaries or remain unpaid for certain periods, it could result in a default under the ABL Credit Facility, the Senior Secured Credit Facility, or the indenture governing the 2026 Notes and the Loan Facility. For additional information, see "Financial Risks – The terms of our ABL Credit Facility, our Senior Secured Credit Facility, the indenture governing our 2026 Notes and our Loan Facility could restrict our current and future operations, and changes relating to LIBOR could impact our borrowings under some of these facilities" above.

Some matters that we may be involved in from time to time result from claims brought by us against third parties, including customers, suppliers, shareholders, governments or governmental agencies, activists and others. Even if such a matter does not involve a claim for damages or other penalty or remedial action against us, such a matter could nevertheless adversely affect our relationships with those and other third parties.

There is a shareholder who owns a substantial percentage of our common stock, and its interests could differ from those of other stockholders, and its actions could affect the price of our common stock.

There is a shareholder who owns a substantial percentage of the outstanding shares of our common stock, and could increase its percentage ownership even further. This shareholder could be in a position to influence the outcome of actions requiring shareholder approval, including, among other things, the election of board members. The concentration of ownership could also facilitate or hinder a negotiated change of control and consequently, impact the value of our common stock. In addition, the possibility that this shareholder may sell all or a large portion of our common stock in a short period of time may adversely affect the trading price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information regarding our owned properties is included in Item 1, “Business.”

In addition to the properties that we own, we also lease under long-term leases office and manufacturing premises, machinery, chemical equipment, office equipment, and rail cars, have water rights on certain government-owned waters, and have harvesting rights or timber supply guarantees with respect to certain government-owned land. For additional information, see Note 12, “Operating Leases” and Note 18, “Commitments and Contingencies – Commitments,” to our Consolidated Financial Statements.

We hold the properties that we own or lease, and the rights and supply guarantees described above, through various operating subsidiaries, including our principal U.S. operating subsidiary, Resolute FP US Inc., and our principal Canadian operating subsidiary, Resolute FP Canada Inc. For a list of our subsidiaries as of December 31, 2020, see Exhibit 21.1, “Subsidiaries of the registrant,” of this Form 10-K.

The obligations under the Senior Secured Credit Facility are secured by a first priority mortgage on the real property of our Calhoun facility and a first priority security interest on the fixtures and equipment located therein. On November 13, 2019, a legal hypothec in the amount of C\$30 million (\$24 million) was registered on our Saint-Félicien immovable and movable property, for more information see Note 18, “Commitments and Contingencies – Legal matters – Fibrek acquisition,” to our Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

See the description of our material pending legal proceedings in Note 18, “Commitments and Contingencies – Legal matters,” to our Consolidated Financial Statements, which is incorporated in this “Item 3 – Legal Proceedings” by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock trades under the stock symbol “RFP” on both the NYSE and the TSX. As of January 29, 2021, there were 2,377 holders of record of our common stock.

We did not declare or pay any dividends on our common stock in 2020 or 2019. Any future determination to pay dividends will be at the discretion of the board of directors and will be dependent on then-existing conditions, including our financial condition, results of operations, capital requirements, contractual and legal restrictions, business prospects and other factors that the board of directors considers relevant. Our debt agreements contain restrictions on our ability to pay dividends and repurchase shares, as further described in Note 15, “Long-Term Debt,” to our Consolidated Financial Statements.

On March 2, 2020, our board of directors authorized a share repurchase program of up to 15% of our common stock, for an aggregate consideration of up to \$100 million. In 2020, we repurchased 6.9 million shares at a cost of \$30 million under this program. In 2019, we repurchased 4.8 million shares at a cost of \$24 million, completing our \$150 million share repurchase program launched in 2012.

The following table sets forth information about our stock repurchases for the three months ended December 31, 2020:

	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Announced as Part of Publicly Announced Plans or Programs	Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
October 31	1,066,988	\$ 4.71	1,066,988	\$ 75,866,143
November 1 to November 30	877,799	\$ 4.92	877,799	\$ 71,546,792
December 1 to December 31	191,029	\$ 5.69	191,029	\$ 70,460,359
	2,135,816	\$ 4.88	2,135,816	\$ 70,460,359

⁽¹⁾ \$100 million share repurchase program launched in 2020.

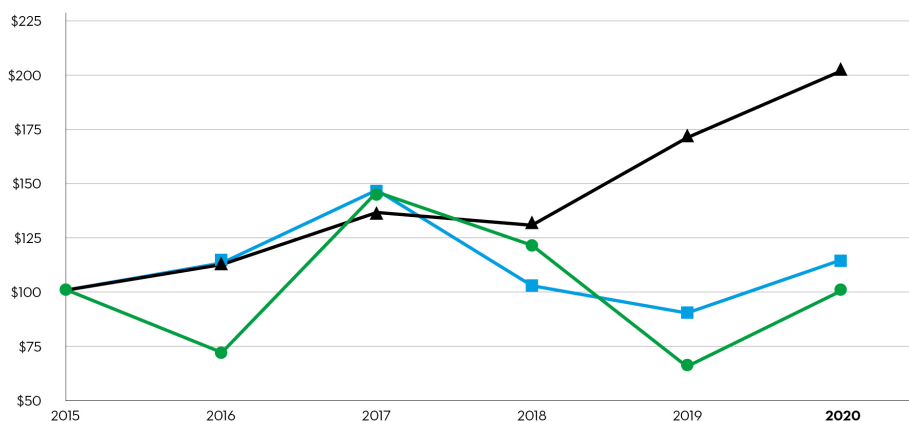
See Part III, Item 12 of this Form 10-K, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters,” for information regarding our equity compensation plan.

The following graph compares the cumulative total return attained by shareholders of our common stock versus the cumulative total returns of the Standard & Poor's 500 (or, the "S&P 500") index and the Peer Group (as defined below), since December 31, 2015. The graph tracks the performance of a \$100 investment in our common stock, in the S&P 500 index, and in the Peer Group on December 31, 2015 (with the reinvestment of all dividends) to December 31, 2020. The stock price performance included in the graph is not necessarily indicative of future stock price performance.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN ⁽¹⁾

Among Resolute Forest Products Inc., the S&P 500 Index, and the Peer Group

● RESOLUTE FOREST PRODUCTS INC. ▲ S&P 500 INDEX ■ PEER GROUP ⁽²⁾



⁽¹⁾ The information contained in this stock performance graph shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (or, the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

⁽²⁾ The group of individual peer companies comprising the peer group (or, the "Peer Group") are: Clearwater Paper Corporation, Domtar Corporation, Verso Corporation, Mercer International Incorporated, Rayonier Advanced Materials, Canfor Corporation, Interfor Corporation, Western Forest Products Inc and West Fraser Timber Company Limited. Conifex Timber Incorporated is no longer considered in the Peer Group.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents a summary of historical consolidated financial information for each of the last five years and should be read in conjunction with Items 7 and 8 of this Form 10-K. The selected financial information for the years ended December 31, 2020, 2019 and 2018, and as of December 31, 2020 and 2019, under the captions “Statement of Operations Data,” “Segment Sales Information,” “Statement of Cash Flows Data” and “Financial Position” shown below has been derived from our audited Consolidated Financial Statements.

<i>(In millions, except per share amounts)</i>	Years Ended December 31,				
	2020	2019	2018	2017	2016
Statement of Operations Data					
Sales	\$ 2,800	\$ 2,923	\$ 3,756	\$ 3,513	\$ 3,545
Operating income (loss)	\$ 99	\$ 17	\$ 379	\$ 42	\$ (18)
Net income (loss) including noncontrolling interests	\$ 10	\$ (47)	\$ 235	\$ (78)	\$ (76)
Net income (loss) attributable to Resolute Forest Products Inc.	\$ 10	\$ (47)	\$ 235	\$ (84)	\$ (81)
Basic net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders	\$ 0.12	\$ (0.51)	\$ 2.57	\$ (0.93)	\$ (0.90)
Diluted net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders	\$ 0.12	\$ (0.51)	\$ 2.52	\$ (0.93)	\$ (0.90)
Dividend declared per common share	\$ —	\$ —	\$ 1.50	\$ —	\$ —
Segment Sales Information					
Market pulp	\$ 668	\$ 797	\$ 1,085	\$ 911	\$ 836
Tissue	173	165	130	81	89
Wood products	1,025	616	823	797	596
Paper	934	1,345	1,718	1,724	2,024
	\$ 2,800	\$ 2,923	\$ 3,756	\$ 3,513	\$ 3,545
Statement of Cash Flows Data					
Net cash provided by operating activities	\$ 334	\$ 85	\$ 435	\$ 158	\$ 81
Cash invested in fixed assets	\$ 78	\$ 113	\$ 155	\$ 164	\$ 249
Disposition of assets	\$ 14	\$ 3	\$ 336	\$ 21	\$ 5
As of December 31,					
<i>(In millions, except otherwise indicated)</i>	2020	2019	2018	2017	2016
Financial Position					
Fixed assets, net	\$ 1,441	\$ 1,459	\$ 1,515	\$ 1,716	\$ 1,842
Total assets	\$ 3,730	\$ 3,626	\$ 3,935	\$ 4,147	\$ 4,227
Total debt	\$ 561	\$ 449	\$ 645	\$ 789	\$ 762
Additional Information					
Number of employees	7,100	6,700	7,400	7,700	8,300

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management’s discussion and analysis is intended to help the reader understand Resolute Forest Products, our results of operations, cash flows and financial condition. The discussion is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes (or, the “*Consolidated Financial Statements*”) contained in Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K (or, “*Form 10-K*”).

When we refer to “Resolute Forest Products,” “Resolute,” “we,” “our,” “us,” or the “Company,” we mean Resolute Forest Products Inc. with its subsidiaries, either individually or collectively, unless otherwise indicated.

OVERVIEW

Resolute Forest Products is a global leader in the forest products industry with a diverse range of products, including market pulp, tissue, wood products, and paper, which are marketed in over 50 countries. The Company owns or operates some 40 facilities, as well as power generation assets, in the U.S. and Canada. We produce lumber in the U.S. and Canada, and we are the largest producer of wood products east of the Canadian Rockies, the largest producer of uncoated mechanical papers in North America, and a competitive pulp producer in North America. We are also a leading global producer of newsprint and an emerging tissue producer. Resolute has third-party certified 100% of its managed woodlands to internationally recognized sustainable forest management standards.

We report our activities in four business segments: market pulp, tissue, wood products, and paper. We believe an integrated approach across these segments maximizes value creation for our Company and stakeholders.

We are guided by our vision and values, focusing on safety, sustainability, profitability, accountability, and teamwork. We believe we can be distinguished by the following competitive strengths:

- *Competitive cost structure combined with diversified and integrated asset base*
 - large-scale and cost-effective operations, including significant internal energy production from cogeneration and hydroelectric facilities, which support our value proposition;
 - control over fiber transformation chain from standing timber to end-product for the majority of our offering;
 - nearly 100% of our products sourced from high-quality virgin fiber;
 - harvesting rights for the majority of fiber needs in Canada; and
 - sophisticated logistics capabilities to meet demanding customer expectations.
- *Solid balance sheet*
 - favorable pricing and flexibility under borrowing agreements together with our liquidity levels support ability to weather challenging market cycles and to execute our transformation strategy;
 - significant tax assets to defer cash income taxes and provide synergies to execute this strategy; and
 - customers benefit from a financially stable and reliable business partner in a challenging industry.
- *Seasoned management team*
 - deep industry expertise, with influential leaders in forestry, operations, environmental risk management and public policy;
 - culture of accountability, encouraging transparency and straightforwardness; and
 - core identity tied to renewable resources we harvest in a truly sustainable manner.

Our Business

Products

For information on our products, see Part I, Item 1, “Business – Products” of this Form 10-K.

Strategy and highlights

Our corporate strategy is focused on continuing to transform the Company away from mature product markets and products in structurally declining markets toward a more profitable and sustainable organization over the long run, founded on a competitive portfolio of manufacturing assets and a solid presence in long-term growth markets. Our strategy is to drive value creation by growing in pulp and wood products, integrating our pulp into value-added quality tissue, investing in product innovation, and maximizing cash generation from our paper assets, while maintaining a disciplined approach to capital allocation.

Growing in pulp and wood products

Market pulp and wood products are core segments for the Company, and we believe in their long-term, sustained growth potential. We are confident in our ability to generate attractive returns for shareholders as operators of these assets. Our strategy is to take an opportunistic approach to these strategic initiatives, such as:

- spending to improve productivity and/or lower costs;
- investing selectively in organic expansions; and
- pursuing opportunistic strategic acquisitions.

For example, in 2020, we acquired three sawmills in the U.S. South, with combined production capacity of 550 million board feet once ramped-up, giving us immediate scale in an attractive region and providing an opportunity to create value by maintaining appropriate working capital and by deploying our operational expertise in sawmilling, with a focus on reliability, productivity and safety.

Integrating our pulp into value-added quality tissue

We entered the tissue market in 2015 with the construction of a greenfield tissue facility at our Calhoun (Tennessee) site and the acquisition of two tissue mills and a recovered paper facility in Florida. The purpose of our diversification into tissue is to add value with the integration of our market pulp, particularly as printing and writing demand for pulp continues to decline. We also believe that the tissue business will provide a more stable source of revenue and profitability.

Our tissue operations are almost entirely supplied from our pulp mills, creating synergies and minimizing risks associated with cyclical market pulp pricing. For our Calhoun tissue facility, pulp is transferred directly as slush pulp into the tissue operation, reducing process, energy, handling and logistics costs. Equipped with three modern converting lines sized specifically for the tissue machine, our Calhoun tissue facility mostly sells converted products that target the fast growing premium private-label markets in the U.S.

In December 2020, we completed the acquisition of a tissue converting facility located in Hagerstown, Maryland, with three bath tissue and towel converting lines. The Hagerstown assets will improve converting capacity, extend the Company's product offering and expand its territory in the attractive Northeast market.

Investing in product innovation

Fiber from trees is renewable, reusable and fossil-free, and we believe that it can serve as a core pillar in the ongoing shift away from fossil-based materials toward renewable alternatives. With our large-scale access to high-quality fiber, our expertise in managing its value-transformation chain and our strategically-located manufacturing facilities, we believe in investing in our business to build a competitive forest products company for the future.

For example, today we manufacture wood pellets used in renewable energy production from sawmill byproducts and, in partnership with a leading industry research organization, we recently launched an innovative pilot bio-refinery plant to produce lignin and cellulosic sugars for uses such as wood adhesives, animal feed and composites. In early 2020, we also announced the construction of a commercial plant to produce cellulose filaments, a new sustainable biomaterial derived from wood fiber that can be integrated into commercial and consumer products for many industries, including transportation, construction and energy, increasing the resistance and durability of those products. The cellulose filaments will be marketed with the help of Performance BioFilaments Inc., a joint venture established in 2014 by Resolute and Mercer International Inc., dedicated to the development of non-traditional applications for cellulose filaments.

We see certain megatrends around evolving customer preferences toward more renewable alternatives, urbanization and demographic changes that could open opportunities for our Company in value-added engineered wood products to capitalize on the growing role of wood in multi-family residential and commercial construction, as well as innovative fiber-derived products.

Maximizing cash generation from paper assets

Our high quality paper assets position us to compete effectively in the industry. This segment remains an important part of our business, generating cash to help finance our transformation strategy. In order to remain competitive in mature and declining markets that our paper operations face, we strive to consistently:

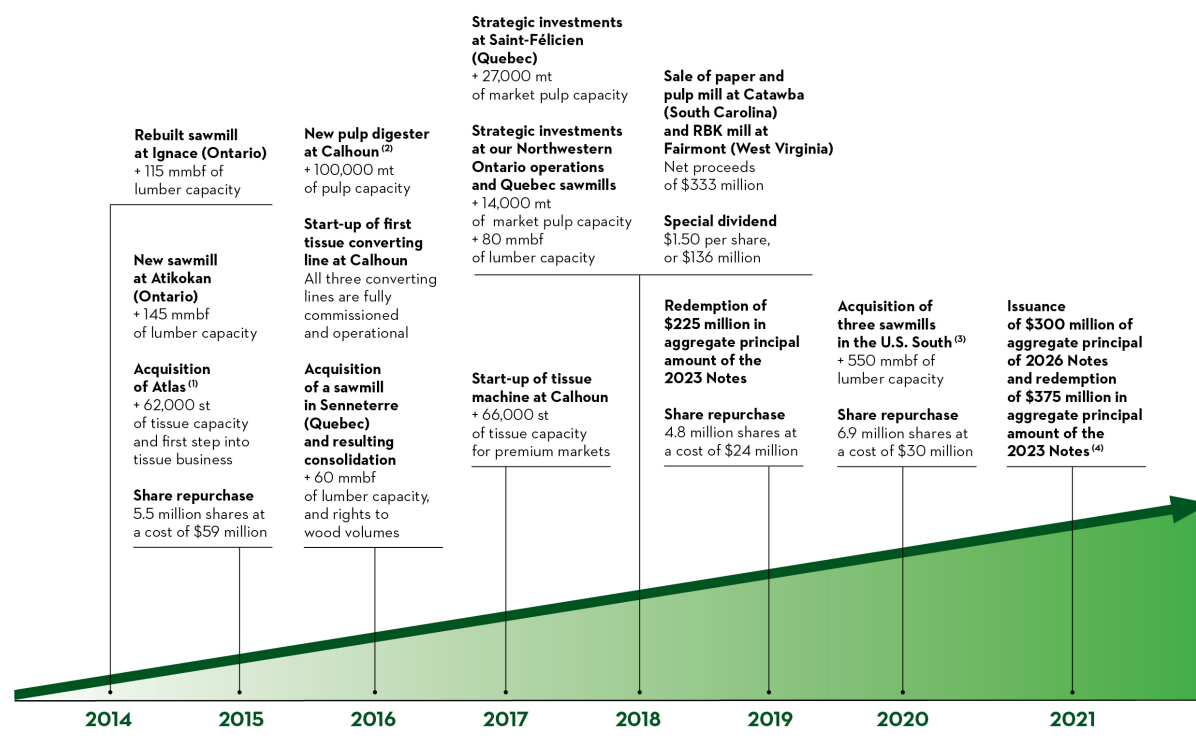
- maintain a stringent focus on controlling costs and optimizing our performance;
- manage production and inventory levels; and
- focus production at our most profitable and lower-cost facilities and machines.

Disciplined approach to capital allocation

As we operate in a capital-intensive and cyclical industry, we believe that the proper allocation of capital is a top priority, and that it should be done in a disciplined manner, with a view to maximize free cash flow through the business cycle and to generate attractive returns for our shareholders. Accordingly, we:

- spend our capital in a disciplined, strategic and focused manner, concentrating on our most competitive sites and the highest-return projects;
- explore value-creating opportunities for incremental organic growth projects, segment extensions, bolt-on acquisitions, position-repurposing activities, divestitures, investments, joint ventures, capital market transactions and other similar transactions in order to calibrate and maximize the efficiency of our allocation of capital and other resources and optimize the value of our business;
- seek to maintain solid financial liquidity that over time is sufficient to support the evolution of our transformation strategy;
- based on market conditions, seek to retire, repay or refinance our outstanding indebtedness with a view to reducing costs and enhancing our financial flexibility; and
- return excess capital over time to our shareholders through dividends and share repurchases.

Here is a summary of some of our key strategic initiatives since 2014:



- (1) With the acquisition of Atlas Paper Holdings, Inc. and its subsidiaries (or, “Atlas”), we gained an immediate position in the North American consumer tissue market and access to a customer base to accelerate the sale and distribution of our Calhoun tissue production.
- (2) Incremental pulp capacity from the pulp digester serves in part to supply slush pulp to our Calhoun tissue machine.
- (3) The acquisition of three sawmills in the U.S. South from Conifex Timber Inc., with combined production capacity of 550 million board feet, gives us immediate scale in an attractive region, with quality assets in a rich fiber basket, close to growing end-markets. The facilities produce construction-grade dimensional lumber and decking products from locally sourced southern yellow pine for distribution within the U.S.
- (4) Subsequent to year-end 2020, we issued \$300 million unsecured senior notes due in 2026 with a 4.875% coupon, the proceeds of which, together with cash on hand, were used to redeem the \$375 million aggregate principal amount of our 5.875% senior notes due in 2023.

Sustainable development and performance

Our sustainability strategy is based on a balanced approach to environmental, social and economic performance, designed to enhance our competitive position. It is supported by public commitments in a number of key performance areas, focusing primarily on:

- improving resource efficiency, which helps control wood fiber, chemical, and energy costs, three significant input costs in our industry;
- moving beyond regulatory compliance and environmental incident management to differentiate ourselves as an environmental supplier of choice;
- positioning Resolute as a competitive employer; and
- building solid relations in our operating communities.

The overall responsibility for our sustainability performance resides with our president and chief executive officer, while we rely on our corporate sustainability committee to support the delivery of our key commitments and to implement related plans.

As an industry leader, we are committed to maintaining effective sustainability oversight and management practices, and have moved beyond already rigorous regulatory compliance and environmental incident management to commit to transparency and annual sustainability reporting. The environmental, health and safety committee of the board of directors of the Company periodically reviews the Company's strategies, activities, policies and communications regarding sustainability and other related matters, and makes recommendations to the board.

Our recent key sustainability achievements include:

- Achieving world-class safety performance, close to the targets we set at the beginning of the year, even with the integration of our three new U.S. sawmills. The Company's Occupational Safety and Health Administration (OSHA) incident rate was 0.62 for the year, with a severity rate of 16.8. Safety is our first priority, and we strive for zero injuries.
- Achieving an 83.4% reduction in absolute greenhouse gas (or, "GHG") emissions (scope 1 and 2) compared to 2000 levels, and setting a new target to reduce absolute GHG emissions by 30% against 2015 levels by 2025.
- Sourcing three quarters of our energy from renewable sources, and producing one third of the energy we consume internally.
- Announcing the construction of a \$20 million commercial cellulose filament plant, slated for completion in 2022, at our Kénogami (Quebec) paper mill. Cellulose filaments, a sustainable biomaterial derived from wood fiber, are manufactured entirely from renewable sources, resulting in a low carbon footprint.
- Continuing implementation of a \$45 million strategic investment plan at our Saint-Félicien pulp mill to improve the operation, increase average daily production capacity, and reduce GHG emissions from the use of fossil fuels by 20%, or approximately 35,000 metric tons of CO₂ equivalents per year.
- Increasing the energy efficiency of our facilities and lowering GHG emissions, including an initiative at our Dolbeau paper mill to decrease the use of the auxiliary boiler fueled with bunker C oil, equivalent to a reduction of 1,600 metric tons of CO₂ equivalents per year.
- Deploying a carbon capture unit and ancillary equipment at our Saint-Félicien pulp mill to improve growth rates at Toundra Greenhouse, a state-of-the-art vegetable-growing complex in which we hold a 49% interest, and announcing its third expansion since opening in 2016: a \$39 million investment that will create 55 new jobs, in addition to consolidating Toundra Greenhouse's position as a major player in the province's greenhouse industry.
- Maintaining certification of 100% of Resolute-owned or managed woodlands to at least one internationally recognized forest management standard (Sustainable Forestry Initiative[®], or "SFI[®]", and Forest Stewardship Council[®], or "FSC[®]"). As a result, our commitments extend well beyond strict compliance with applicable forestry regulations, which in Quebec and Ontario are already among the most – if not the most – rigorous in the world.
- Maintaining internationally recognized chain of custody certifications at 100% of our certified manufacturing facilities (SFI, FSC, and Programme for the Endorsement of Forest Certification, or "PEFC[™]"), and completing multisite chain of custody certification for all of our tissue mills, including our Calhoun tissue operation.
- Deploying our Regional Supplier Registry web portal to support the development of local, regional and Indigenous business in our Quebec operating communities as part of our commitment to further integrate sustainability practices into our procurement process.
- Continuing to report climate change, water security and forests disclosures to CDP, as we have done since 2006. We received an "A-" for our forests disclosures – the highest score achieved in this category by any North American forest products company – placing us at the leadership level and reflecting environmental best practices. We maintained management level scores for our climate change ("B-") and water security ("B") disclosures, reflecting the actions we have taken to evaluate and manage our risks in these categories. Full disclosures and scores are available on CDP's website (www.cdp.net), though this information is not incorporated by reference into this Form 10-K and should not be considered part of this or any other report that we file with or furnish to the U.S. Securities and Exchange Commission (or, the "SEC").
- Continuing to implement our proactive approach to environmental management by beating our class 1 and 2 environmental incident target, recording 13 incidents in 2020, and maintaining ISO 14001:2015 environmental management system certification at 100% of our certified operations.
- Making new environmental commitments to include our wood products facilities in the Company's GHG emissions inventory by 2022, develop scope 3 GHG emission commitments by working with suppliers and other stakeholders, and record fiber losses of no more than 40 kg per metric ton of production.

- Completing a consultative process of our internal and external stakeholders in order to assess, review and update our shared priorities, which inform our sustainability strategy and public commitments.
- Adopting a board-level diversity policy striving to maintain a minimum of 25% representation each of men and women, as well as an executive leadership-level diversity policy acknowledging diversity as a key factor in the Company's talent management strategy. Currently there are two women on the board representing 29% of its membership.
- Updating our Information Technology Security Policy, adopting a three-year continuous improvement strategy for managing data security and privacy, and making a commitment to review the strategy annually.
- Training 100% of all new employees on the Company's Code of Business Conduct, and committing to review it, as well as our Ethics Reporting Policy, on an annual basis.
- Ensuring 100% of our operations reported their community outreach activities, including active engagement of union officials, employees, mayors and other community leaders, Indigenous partners, small community business owners, customers, and representatives of governments at various levels.
- Maintaining long-term consultative and business relationships with close to 40 Indigenous communities and organizations.
- Achieving our annual commitment to making community and charitable contributions of more than \$1 million by contributing \$1.1 million toward various community organizations, as well as more than \$420,000 toward scholarships and research grants.
- In addition to maintaining information resources such as BorealForestFacts.com and The Resolute Blog, we maintained a social media presence with platforms such as Forum boréal and Boreal Forum. The information contained on or connected to BorealForestFacts.com , The Resolute Blog and the Forum boréal and Boreal Forum social media platforms is not incorporated by reference into this Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC.
- Other sustainability performance indicators and disclosures prepared in accordance with the Global Reporting Initiative's GRI Standards are available on our website (www.resolutefp.com/sustainability). We have reported publicly in accordance with GRI since 2010. Such sustainability disclosures on our website are not incorporated by reference into this Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC.

Our sustainability achievements have been recognized by independent organizations. In 2020, we received extensive regional, North American and global recognition for excellence and leadership in corporate social responsibility and sustainable development. Some of the more noteworthy awards include:

- The Environment + Energy Leader top project of the year award for our Thunder Bay thermomechanical pulp biorefinery (July 21, 2020);
- The Business Intelligence Group's BIG Award for Business for green company of the year in the enterprise/manufacturing category (November 10, 2020);
- The American Forest & Paper Association's leadership in sustainability award in the energy efficiency/greenhouse gas reduction (large company) category for the second consecutive year (November 13, 2020); and
- In partnership with FPInnovations and Performance BioFilaments, a partnership award at the ADRIQ (Association pour le développement de la recherche et de l'innovation du Québec) Innovation Awards for our commercial plant specializing in the production of cellulose filaments at the Kénogami paper mill (November 19, 2020).

For a complete list of Resolute's public sustainability commitments, visit our corporate website at www.resolutefp.com/sustainability. The commitments on our website are not incorporated by reference into this Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC.

Power generation

We produce electricity at six cogeneration facilities and seven hydroelectric dams. The output is consumed internally or sold under contract to third parties. This allows us to reduce our costs by generating energy internally at a lower cost compared to open market purchases, and by producing revenue from external sales.

This table provides a breakdown of the output capacity (based on installed capacity and operating expectations in 2021) available for internal consumption at our existing production facilities:

INTERNAL CONSUMPTION	Type	Energy	
		Capacity (MW)	Consumption (MWh/Year)
Calhoun (Tennessee)	Cogeneration	64	337,000
Coosa Pines (Alabama)	Cogeneration	25	155,000
Hydro Saguenay (Quebec) (7 dams)	Hydroelectric	170	1,174,000
Thunder Bay (Ontario)	Cogeneration	25	192,000

We estimate that the approximate annualized cost savings to our operations attributable to internal consumption from our cogeneration assets and hydroelectric facilities is between \$40 million and \$45 million.

The table below shows the facilities where we currently produce electricity to sell externally as green power produced from renewable sources at favorable rates, almost all of which we buy back at lower rates for use in our operations:

EXTERNAL SALES	Type	Energy	
		Capacity (MW)	Annualized Sales (MWh/Year)
Dolbeau (Quebec)	Cogeneration	28	193,000
Gatineau (Quebec)	Cogeneration	15	106,000
Saint-Félicien (Quebec)	Cogeneration	43	290,000
Thunder Bay (Quebec)	Cogeneration	65	431,000

External sales generated from our cogeneration assets reduced cost of sales, excluding depreciation, amortization and distribution costs (or, "COS"), by \$38 million, \$36 million and \$37 million for the years ended December 31, 2020, 2019 and 2018, respectively.

2020 Overview

Impact of the COVID-19 pandemic

We have sustained operations across all of our business segments through the COVID-19 pandemic, but we had to take certain measures in the face of the dramatic reduction in economic activity, particularly for marketing-dependent products like newspapers, inserts, flyers and commercial paper. We continue to focus on key short-term priorities, including: operating under rigorous protocols around the health and safety of our employees, contractors and suppliers; reducing our paper production consistent with the dramatic decrease in economic activity affecting demand; maintaining disciplined liquidity management; monitoring customer credit risk; and controlling spending around selling, general and administrative (or, "SG&A") expenses and capital expenditures. Specifically, as of December 31, 2020, we have reduced our operational footprint by temporarily idling paper machines representing in aggregate 28% of our run-rate capacity (equivalent to 48,000 metric tons per month). This decision led to workforce reductions and spending limitations or deferrals. We continue to monitor the market to adjust our capacity to market conditions.

Temporary idling of Amos and Baie-Comeau facilities

Due to the overall decrease in demand for newsprint, accelerated by the economic context surrounding the COVID-19 pandemic, the Amos (Quebec) and Baie-Comeau (Quebec) paper mills have been temporarily idled since April 2020. As a result, we reassessed the remaining useful lives of the fixed assets and recognized an accelerated depreciation charge of \$38 million and recognized additional provisions of \$17 million. These charges are recorded in "Closure costs, impairment and other related charges" in our Consolidated Statement of Operations for the year ended December 31, 2020. We also recognized inventory write-downs of \$25 million recorded in "Cost of sales, excluding depreciation, amortization and distribution costs" in our Consolidated Statement of Operations for the year ended December 31, 2020.

Business acquisition

On February 1, 2020, we acquired from Conifex Timber Inc. all of the equity securities and membership interests in certain of its subsidiaries, the business of which consists mainly in the operation of three sawmills and related assets in Cross City (Florida) and in Glenwood and El Dorado (Arkansas) (or, the "U.S. Sawmill Business"). The U.S. Sawmill Business acquired produces construction-grade dimensional lumber and decking products from locally-sourced southern yellow pine for distribution within the U.S. This acquisition diversified our lumber production, and increased our operating capacity in the U.S. South. The fair value of the consideration, paid in cash, for the acquired U.S. Sawmill Business was \$173 million. For more information, see Note 3, "Business Acquisition," to our Consolidated Financial Statements.

Liquidity and capital resources

On November 4, 2020, our Canadian subsidiary, Resolute FP Canada Inc., entered into a secured delayed draw term loan facility (or, the "Loan Facility") with Investissement Québec as lender, for up to C\$220 million (\$173 million, based on the exchange rate in effect on December 31, 2020), with an availability of C\$165 million (\$130 million) as at December 31, 2020, subject to certain conditions. As of December 31, 2020, the Loan Facility was undrawn.

On February 2, 2021, we completed the private offering (or, the "Offering") of \$300 million aggregate principal amount of our 4.875% senior notes due 2026 (or, the "2026 Notes") at an issue price of 100%. We used the net proceeds of the Offering, together with cash on hand, to redeem all of the outstanding \$375 million aggregate principal amount of our 5.875% senior notes due 2023 (or, the "2023 Notes"), at a price of 100% of the aggregate principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date. The redemption of the 2023 Senior Notes occurred on February 18, 2021.

See below under "Liquidity and Capital Resources – Capital Resources" for more information.

Share repurchase program

On March 2, 2020, our board of directors authorized a share repurchase program of up to 15% of our common stock, for an aggregate consideration of up to \$100 million. During the year ended December 31, 2020, we repurchased 6.9 million shares at a cost of \$30 million under this program.

2020 vs. 2019

Our operating income was \$99 million during the year, compared to \$17 million in 2019. Excluding special items, we generated operating income of \$169 million in 2020, compared to \$46 million in 2019. Special items are described below.

Our net income in 2020 was \$10 million, or \$0.12 per diluted share, compared to net loss of \$47 million, or \$0.51 per share, in 2019. Our net income for 2020, excluding special items, was \$56 million, or \$0.65 per diluted share, compared to net loss of \$46 million, or \$0.50 per share, in 2019.

Year Ended December 31, 2020

(In millions, except per share amounts)

	Operating Income	Net Income	EPS
GAAP, as reported	\$ 99	\$ 10	\$ 0.12
Adjustments for special items:			
Closure costs, impairment and other related charges	53	53	0.61
Inventory write-downs related to closures	25	25	0.29
Start-up costs	3	3	0.03
Net gain on disposition of assets	(11)	(11)	(0.13)
Other expense, net	—	4	0.05
Income tax effect of special items	—	(28)	(0.32)
Adjusted for special items ⁽¹⁾	\$ 169	\$ 56	\$ 0.65

Year Ended December 31, 2019

(In millions, except per share amounts)

	Operating Income	Net Loss	EPS
GAAP, as reported	\$ 17	\$ (47)	\$ (0.51)
Adjustments for special items:			
Closure costs, impairment and other related charges	18	18	0.19
Inventory write-downs related to closures	13	13	0.14
Net gain on disposition of assets	(2)	(2)	(0.02)
Non-operating pension and other postretirement benefit credits	—	(47)	(0.51)
Other expense, net	—	22	0.24
Income tax effect of special items	—	(3)	(0.03)
Adjusted for special items ⁽¹⁾	\$ 46	\$ (46)	\$ (0.50)

⁽¹⁾ Operating income (loss), net income (loss) and net income (loss) per share (or, “EPS”), in each case as adjusted for special items, are not financial measures recognized under U.S. generally accepted accounting principles (or, “GAAP”). We calculate operating income (loss), as adjusted for special items, as operating income (loss) from our Consolidated Statements of Operations, adjusted for items such as closure costs, impairment and other related charges, inventory write-downs related to closures, start-up costs, and gains and losses on disposition of assets that are excluded from our segment’s performance from GAAP operating income (loss). We calculate net income (loss), as adjusted for special items, as net income (loss) from our Consolidated Statements of Operations, adjusted for the same special items applied to operating income (loss), in addition to non-operating pension and other postretirement benefit (or, “OPEB”) costs and credits, other income and expense, net, and the income tax effect of the special items. EPS, as adjusted for special items, is calculated as net income (loss), as adjusted for special items, per diluted share. We believe that using these non-GAAP measures is useful because they are consistent with the indicators management uses internally to measure the Company’s performance, and it allows the reader to compare our operations and financial performance from period to period. Operating income (loss), net income (loss) and EPS, in each case as adjusted for special items, are internal measures, and therefore may not be comparable to those of other companies. These non-GAAP measures should not be viewed as substitutes to financial measures determined under GAAP.

Fourth Quarter Overview

Three months ended December 31, 2020 vs. December 31, 2019

Our operating income was \$4 million in the quarter, compared to operating loss of \$69 million in the year-ago period. Excluding special items, we incurred an operating income of \$85 million in the quarter, compared to operating loss of \$39 million in the year-ago period. Special items are described below.

Our net loss in the quarter was \$52 million, or \$0.63 per share, compared to net loss of \$71 million, or \$0.79 per share, in the year-ago period. Our net income in the quarter, excluding special items, was \$45 million, or \$0.55 per diluted share, compared to net loss of \$53 million, or \$0.59 per share, in the year-ago period.

Three Months Ended December 31, 2020

(In millions, except per share amounts)

	Operating Income Net (Loss) Income		EPS
GAAP, as reported	\$ 4	\$ (52)	\$ (0.63)
Adjustments for special items:			
Closure costs, impairment and other related charges	55	55	0.67
Inventory write-downs related to closures	25	25	0.30
Start-up costs	3	3	0.04
Net gain on disposition of assets	(2)	(2)	(0.02)
Non-operating pension and other postretirement benefit costs	—	24	0.29
Other expense, net	—	28	0.34
Income tax effect of special items	—	(36)	(0.44)
Adjusted for special items ⁽¹⁾	\$ 85	\$ 45	\$ 0.55

Three Months Ended December 31, 2019

(In millions, except per share amounts)

	Operating Loss	Net Loss	EPS
GAAP, as reported	\$ (69)	\$ (71)	\$ (0.79)
Adjustments for special items:			
Closure costs, impairment and other related charges	18	18	0.20
Inventory write-downs related to closures	13	13	0.14
Net gain on disposition of assets	(1)	(1)	(0.01)
Non-operating pension and other postretirement benefit credits	—	(11)	(0.12)
Income tax effect of special items	—	(1)	(0.01)
Adjusted for special items ⁽¹⁾	\$ (39)	\$ (53)	\$ (0.59)

⁽¹⁾ Operating income (loss), net income (loss) and EPS, in each case as adjusted for special items, are non-GAAP financial measures. For more information on the calculation and reasons we include these measures, see note 1 under “Overview – 2020 Overview” above.

RESULTS OF OPERATIONS
Consolidated Results
Selected annual financial information

<i>(In millions, except per share amounts)</i>	Years Ended December 31,		
	2020	2019	2018
Sales	\$ 2,800	\$ 2,923	\$ 3,756
Operating (loss) income per segment:			
Market pulp	\$ (1)	\$ 39	\$ 172
Tissue	(1)	(16)	(30)
Wood products	276	(6)	169
Paper	(46)	82	114
Segment total	228	99	425
Corporate and other	(129)	(82)	(46)
Operating income	\$ 99	\$ 17	\$ 379
Net income (loss) attributable to Resolute Forest Products Inc.	\$ 10	\$ (47)	\$ 235
Net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders:			
Basic	\$ 0.12	\$ (0.51)	\$ 2.57
Diluted	\$ 0.12	\$ (0.51)	\$ 2.52
Adjusted EBITDA ⁽¹⁾	\$ 338	\$ 213	\$ 574

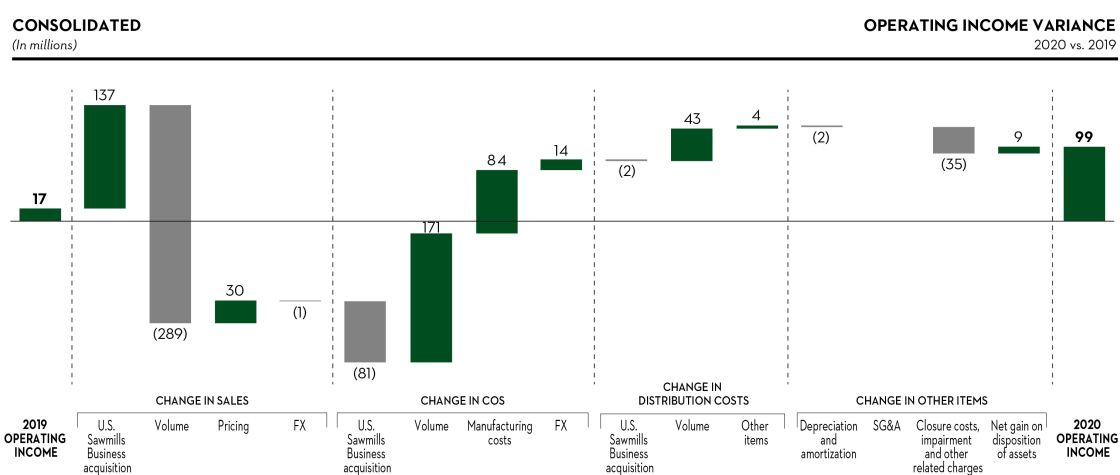
<i>(In millions)</i>	As of December 31,	
	2020	2019
Cash and cash equivalents	\$ 113	\$ 3
Total assets	\$ 3,730	\$ 3,626

⁽¹⁾ Earnings before interest expense, income taxes, and depreciation and amortization (or, "EBITDA") and adjusted EBITDA are not financial measures recognized under GAAP. EBITDA is calculated as net income (loss) including noncontrolling interest from the Consolidated Statements of Operations, adjusted for interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA means EBITDA, excluding special items, such as closure costs, impairment and other related charges, inventory write-downs related to closures, start-up costs, gains and losses on disposition of assets, non-operating pension and OPEB costs and credits, and other income and expense, net. We believe that using non-GAAP measures such as EBITDA and adjusted EBITDA is useful because they are consistent with the indicators management uses internally to measure the Company's performance and it allows the reader to compare our operations and financial performance from period to period. EBITDA and adjusted EBITDA are internal measures, and therefore may not be comparable to those of other companies. These non-GAAP measures should not be viewed as substitutes to financial measures determined under GAAP.

(In millions)	Years Ended December 31,		
	2020	2019	2018
Net income (loss) including noncontrolling interest	\$ 10	\$ (47)	\$ 235
Interest expense	34	31	47
Income tax provision	51	58	152
Depreciation and amortization	169	167	212
EBITDA	264	209	646
Closure costs, impairment and other related charges	53	18	121
Inventory write-downs related to closures	25	13	(1)
Start-up costs	3	—	8
Net gain on disposition of assets	(11)	(2)	(145)
Non-operating pension and other postretirement benefit credits	—	(47)	(50)
Other expense (income), net	4	22	(5)
Adjusted EBITDA	\$ 338	\$ 213	\$ 574

2020 vs. 2019

Operating income variance analysis



Sales

Sales were \$123 million lower in 2020, or 4%, to \$2,800 million. After removing the sales related to the acquisition of the U.S. Sawmill Business in the first quarter of 2020, sales volume declined by \$289 million, mainly reflecting lower shipments in paper and market pulp, partly offset by higher shipments of wood products. Pricing had a favorable impact of \$30 million, mainly as a result of an increase in the average transaction price for wood products and tissue, up by 41% and 6%, respectively, partly offset by lower average transaction price for market pulp and paper, down by 13% and 11%, respectively.

Cost of sales, excluding depreciation, amortization and distribution costs

After removing the COS related to the acquisition of the U.S. Sawmill Business, the effects of lower volume and the effect of the weaker Canadian dollar, COS decreased by \$84 million in 2020, largely reflecting:

- favorable maintenance costs (\$55 million), largely associated with timing of outages and reduced spending;
- lower energy prices (\$12 million);
- Canada Emergency Wage Subsidy (or “CEWS”) credit (\$10 million);
- higher contribution from our internal power generation facilities (\$7 million); and
- lower fiber costs (\$6 million);

partially offset by:

- increase in write-downs of mill stores and other supplies inventory associated with the temporary idling of the Amos and Baie-Comeau paper mills compared to the prior year write-downs associated to the indefinite idling of the Augusta (Georgia) paper mill (\$12 million).

Depreciation and amortization

Depreciation and amortization was \$2 million higher in 2020, primarily due to the acquisition of the U.S. Sawmill Business (\$7 million), offset by lower depreciation on the integrated business management software, which was fully depreciated in the fourth quarter of 2019 (\$4 million).

Selling, general and administrative expenses

Selling, general and administrative (or, “SG&A”) expenses were unchanged compared to the year-ago period, mainly due to higher incentive plan expense, which is based on company performance, and higher stock-based compensation expense, offset by lower headcount, travel and entertainment expenses and overall lower expenses.

Closure costs, impairment and other related charges

See the corresponding variance analysis under “Corporate and Other” below.

Net gain on disposition of assets

See the corresponding variance analysis under “Corporate and Other” below.

Net income (loss) variance analysis

Non-operating pension and other postretirement benefit credits

We recorded non-operating pension and OPEB credits of nil for the full year in 2020, compared to \$47 million in the year-ago period. The difference mainly reflects lower interest cost (\$32 million) and an OPEB curtailment credit related to the indefinite idling of our Augusta mill (\$14 million), partly offset by a settlement loss related to the wind-up of the pension plan of the Thorold paper mill that was indefinitely idled in 2017 and sold in 2020 (\$28 million), higher amortization of actuarial losses (\$29 million) and lower amortization of prior service credits (\$7 million), lower expected return on plan assets (\$25 million), and a pension special termination benefit cost related to the indefinite idling of our Augusta mill (\$3 million).

Other expense, net

We recorded other expense, net of \$4 million in 2020, compared to other expense, net of \$22 million in the prior year. The difference mostly reflects a loss on forward commodities contracts of \$22 million, offset by a current period favorable insurance claim settlement of \$15 million related to our acquisition of Atlas in 2015, compared to the \$23 million provision related to the Fibrek Inc. (or, “Fibrek”) litigation recorded in the year-ago period.

Income taxes

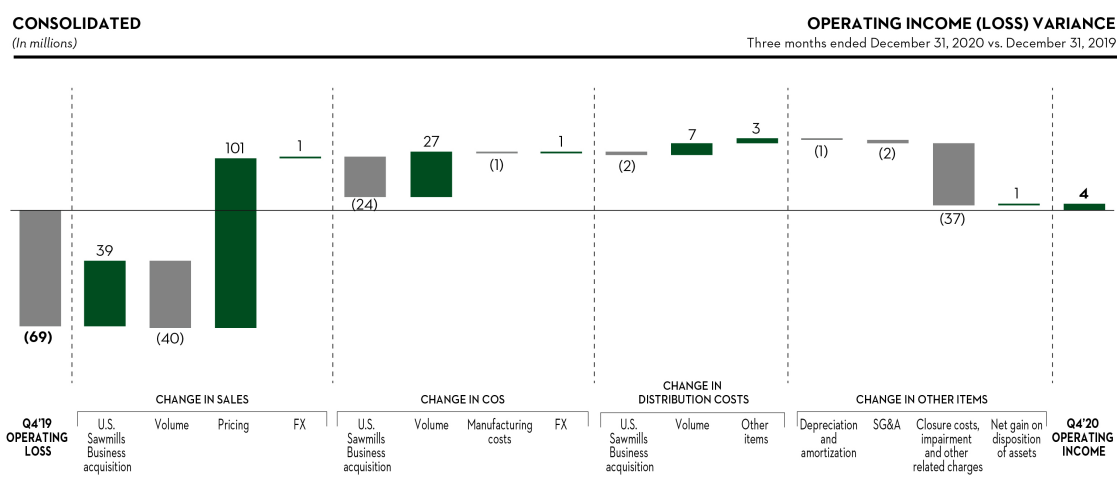
We recorded an income tax provision of \$51 million in 2020, on income before income taxes of \$61 million, compared to an expected income tax provision of \$13 million based on the U.S. federal statutory income tax rate of 21%. The difference reflects: U.S. tax on non-U.S. earnings (\$23 million); an increase to our valuation allowance related to our U.S. operations

(\$11 million) where we recognize a full valuation allowance against our net deferred income tax assets; foreign tax rate differences (\$10 million); and foreign exchange items (\$6 million); partly offset by state income taxes (\$6 million); and other, net (\$6 million) mainly related to the settlement of an insurance claim in connection with our acquisition of Atlas.

We recorded an income tax provision of \$58 million in 2019, on income before income taxes of \$11 million, compared to an expected income tax provision of \$2 million based on the U.S. federal statutory income tax rate of 21%. The difference mainly reflects: an increase to our valuation allowance related to our U.S. operations (\$43 million) where we recognize a valuation allowance against virtually all of our net deferred income tax assets; foreign tax rate differences (\$11 million); and U.S. tax on non-U.S. earnings (\$7 million); partly offset by state income taxes (\$7 million).

Q4 of 2020 vs. Q4 of 2019

Operating income (loss) variance analysis



Sales

Sales increased by \$101 million, or 15%, compared to the fourth quarter of 2019, to \$769 million. After removing the sales related to the acquisition of the U.S. Sawmill Business in the first quarter of 2020, sales volume was \$40 million lower, mainly due to lower shipments of paper, partially offset by higher volumes of wood products. Pricing had a favorable impact of \$101 million, mainly as a result of an increase in the average transaction price for wood products, up by 67%, partly offset by lower average transaction price for paper, down by 7%.

Cost of sales, excluding depreciation, amortization and distribution costs

After removing the COS related to the acquisition of the U.S. Sawmill Business, the effects of lower volume and the effect of the weaker Canadian dollar, COS increased by \$1 million in the quarter, mainly reflecting higher stumpage costs related to current wood prices (\$9 million) partly offset by favorable maintenance costs (\$6 million), largely associated with timing of outages and reduced spending.

Selling, general and administrative expenses

SG&A expenses increased by \$2 million in the quarter, mainly due to higher incentive plan expense, which is based on company performance, and higher stock-based compensation expense, mostly offset by lower headcount and lower overall expenses.

Closure costs, impairment and other related charges

In the fourth quarter of 2020, we recorded closure costs, impairment and other related charges of \$55 million, related to the temporary idling of our Amos and Baie-Comeau paper mills, including accelerated depreciation charges of \$38 million and severance and other costs of \$17 million. This compares to closure costs, impairment and other related charges of \$18 million in the year-ago period, mainly due to the indefinite idling of our paper mill at Augusta, including severance and other costs of \$10 million and accelerated depreciation charges of \$8 million.

Net loss variance analysis

Non-operating pension and other postretirement benefit (costs) credits

We recorded non-operating pension and OPEB costs of \$24 million in the quarter, compared to a credit of \$11 million in the year-ago period. The difference mainly reflects: lower interest cost (\$8 million); partly offset by settlement loss related to the wind-up of the Thorold pension plan (\$28 million), higher amortization of actuarial losses (\$7 million) and lower expected return on plan assets (\$6 million).

Other expense, net

We recorded other expense, net of \$28 million in the fourth quarter of 2020, compared to nil in the year-ago period. The difference mostly reflects a loss on forward commodities contracts of \$15 million and a foreign exchange loss of \$13 million in the current period.

Income taxes

We recorded an income tax benefit of \$4 million in the fourth quarter of 2020, on a loss before income taxes of \$56 million, compared to an expected income tax benefit of \$12 million based on the U.S. federal statutory income tax rate of 21%. The difference reflects mostly a decrease to our valuation allowance related to our U.S. operations (\$10 million); partly offset by U.S. tax on non-U.S. earnings (\$22 million).

We recorded an income tax provision of \$6 million in the fourth quarter of 2019, on a loss before income taxes of \$65 million, compared to an expected income tax benefit of \$14 million based on the U.S. federal statutory income tax rate of 21%. The difference reflects mostly: an increase to our valuation allowance related to our U.S. operations (\$25 million); partly offset by U.S. tax on non-U.S. earnings (\$4 million).

2019 vs. 2018

For a variance analysis of our 2019 vs. 2018 results of operations, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Consolidated Results – 2019 vs. 2018,” of our annual report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 2, 2020 (or, the “2019 Annual Report”).

Segment Earnings

We manage our business based on the products we manufacture. Our reportable segments correspond to our principal product lines: market pulp, tissue, wood products, and paper. As of the second quarter of 2020, the results from our newsprint and specialty papers operations have been combined to form the paper reportable segment. This better reflects management’s internal analysis, given the diminishing percentage newsprint and specialty papers represent in our product portfolio. Comparative information has been modified to conform to this revised segment presentation.

We do not allocate any of the income or loss items following “operating income” in our Consolidated Statements of Operations to our segments because those items are reviewed separately by management. Similarly, we do not allocate to the segments: closure costs, impairment and other related charges; inventory write-downs related to closures; start-up costs; gains and losses on disposition of assets; as well as other discretionary charges or credits.

We allocate depreciation and amortization expense to our segments, although the related fixed assets and amortizable intangible assets are not allocated to segment assets. Additionally, all SG&A expenses are allocated to our segments, with the exception of certain discretionary charges and credits, which we present under “corporate and other.”

MARKET PULP

Highlights

<i>(In millions, except where otherwise stated)</i>	Years Ended December 31,		
	2020	2019	2018
Sales	\$ 668	\$ 797	\$ 1,085
Operating (loss) income ⁽¹⁾	\$ (1)	\$ 39	\$ 172
EBITDA ⁽²⁾	\$ 23	\$ 62	\$ 199
<i>(In thousands of metric tons)</i>			
Shipments	1,118	1,156	1,424
Downtime	100	56	93
<i>(In thousands of metric tons)</i>			
Finished goods inventory	December 31,		
	2020	2019	2018
	53	68	80

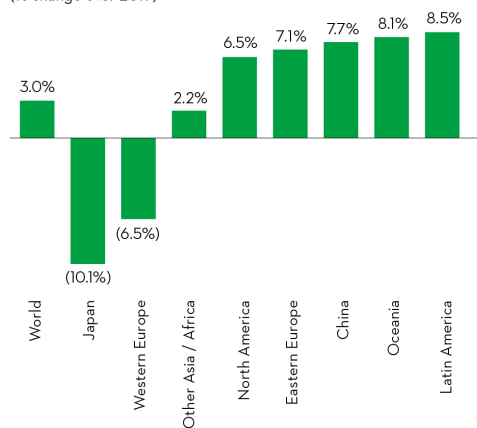
(1) Net (loss) income including noncontrolling interest is equal to operating (loss) income in this segment.

(2) EBITDA, a non-GAAP financial measure, is reconciled below. For more information on the calculation and reasons we include this measure, see note 1 under "Results of Operations – Consolidated Results – Selected annual financial information" above.

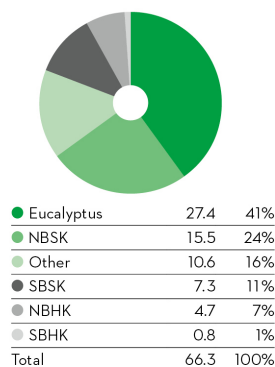
<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Net (loss) income including noncontrolling interest	\$ (1)	\$ 39	\$ 172
Depreciation and amortization	24	23	27
EBITDA	\$ 23	\$ 62	\$ 199

Industry trends

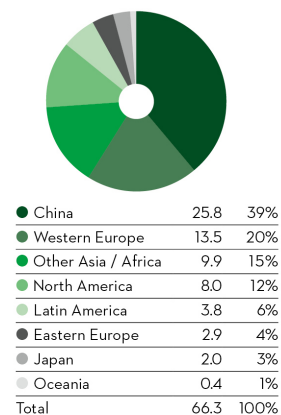
2020 CHANGE IN WORLD CHEMICAL PULP DEMAND, BY REGION
(% change over 2019)



2020 WORLD CHEMICAL PULP DEMAND DISTRIBUTION, BY GRADE
(millions of metric tons)



2020 WORLD CHEMICAL PULP DEMAND DISTRIBUTION, BY REGION
(millions of metric tons)



Source: Pulp and Paper Products Council (or "PPPC")

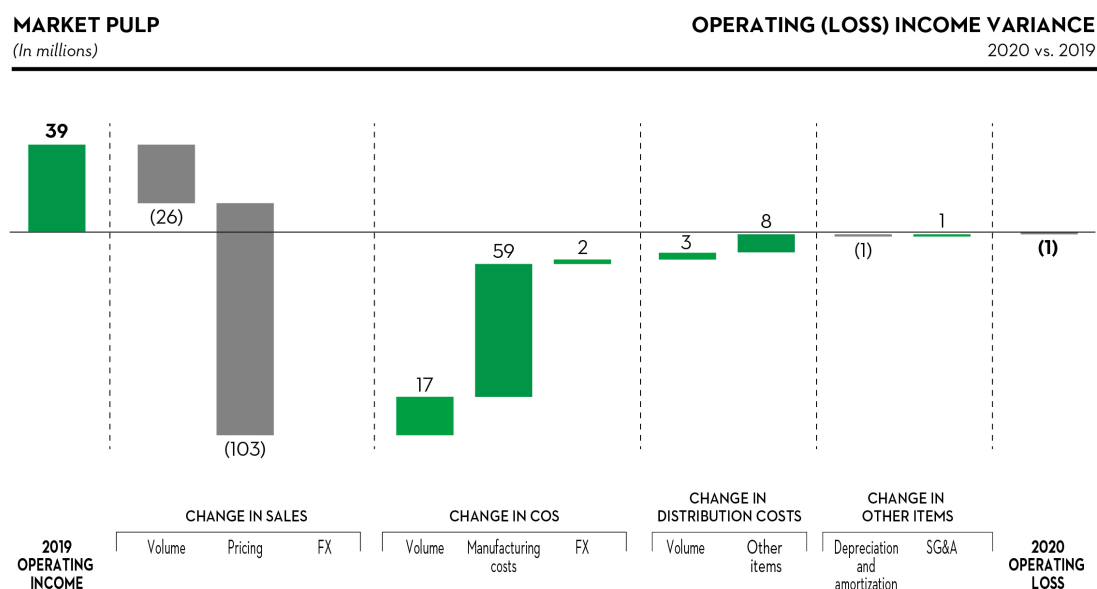
World demand for chemical pulp grew by 3% in 2020 compared to the year-ago period, reflecting an increase of 7.7% in China and of 6.5% in North America, partly offset by a decrease of 6.5% in Western Europe. World capacity grew by 0.8% over the same period.

World demand for softwood pulp fell by 1.7% in 2020, reflecting a decrease of 7.3% and 2.1% in Western Europe and China, respectively, while North America increased by 4.5%. The operating rate was 91%.

In the same period, demand for hardwood pulp rose by 6.0%, with shipments to China and North America up by 13.0% and 9.6%, respectively, while Western Europe was down by 6.5%. The operating rate was 94%.

2020 vs. 2019

Operating (loss) income variance analysis



Sales

Sales were \$129 million lower, or 16%, decreasing to \$668 million in 2020, primarily due to lower pricing, reflecting a \$92 per metric ton decline in the average transaction price across all grades. Volume also decreased sales by \$26 million primarily due to pandemic-induced market downtime for recycled bleached kraft pulp.

Cost of sales, excluding depreciation, amortization and distribution costs

After adjusting for the effect of lower volume and the Canadian dollar fluctuation, manufacturing costs decreased by \$59 million, reflecting:

- favorable maintenance costs (\$26 million), largely associated with timing of outages and reduced spending;
- lower wood fiber costs (\$16 million); and
- lower energy prices (\$8 million), including higher contribution from our internal power generation facilities.

Distribution costs

After adjusting for the effect of lower volume, distribution costs were \$8 million lower in 2020 due to lower freight rates and favorable destination mix.

2019 vs. 2018

For a variance analysis of our 2019 vs. 2018 results of operations, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Segment Earnings – Market Pulp – 2019 vs. 2018,” of our 2019 Annual Report.

TISSUE

Highlights

<i>(In millions, except where otherwise stated)</i>	Years Ended December 31,		
	2020	2019	2018
Sales	\$ 173	\$ 165	\$ 130
Operating loss ⁽¹⁾	\$ (1)	\$ (16)	\$ (30)
EBITDA ⁽²⁾	\$ 17	\$ 2	\$ (15)
<i>(In thousands of short tons)</i>			
Shipments ⁽³⁾	95	97	84
Downtime	8	2	2

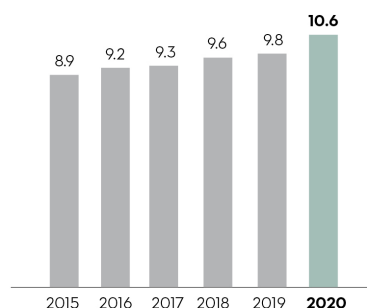
<i>(In thousands of short tons)</i>	December 31,		
	2020	2019	2018
Finished goods inventory ⁽³⁾	6	8	5

- (1) Net loss including noncontrolling interest is equal to operating loss in this segment.
- (2) EBITDA, a non-GAAP financial measure, is reconciled below. For more information on the calculation and reasons we include this measure, see note 1 under “Results of Operations – Consolidated Results – Selected annual financial information” above.
- (3) Tissue converted products, which are measured in cases, are converted to short tons.

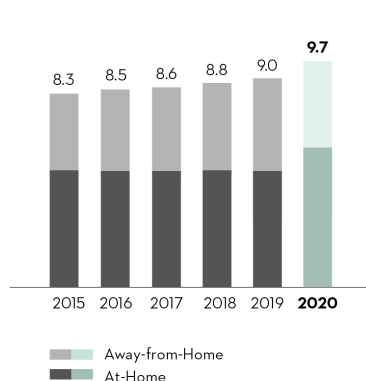
<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Net loss including noncontrolling interest	\$ (1)	\$ (16)	\$ (30)
Depreciation and amortization	18	18	15
EBITDA	\$ 17	\$ 2	\$ (15)

Industry trends

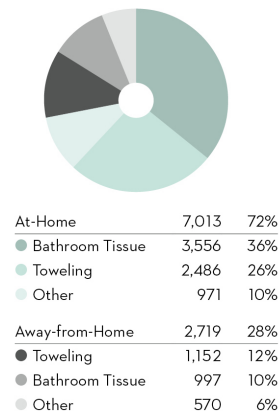
U.S. TOTAL TISSUE CONSUMPTION
(millions of short tons)



U.S. CONVERTED TISSUE PRODUCTS SHIPMENTS
(millions of short tons)



2020 U.S. CONVERTED TISSUE PRODUCTS SHIPMENT DISTRIBUTION, BY GRADE
(thousands of short tons)



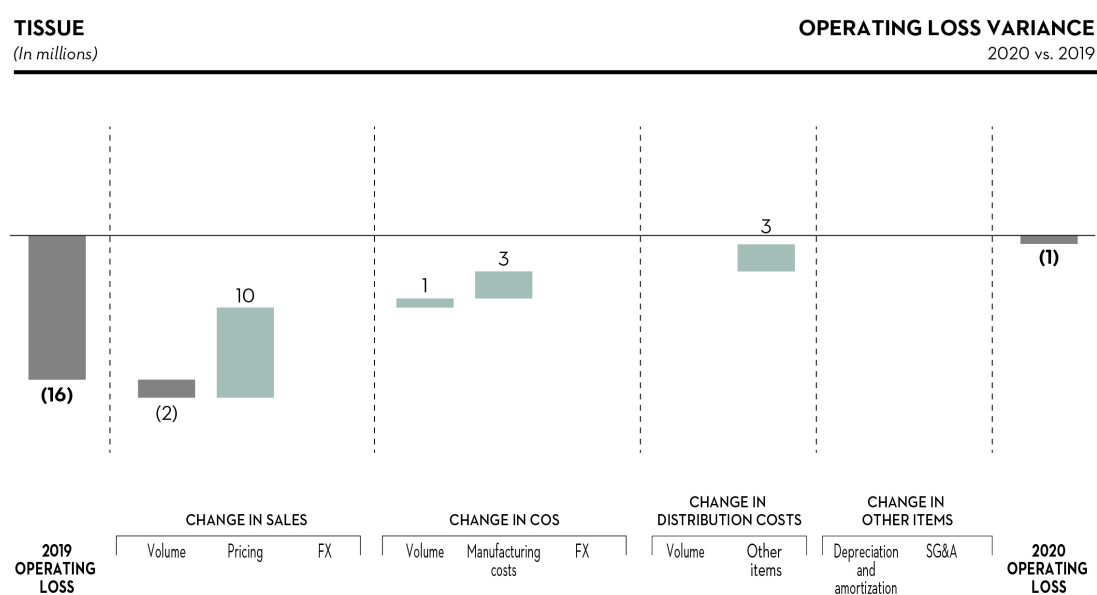
Source: RISI

Total U.S. tissue consumption grew by 8.6% in 2020 compared to the year-ago period. Converted product shipments increased by 8.1%, led by at-home shipments up by 16.3%, while away-from-home shipments decreased by 8.5%.

U.S. parent roll production increased by 7.0% in 2020, contributing to a 97% average industry production-to-capacity ratio, up from 93% in the year-ago period.

2020 vs. 2019

Operating loss variance analysis



Sales

Sales were \$8 million higher, or 5%, increasing to \$173 million in 2020. Shipments were essentially unchanged as productivity gains for retail products manufactured at the Calhoun operations compensated for a pandemic-driven drop in away-from-home demand affecting Florida operations. The average transaction price was \$107 per short ton higher, mainly due to favorable prices for converted products.

Cost of sales, excluding depreciation, amortization and distribution costs

After removing the effects of lower volume, our manufacturing costs decreased by \$3 million compared to 2019, mainly due to lower fiber costs.

Distribution costs

Distribution costs improved by \$3 million, mainly as a result of better customer mix.

2019 vs. 2018

For a variance analysis of our 2019 vs. 2018 results of operations, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Segment Earnings – Tissue – 2019 vs. 2018,” of our 2019 Annual Report.

WOOD PRODUCTS

Highlights

(In millions, except where otherwise stated)	Years Ended December 31,		
	2020	2019	2018
Sales	\$ 1,025	\$ 616	\$ 823
Operating income (loss) ⁽¹⁾	\$ 276	\$ (6)	\$ 169
EBITDA ⁽²⁾	\$ 319	\$ 28	\$ 201
(In million board feet)			
Shipments ⁽³⁾	2,043	1,731	1,846
Downtime	279	242	147

(In million board feet)	December 31,		
	2020	2019	2018
Finished goods inventory ⁽³⁾	97	133	157

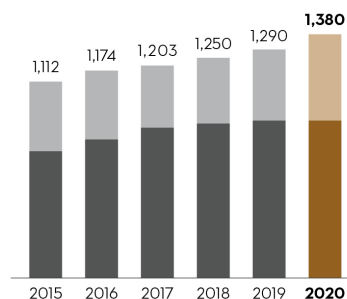
- (1) Net income (loss) including noncontrolling interest is equal to operating income (loss) in this segment.
- (2) EBITDA, a non-GAAP financial measure, is reconciled below. For more information on the calculation and reasons we include this measure, see note 1 under “Results of Operations – Consolidated Results – Selected annual financial information” above.
- (3) Includes wood pellets measured by mass, converted to board feet using a density-based conversion ratio.

(In millions)	Years Ended December 31,		
	2020	2019	2018
Net income (loss) including noncontrolling interest	\$ 276	\$ (6)	\$ 169
Depreciation and amortization	43	34	32
EBITDA	\$ 319	\$ 28	\$ 201

Industry trends

NEW PRIVATELY OWNED HOUSING UNITS STARTED
(thousands of units)

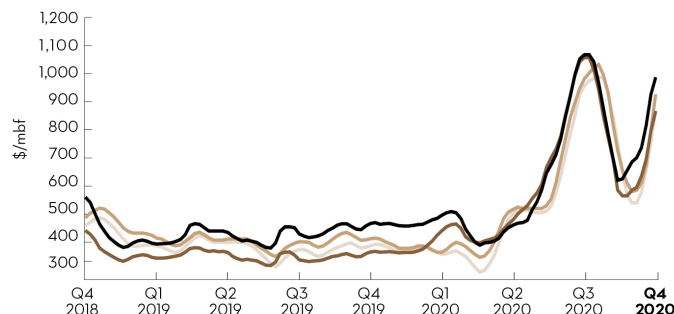
Multi-family
Single-family



Source: U.S. Census Bureau

SELECTED LUMBER GRADES PRICE COMPARISON
(\$/mbf)

2x4 - RL #1-2 KD GL
2x4x8 Stud KD GL
2x4 - RL #2 KD Southern Pine (Eastside)
2x4 - RL #2 KD Southern Pine (Westside)



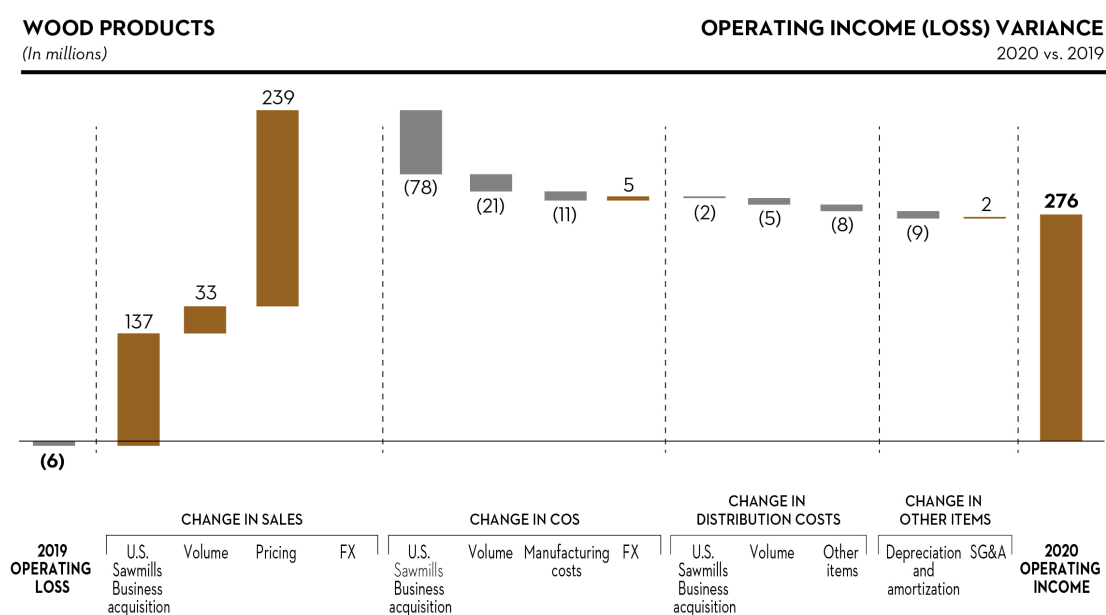
Source: Random Lengths Publications, Inc.

U.S. housing starts were 1.4 million on a seasonally adjusted basis in 2020, up by 7.9% compared to 2019, which reflects a 12.3% increase in single-family starts, offset by a decrease of 1.9% in multi-family starts.

The 2x4 – Random Length (or, “RL”) #1-2 Kiln Dried Great Lakes (or, “KD GL”) price rose by 44.3% in 2020 compared to the year ago period, and the 2x4x8 Stud KD GL price rose by 70.4%. The 2x4 – RL #2 KD Southern Pine (Eastside) price increased by 46.3%, and the 2x4 – RL #2 KD Southern Pine (Westside) price was up by 48.2%.

2020 vs. 2019

Operating income (loss) variance analysis



Sales

Sales were \$409 million higher, or 66%, to \$1,025 million in 2020, reflecting new volume related to the acquisition of the U.S. Sawmill Business, the increase in market demand for home repairs and remodeling, and stronger U.S. market housing starts. Shipments rose by 312 million board feet and the average transaction price increased by \$146 per thousand board feet, or 41%. After removing the sales related to the acquisition of the U.S. Sawmill Business, sales were \$272 million higher. Pricing contributed to \$239 million increase, reflecting a rise in average transaction price, and sales volume was \$33 million higher. Finished goods inventory dropped to 97 million board feet.

Cost of sales, excluding depreciation, amortization and distribution costs

After removing the COS related to the acquisition of the U.S. Sawmill Business, the effects of higher volume and the weaker Canadian dollar, manufacturing costs increased by \$11 million, mainly reflecting higher log costs.

Distribution costs

After removing the COS related to the acquisition of the U.S. Sawmill Business and the effects of higher volume, distribution costs increased by \$8 million, mainly as a result of higher freight rates and unfavorable destination mix.

Depreciation and amortization

Depreciation and amortization increased by \$9 million compared to the year-ago period, primarily due to the acquisition of the U.S. Sawmill Business.

2019 vs. 2018

For a variance analysis of our 2019 vs. 2018 results of operations, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Segment Earnings – Wood Products – 2019 vs. 2018,” of our 2019 Annual Report.

PAPER

Highlights

<i>(In millions, except where otherwise stated)</i>	Years Ended December 31,		
	2020	2019	2018
Sales	\$ 934	\$ 1,345	\$ 1,718
Operating (loss) income ⁽¹⁾	\$ (46)	\$ 82	\$ 114
EBITDA ⁽²⁾	\$ 23	\$ 154	\$ 227

<i>(In thousands of metric tons)</i>	Years Ended December 31,		
	2020	2019	2018
Shipments	1,577	2,017	2,532
Downtime	514	203	42

<i>(In thousands of metric tons)</i>	December 31,		
	2020	2019	2018
Finished goods inventory	96	142	150

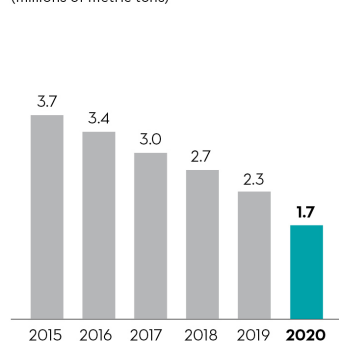
⁽¹⁾ Net (loss) income including noncontrolling interest is equal to operating (loss) income in this segment.

⁽²⁾ EBITDA, a non-GAAP financial measure, is reconciled below. For more information on the calculation and reasons we include this measure, see note 1 under “Results of Operations – Consolidated Results – Selected annual financial information” above.

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Net (loss) income including noncontrolling interest	\$ (46)	\$ 82	\$ 114
Depreciation and amortization	69	72	113
EBITDA	\$ 23	\$ 154	\$ 227

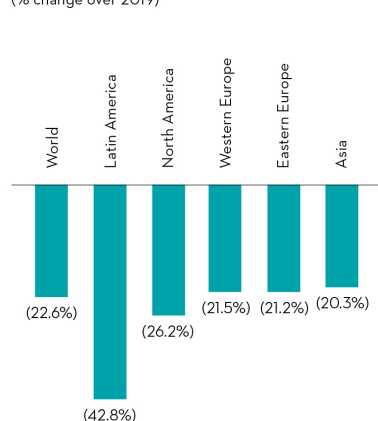
Industry trends

N.A. NEWSPRINT DEMAND
(millions of metric tons)

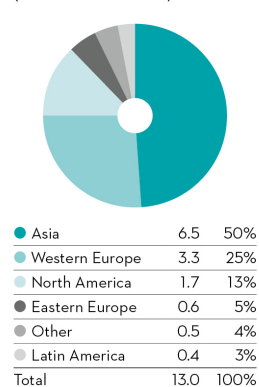


Source: PPPC

2020 CHANGE IN WORLD NEWSPRINT DEMAND, BY REGION
(% change over 2019)



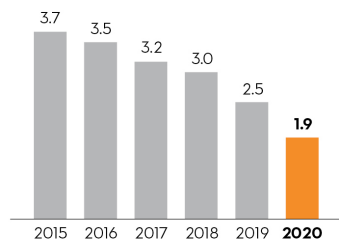
2020 WORLD NEWSPRINT DEMAND DISTRIBUTION, BY REGION
(millions of metric tons)



North American newsprint demand fell by 26.2% in 2020, compared to 2019. Demand from newspaper publishers fell by 29.4%, while demand from commercial printers also decreased, by 21.4%. The North American shipment-to-capacity ratio was 75%, compared to 83% in the year-ago-period.

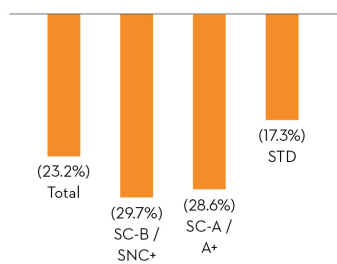
Global demand for newsprint fell by 22.6% in 2020, with Asia down by 20.3%, and Western Europe down by 21.5%. Accordingly, the global operating rate decreased to 72%, down from 84% in 2019.

N.A. UNCOATED MECHANICAL PAPER DEMAND
(millions of short tons)

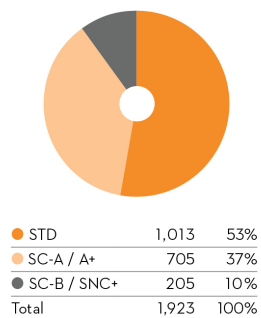


Source: PPPC

2020 CHANGE IN N.A. UNCOATED MECHANICAL PAPER DEMAND, BY GRADE
(% change over 2019)



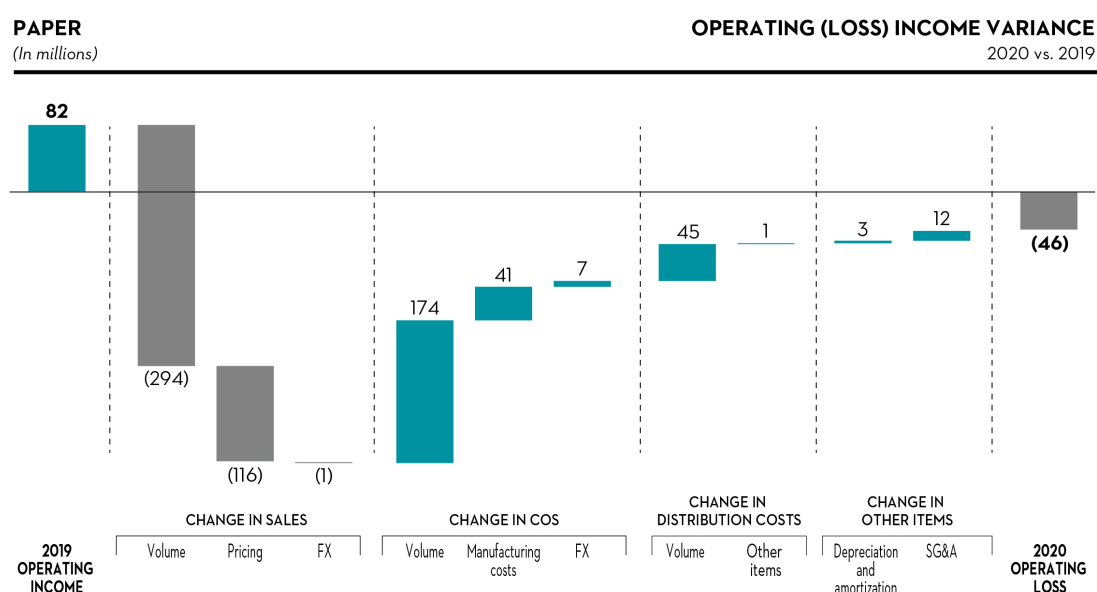
2020 N.A. UNCOATED MECHANICAL PAPER DEMAND DISTRIBUTION, BY GRADE
(thousands of short tons)



North American demand for uncoated mechanical papers was down by 23.2% in 2020 compared to the year-ago-period, reflecting a 29.0% decrease in supercalendered (or, “SC”) grades, and a 17.3% drop in standard grades. Compared to 2019, the shipment-to-capacity ratio for all uncoated mechanical papers decreased from 83% to 73%.

2020 vs. 2019

Operating (loss) income variance analysis



Sales

Sales fell by \$411 million, or 31%, to \$934 million in 2020. Shipments decreased by 440,000 metric tons, largely reflecting much lower demand levels since the onset of the pandemic and our resulting capacity adjustments particularly for marketing-dependent products and commercial paper. The average transaction price dropped by \$75 per metric ton compared to 2019 due to weaker market fundamentals accelerated by the pandemic.

Cost of sales, excluding depreciation, amortization and distribution costs

Manufacturing costs decreased by \$41 million after adjusting for the effects of lower volume and the weaker Canadian dollar, reflecting:

- favorable maintenance costs (\$28 million), due to reduced spending as well as the indefinite idling of our Augusta mill, partly offset by the temporary idling of the Amos and Baie-Comeau paper mills;
- lower energy prices (\$6 million); and
- higher contribution from our internal power generation facilities (\$5 million).

Selling, general and administrative expenses

SG&A expenses decreased by \$12 million in the year, mainly due to lower headcount and travel and entertainment expenses.

2019 vs. 2018

As of the second quarter of 2020, the results from our newsprint and specialty papers operations have been combined to form the paper reportable segment. For a variance analysis of our 2019 vs. 2018 results of operations, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Segment Earnings – Newsprint – 2019 vs. 2018,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Segment Earnings– Specialty Papers – 2019 vs. 2018,” of our 2019 Annual Report.

CORPORATE AND OTHER

Highlights

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Cost of sales, excluding depreciation, amortization and distribution costs	\$ (34)	\$ (23)	\$ (12)
Depreciation and amortization	(15)	(20)	(25)
Selling, general and administrative expenses	(38)	(23)	(33)
Closure costs, impairment and other related charges	(53)	(18)	(121)
Net gain on disposition of assets	11	2	145
Operating loss	(129)	(82)	(46)
Interest expense	(34)	(31)	(47)
Non-operating pension and other postretirement benefit credits	—	47	50
Other (expense) income, net	(4)	(22)	5
Income tax provision	(51)	(58)	(152)
Net loss including noncontrolling interest	\$ (218)	\$ (146)	\$ (190)

The table below shows the reconciliation of net loss including noncontrolling interest to EBITDA and adjusted EBITDA, which are non-GAAP financial measures. For more information on the calculation and reasons we include these measures, see note 1 under “Results of Operations – Consolidated Results – Selected annual financial information” above.

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Net loss including noncontrolling interest	\$ (218)	\$ (146)	\$ (190)
Interest expense	34	31	47
Income tax provision	51	58	152
Depreciation and amortization	15	20	25
EBITDA	(118)	(37)	34
Closure costs, impairment and other related charges	53	18	121
Inventory write-downs related to closures	25	13	(1)
Start-up costs	3	—	8
Net gain on disposition of assets	(11)	(2)	(145)
Non-operating pension and other postretirement benefit credits	—	(47)	(50)
Other expense (income), net	4	22	(5)
Adjusted EBITDA	\$ (44)	\$ (33)	\$ (38)

2020 vs. 2019

Cost of sales, excluding depreciation, amortization and distribution costs

COS was \$34 million in 2020, mainly reflecting:

- write-downs of mill stores and other supplies inventory (\$25 million) related to the temporary idling of our Amos and Baie-Comeau paper mills; and
- start-up costs (\$3 million) for the El Dorado sawmill.

In 2019, we incurred COS of \$23 million, which included:

- write-downs of mill stores and other supplies inventory (\$13 million) related to the indefinite idling of our paper mill at Augusta; and
- asset preservation costs (\$5 million), mainly related to our indefinitely idled Thorold (Ontario) paper mill and our permanently closed Fort Frances (Ontario) mill.

Depreciation and amortization

Depreciation and amortization was \$5 million lower in 2020 as the integrated business management software was fully depreciated in the fourth quarter of 2019 (\$4 million).

Selling, general and administrative expenses

SG&A expenses increased by \$15 million in 2020, mainly due to higher incentive plan expense, which is based on company performance, and higher stock-based compensation expense.

Closure costs, impairment and other related charges

In 2020, we recorded closure costs, impairment and other related charges of \$55 million, related to the temporary idling of our Amos and Baie-Comeau paper mills, including: accelerated depreciation charges of \$38 million, and severance and other costs of \$17 million.

This compares to closure costs, impairment and other related charges of \$18 million in 2019, related to the indefinite idling of our paper mill at Augusta, including: severance and other costs of \$10 million; and accelerated depreciation charges of \$8 million.

Net gain on disposition of assets

In 2020, we recorded a net gain on disposition of assets of \$11 million, compared to \$2 million in 2019, which reflected: the sale of the Augusta paper mill for total cash consideration of \$10 million, resulting in a net gain of \$9 million; and the sale of the Thorold paper mill for total cash consideration of \$4 million, resulting in a net gain of \$2 million.

2019 vs. 2018

For a variance analysis of our 2019 vs. 2018 results of operations, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Corporate and Other – 2019 vs. 2018,” of our 2019 Annual Report.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

We rely on cash and cash equivalents, cash flows provided by operations, and our credit facilities: to fund our operations; to make pension contributions; and to finance our working capital, capital expenditures, duty cash deposits and opportunities for our growth and transformation strategy. In addition, from time to time we may use available cash to reduce debt and to return capital to shareholders, including through share repurchases or special dividends. As of December 31, 2020, we had cash and cash equivalents of \$113 million and availability of \$580 million under our credit facilities.

Based on our current projections, we expect to have sufficient financial resources available to finance our business plan, make pension contributions, meet working capital and duty cash deposit requirements, and maintain an appropriate level of capital spending.

Based on market conditions, we may seek to repay or refinance our outstanding indebtedness as we continue to focus on reducing costs and enhancing our flexibility.

Senior Unsecured Notes

The 2023 Notes, issued on May 8, 2013, were unsecured and guaranteed by substantially all of our U.S. subsidiaries. The 2023 Notes bear interest at a rate of 5.875%; they were sold at an offering price of 99.062% of the \$600 million aggregate principal amount and began paying interest semi-annually on November 15, 2013. On January 3, 2019, we repurchased \$225 million in aggregate principal amount of the 2023 Notes, pursuant to a notes purchase agreement entered into on December 21, 2018, with certain noteholders, at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. As a result of the repurchase, we recorded a net loss on extinguishment of debt of \$3 million in “Other (expense) income, net” in our Consolidated Statement of Operations for the year ended December 31, 2019.

On February 2, 2021, we completed the Offering of \$300 million aggregate principal amount of our 2026 Notes at an issue price of 100%. The 2026 Notes are unsecured and are guaranteed by all of our current and, subject to certain conditions, future material wholly-owned U.S. subsidiaries. The Notes mature on March 1, 2026, unless earlier redeemed or repurchased, and will be recorded in “Long-term debt” in our consolidated balance sheet at their fair value of \$300 million. Interest on the notes is payable semi-annually on March 1 and September 1 of each year, beginning on September 1, 2021.

We used the net proceeds of the Offering, together with cash on hand, to redeem all of the remaining outstanding \$375 million aggregate principal amount of our 2023 Notes, at a price of 100% of the aggregate principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date. In connection with the redemption of all \$375 million aggregate principal amount of the 2023 Notes (or, the “Redemption”), we placed, on February 2, 2021, the net proceeds of the closing of the Offering, together with additional cash, into trust for the benefit of the holders of the 2023 Notes. The Redemption occurred on February 18, 2021.

For more information, see Note 15, “Long-Term Debt – Debt instruments – Senior Unsecured Notes,” to our Consolidated Financial Statements.

Senior Secured Credit Facility

On September 7, 2016, we entered into a senior secured credit facility for up to \$185 million. This senior secured credit facility provided a term loan of \$46 million with a maturity date of September 7, 2025, and a revolving credit facility of up to \$139 million with a maturity date of September 7, 2022. On October 28, 2019, we entered into an amended and restated senior secured credit facility (or, the “Senior Secured Credit Facility”) for up to \$360 million, replacing our existing \$185 million senior secured credit facility. The Senior Secured Credit Facility provided a term loan facility of up to \$180 million with a delayed draw period of up to three years, and the choice of maturities of six to 10 years (or, the “Term Loan Facility”), and a six-year revolving credit facility of up to \$180 million with a maturity date of October 28, 2025 (or, the “Revolving Credit Facility”). In March 2020, we borrowed \$180 million in term loans under the Term Loan Facility for 10 years, maturing in March 2030. There is also an uncommitted option to increase the Senior Secured Credit Facility by up to an additional \$360 million, subject to certain terms and conditions. On October 28, 2019, we repaid our \$46 million term loan by borrowing under the Revolving Credit Facility.

The obligations under the Senior Secured Credit Facility are guaranteed by certain material U.S. subsidiaries of the Company and are secured by a first priority mortgage on the real property of our Calhoun facility and a first priority security interest on the fixtures and equipment located therein.

As of December 31, 2020, we had \$180 million of availability under the Revolving Credit Facility, which was undrawn.

For more information, see Note 15, “Long-Term Debt – Debt instruments – Senior Secured Credit Facility,” to our Consolidated Financial Statements.

ABL Credit Facility

On May 14, 2019, we entered into an amendment to the five-year credit agreement dated May 22, 2015, for our ABL Credit Facility. The amended credit agreement provides for an extension of the maturity date to May 14, 2024, with an aggregate lender commitment of up to \$500 million at any time outstanding, subject to borrowing base availability based on specified advance rates, eligibility criteria and customary reserves.

The aggregate lender commitment under the facility includes a \$60 million swingline sub-facility and a \$200 million letter of credit sub-facility, and we may convert up to \$50 million of the commitments under the facility to a first-in last-out facility, subject to the consent of each converting lender. The ABL Credit Facility also provides for an uncommitted ability to increase the revolving credit facility by up to \$500 million, subject to certain terms and conditions set forth in the agreement.

The obligations under the credit agreement are guaranteed by certain material subsidiaries of the Company and are secured by first priority liens on and security interests in accounts receivable, inventory and related assets.

As of December 31, 2020, we had \$270 million of availability under the ABL Credit Facility, which was undrawn except for \$56 million of ordinary course letters of credit outstanding.

Effective January 21, 2021, we reduced the commitment under the Canadian tranche of our senior secured asset-based revolving credit facility by \$50 million, to \$250 million, resulting in an aggregate commitment of \$450 million, subject to borrowing base limitations.

For more information, see Note 15, “Long-Term Debt – Debt instruments – ABL Credit Facility,” to our Consolidated Financial Statements.

Loan Facility

On November 4, 2020, our Canadian subsidiary, Resolute FP Canada Inc., entered into a Loan Facility with Investissement Québec as lender for up to C\$220 million (\$173 million as of December 31, 2020), representing up to 75% of the countervailing and anti-dumping duty deposits (or, the “Duties”) imposed or expected to be imposed by the U.S. Department of Commerce and collected by Customs and Border Protection Agency (or, “U.S. Customs”) on U.S. imports of applicable softwood lumber products produced at sawmills of the Borrower and its affiliates located in the province of Quebec, Canada from April 28, 2017 to December 31, 2022.

The borrowings under the Loan Facility bear interest at a floating rate equal to 1.45% above the one-month Canadian Banker’s Acceptance rate. The Loan Facility provides for a maximum of 10 draws and the fulfillment of certain conditions upon each draw. The outstanding principal is repayable in consecutive monthly installments over a period of eight years, after an interest only period of two years from the date of the first draw. Outstanding amounts may be prepaid, partially or fully, at any time at our discretion, without premium or penalty, but subject to payment of accrued and unpaid interest. We are required to make a prepayment equal to any amounts reimbursed by U.S. Customs on account of the U.S. imports of certain softwood lumber products produced at our sawmills located in the province of Quebec, Canada (or, the “Quebec Prepayments”).

The obligations under the Loan Facility will be secured by a first priority security interest and a control agreement on certain of our bank accounts identified to receive any Quebec Prepayments. In addition, we have agreed to transfer to the designated bank accounts any amounts constituting Quebec Prepayments, and may not grant any other security interest on such bank accounts. The Loan Facility is required to be used exclusively to finance certain of our activities and obligations in the province of Quebec, Canada, and may not be used to pay or reimburse any Duties.

As of December 31, 2020, we had C\$165 million (\$130 million) of availability under the Loan Facility, subject to certain conditions. The Loan Facility was undrawn as of December 31, 2020.

For more information, see Note 15, “Long-Term Debt – Loan Facility,” to our Consolidated Financial Statements.

Credit rating risk

Although our debt agreements do not include any provision that would require material changes in payment schedules or terminations as a result of a credit rating downgrade, we believe our access to capital markets at a reasonable cost is determined in part by credit quality. A credit rating downgrade could impact our ability to access capital markets at a reasonable cost. These ratings reflect the views of the rating agencies only. An explanation of the significance of these ratings can be obtained from each rating agency. The ratings are not a recommendation to buy, sell or hold securities. Any rating can be revised upward or downward or withdrawn at any time by a rating agency.

	December 31,		
	2020	2019	2018
Standard & Poor's			
Senior unsecured debt	B	B+	B+
Long-term corporate credit rating	B+	BB-	BB-
Outlook	Negative	Stable	Stable
Moody's Investors Service			
Senior unsecured debt	B2	B1	B1
Corporate family rating	B1	Ba3	Ba3
Outlook	Negative	Stable	Stable
Liquidity rating	SGL-2	SGL-1	SGL-1

On January 19, 2021, both rating outlooks were revised from negative to stable and the Moody's liquidity rating was upgraded to SGL-1.

Flow of Funds

Summary of cash flows

A summary of cash flows for the years ended December 31, 2020, 2019 and 2018 was as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Net cash provided by operating activities	\$ 334	\$ 85	\$ 435
Net cash (used in) provided by investing activities	(297)	(162)	146
Net cash provided by (used in) financing activities	78	(228)	(281)
Effect of exchange rate changes on cash and cash equivalents, and restricted cash	2	2	(4)
Net increase (decrease) in cash and cash equivalents, and restricted cash	\$ 117	\$ (303)	\$ 296

2020 vs. 2019

Net cash provided by operating activities

We generated \$334 million of cash from operating activities in 2020, compared to \$85 million last year. The increase is attributable to higher profitability, a favorable working capital variance in the current period, and lower pension contributions.

Net cash used in investing activities

We used \$297 million of cash in investing activities in 2020, compared to \$162 million in the prior year. The difference reflects:

- the acquisition of the U.S. Sawmill Business, net of cash acquired, in the current period (\$172 million); and
- higher countervailing and anti-dumping duty cash deposits (\$29 million);

offset in part by:

- lower capital expenditures (\$35 million) and higher disposition of assets (\$11 million); and
- proceeds from an insurance recovery related to our acquisition of Atlas in 2015 (\$15 million), in the current period.

Net cash provided by (used in) financing activities

Net cash provided by financing activities was \$78 million in 2020, compared to cash used in financing activities of \$228 million in 2019. The difference reflects:

- proceeds from long term debt of \$180 million in 10-year term loans under the Senior Secured Credit Facility to finance the acquisition of the U.S. Sawmill Business, whereas in the year ago period we repurchased \$225 million in aggregate principal amount of our 2023 Notes and repaid our \$46 million term loan;

partly offset by:

- repayments of \$71 million under our revolving credit facilities in the current year, compared to borrowings of \$71 million in the prior year.

2019 vs. 2018

For a variance analysis of our 2019 vs. 2018 cash flows, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Flow of Funds – 2019 vs. 2018,” of our 2019 Annual Report.

2021 outlook

For 2021, we expect to invest \$95 million in capital expenditures, net of funding under existing business development programs, including: \$10 million for the recently acquired U.S. Sawmill Business; and investments for the cellulose filament plant in Kénogami, and for the improvement of productivity and yields at our sawmills.

Countervailing duty and anti-dumping investigations of softwood lumber

We became required to pay cash deposits for estimated countervailing duties and anti-dumping duties on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills, since April 28, 2017, and June 30, 2017, respectively. As of December 31, 2020, the rates for these estimated countervailing duties and anti-dumping duties were 19.10% and 1.15%, respectively. Based on our current operating parameters, the cash deposits could be as high as \$80 million per year.

For additional information, see Part I, Item 1A, “Risk Factors – Legal and Compliance Risks – We are subject to countervailing and anti-dumping duty orders on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills, which could materially affect our operations and cash flows,” of this Form 10-K, and Note 18, “Commitments and Contingencies – Legal matters – Countervailing duty and anti-dumping investigations of softwood lumber,” to our Consolidated Financial Statements.

Employee Benefit Plans

Pension and OPEB plans

In 2020, we contributed \$91 million to our defined benefit pension plans and \$17 million to our defined contribution pension plans, while recognizing a \$19 million cost in aggregate, before special events. We also made payments of \$11 million to OPEB plans, while recognizing a \$5 million credit to the net periodic benefit cost, before special events.

In December 2020, the pension plan of the Thorold paper mill, which was indefinitely idled in 2017 and sold in 2020, was wound-up following the approval of the pension benefits distribution and assets liquidation. This resulted in the conversion of the buy-in annuity contract to a buy-out contract, and the recognition of a settlement loss of \$28 million in "Non-operating pension and other postretirement benefit credits" in our Consolidated Statements of Operations for the year ended December 31, 2020, and the reduction of both pension plan assets and pension benefit obligations by \$98 million.

For 2021, we expect to make approximately \$102 million of contributions to our defined benefit pension plans, \$17 million to our defined contribution pension plans, and \$12 million to OPEB plans. The expected \$11 million increase in defined benefit pension plan contributions is mainly a result of the substantial drop in discount rates from prior years.

For 2021, we expect to expense approximately \$17 million of defined contribution pension plan costs, with a defined benefit pension cost of \$17 million and a \$6 million credit for our defined benefit OPEB plans. The expected \$15 million increase in pension plan expenses from 2020 is mainly explained by higher amortization of actuarial gains and losses, mostly as a result of the substantial drop in discount rates from prior years.

We fund our pension and OPEB plans as required by applicable laws and regulations; we could, from time to time, make additional contributions.

Canadian pension funding

Quebec plans

The funding of our Quebec pension plans is subject to Quebec's *Supplemental Pension Plans Act* (or, the "SPPA"), which is the pension plan funding regime generally applicable to pension plans in that province. Our contributions to our Quebec plans are determined on a going concern basis under the Quebec's SPPA.

Ontario plans

Since January 1, 2019, all of our Ontario pension plans are subject to the *Ontario Pension Benefits Act* (or, the "PBA"), which is the pension plan funding regime generally applicable to pension plans in that province. The PBA provides for funding pension fund deficits on a going concern basis, or on a solvency basis if the solvency funded status of a pension plan is below 85%.

Funding deficit calculation

The assumptions used to calculate the pension funding deficit are materially different from the assumptions used to determine the net pension obligations for purposes of our Consolidated Financial Statements.

The funding deficit calculation of our Quebec pension plans is subject to Quebec's SPPA, which provides for the funding of pension deficits on a going concern basis. The funding deficit calculation of our Ontario pension plans is subject to Ontario's PBA, which provides for the funding of pension fund deficits on a going concern basis, or on a solvency basis if the solvency funded status of a pension plan is below 85%. Under a going concern basis, the liabilities are calculated on the assumption that the plans will continue to operate indefinitely, and the liabilities are discounted using a rate determined by a model that develops an expected long-term return on assets, based on the asset mix of the plans as of the actuarial valuation date. The liabilities also include a provision for adverse deviation. Under a solvency basis, the liabilities are calculated on the assumption that the plans are terminated at the measurement date, and the liabilities are discounted primarily using a specified annuity purchase rate, which is the spot interest rate on government securities in Canada plus a prescribed margin at the measurement date.

The funding of our U.S. pension plan is governed by the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code, and is also subject to the Moving Ahead for Progress in the 21st Century Act, the Highway and Transportation Funding Act of 2014, and the Bipartisan Budget Act of 2015. Under these regulations, the liabilities are discounted using 25-year average corporate bond rates within a specified corridor. The corridor will be maintained at 10% through 2020, will widen to 15% in 2021, and will widen an additional 5% each year to 30% in 2024 and beyond.

By contrast, for purposes of our Consolidated Financial Statements, the discount rate is determined with a model that develops a hypothetical high-quality bond portfolio, where the bonds are theoretically purchased to settle the expected benefit payments of the plans.

The weighted-average discount rate, funded ratio, and deficit of the pension plans for both accounting and funding purposes for the years ended December 31, 2020 and 2019, were as follows:

<i>(In millions, except percentages)</i>	Accounting December 31,		Funding December 31,	
	2020	2019	2020 ⁽¹⁾	2019 ⁽²⁾
Discount rate	2.5 %	3.0 %	5.1 %	5.6 %
Funded ratio	73 %	74 %	86 %	88 %
Deficit	\$ (1,440)	\$ (1,326)	\$ (629)	\$ (497)

⁽¹⁾ Determined on a going concern basis for Canadian plans, and on a 25-year average interest rate basis for U.S. plans, and assuming actuarial valuations performed for all plans on December 31, 2020.

⁽²⁾ Determined on a going concern basis for Canadian plans, and on a 25-year average interest rate basis for U.S. plans.

Additional undertakings

Our principal Canadian subsidiaries had entered into certain undertakings with the Government of Ontario and Quebec, which expired in 2015 and 2016, respectively. The expiration of those undertakings did not eliminate ongoing obligations we incurred under the terms of those undertakings prior to their expiration, including the undertaking requiring us to make an additional solvency deficit reduction contribution to our pension plans of C\$75, payable over four years, for each metric ton of capacity reduced in Quebec or Ontario, in the event of downtime of more than six consecutive months or nine cumulative months over a period of 18 months. Accordingly, we made additional contributions for past capacity reductions of C\$4 million and C\$2 million in 2019 and 2020, respectively. The 2020 contribution was the last one required to be made in respect of these undertakings.

Partial wind-ups of pension plans

On June 12, 2012, we filed a motion for directives with the Quebec Superior Court, the court with jurisdiction in the creditor protection proceedings under the *Companies' Creditors Arrangement Act* (Canada) (or, the "CCAA Creditor Protection Proceedings"), seeking an order to prevent pension regulators in each of Quebec, New Brunswick, and Newfoundland and Labrador from declaring partial wind-ups of pension plans relating to employees of former operations in New Brunswick and Newfoundland and Labrador, or a declaration that any claim for accelerated reimbursements of deficits arising from a partial wind-up is a barred claim under the CCAA Creditor Protection Proceedings. We contend, among other things, that any such declaration, if issued, would be inconsistent with the Quebec Superior Court's sanction order confirming the CCAA debtors' *CCAA Plan of Reorganization and Compromise*, as amended, and the terms of our emergence from the CCAA Creditor Protection Proceedings. A partial wind-up would likely shorten the period in which any deficit within those plans, which could reach up to C\$150 million (\$118 million), would have to be funded if we do not obtain the relief sought. The hearing in this matter could occur in 2021.

Share Repurchase Program

On March 2, 2020, our board of directors authorized a share repurchase program of up to 15% of our common stock, for an aggregate consideration of up to \$100 million. During the year ended December 31, 2020, we repurchased 6.9 million shares at a cost of \$30 million under this program. During the year ended December 31, 2019, we repurchased 4.8 million shares at a cost of \$24 million under our \$150 million share repurchase program, which was completed in 2019. We did not repurchase any shares during 2018.

Dividends

We declared and paid a special dividend of \$1.50 per share (\$136 million) on our common stock in 2018. We did not declare or pay any dividends on our common stock during the years ended December 31, 2020 and 2019.

Contractual Obligations

As of December 31, 2020, the Company's contractual obligations, including payments due by period, were as follows:

<i>(In millions)</i>	Total	2021	2022-2023	2024-2025	2026 and thereafter
Long-term debt ⁽¹⁾	\$ 656	\$ 28	\$ 419	\$ 10	\$ 199
Non-cancelable operating lease obligations ⁽²⁾	82	12	19	13	38
Purchase obligations ⁽²⁾	202	73	109	4	16
	\$ 940	\$ 113	\$ 547	\$ 27	\$ 253

⁽¹⁾ Long-term debt obligations primarily represent interest payments and the payment of the remaining principal balance at maturity of our 2023 Notes, assuming no prior redemptions. Interest on our credit facility borrowings is assumed to remain unchanged from the rates in effect as of December 31, 2020, assuming no additional borrowings or repayments until maturity. Information on our long-term debt can be found in "Note 15, "Long-Term Debt," to our Consolidated Financial Statements. The 2023 Notes were redeemed subsequent to year-end, see Note 23, "Subsequent Events," to our Consolidated Financial Statements.

⁽²⁾ Information on our operating leases and purchase obligations can be found in Note 12, "Operating Leases" and Note 18, "Commitments and Contingencies – Commitments," to our Consolidated Financial Statements.

The above table excludes the future obligations under our pension and OPEB plans due to the uncertainty in the timing and amount of future payments. Information on our pension and OPEB plans can be found in "Note 16, "Pension and Other Postretirement Benefit Plans," to our Consolidated Financial Statements.

RECENT ACCOUNTING GUIDANCE**New accounting pronouncements adopted in 2020**

See Note 2, "Summary of Significant Accounting Policies – New accounting pronouncements adopted in 2020," to our Consolidated Financial Statements for more information.

Accounting pronouncements not yet adopted as of December 31, 2020

See Note 2, "Summary of Significant Accounting Policies – Accounting pronouncements not yet adopted as of December 31, 2020," to our Consolidated Financial Statements for more information.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires us to make accounting estimates based on assumptions, judgments and projections of future results of operations and cash flows. These estimates and assumptions affect the reported amounts of revenues and expenses during the periods presented and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements.

We base our estimates, assumptions and judgments on a number of factors, including historical experience, recent events, existing conditions, internal budgets and forecasts, projections obtained from industry research firms, and other data that we believe are reasonable under the circumstances. We believe that our accounting estimates are appropriate and that the resulting financial statement amounts are reasonable. Due to the inherent uncertainties in making estimates, actual results could differ materially from these estimates, requiring adjustments to financial statement amounts in future periods.

A summary of our significant accounting policies is disclosed in Note 2, "Summary of Significant Accounting Policies," to our Consolidated Financial Statements. Based upon a review of our significant accounting policies, we believe the following accounting policies require us to make accounting estimates that can significantly affect the results reported in our Consolidated Financial Statements. We have reported the development, selection and disclosures of our critical accounting estimates to the audit committee of our board of directors, and the audit committee has reviewed the disclosures relating to these estimates.

Pension and OPEB obligations

Description of accounts impacted by the accounting estimates

We record pension and OPEB obligations, net of pension plan assets that may be considered material to our financial position. We also record net periodic benefit cost (credit) associated with these net obligations as our employees render service. As of December 31, 2020, we had pension and OPEB obligations aggregating \$5,382 million and accumulated pension plan assets at fair value of \$3,806 million. In 2020, we recorded a net periodic benefit cost of \$15 million.

Judgments and uncertainties involved in the accounting estimates

The following inputs are used to determine our net obligations and our net periodic benefit cost (credit) each year and the determination of these inputs requires judgment:

- discount rate – used to determine the net present value of our pension and OPEB obligations and to determine the interest cost component of our net periodic benefit cost (credit). The discount rate for our domestic and foreign plans was determined with a model that develops a hypothetical high-quality bond portfolio, where the bonds are theoretically purchased to settle the expected benefit payments of the plans. The discount rate reflects the single rate that produces the same discounted values as the value of the theoretical high-quality bond portfolio;
- return on assets – used to estimate the growth in the value of invested assets that are available to satisfy pension benefit obligations and to determine the expected return on plan assets component of our net periodic pension benefit cost (credit). In determining the expected return on assets, we considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio;
- life expectancy rate – used to estimate the impact of life expectancy on our pension and OPEB obligations. In determining the life expectancy rate of our domestic and foreign plans, we used the most recent actuarially-determined mortality tables and improvement scales. For the foreign plans, the mortality tables were adjusted with the result of our historical mortality experience study. The rates used are consistent with our future expectations of life expectancy for the employees who participate in our pension and OPEB plans;
- rate of compensation increase – used to calculate the impact future pay increases will have on our pension obligations. In determining the rate of compensation increase, we reviewed historical salary increases and promotions, while considering current industry conditions, the terms of collective bargaining agreements with our employees and the outlook for our industry; and
- health care cost trend rate – used to calculate the impact of future health care costs on our OPEB obligations. For the health care cost trend rate, we considered historical trends for these costs, as well as recently enacted healthcare legislation.

Effect if actual results differ from assumptions

Variations in assumptions could have a significant effect on the net periodic benefit cost and pension and OPEB obligations reported in our Consolidated Financial Statements. For example, a 25 basis point change in any one of these assumptions would have increased (decreased) our net periodic benefit cost for our pension and OPEB plans and our pension and OPEB obligations as follows:

<i>(In millions)</i>	2020 Net Periodic Benefit Costs		Pension and OPEB Obligations as of December 31, 2020	
	25 Basis Point Increase	25 Basis Point Decrease	25 Basis Point Increase	25 Basis Point Decrease
<u>Assumption:</u>				
Discount rate	\$ —	\$ 1	\$ (128)	\$ 141
Return on assets	\$ (9)	\$ 9	\$ —	\$ —
Rate of compensation increase	\$ —	\$ —	\$ 2	\$ (2)
Health care cost trend rate	\$ —	\$ —	\$ 1	\$ (1)

As of December 31, 2020, the most significant change in our assumptions affecting our pension and OPEB obligations was a decrease in the discount rate to 2.5% from 3.0% as of December 31, 2019, resulting in an actuarial loss of \$285 million and a corresponding increase in our pension and OPEB obligations.

The net periodic benefit cost of our pension plans incorporates an expected return on plan assets and not the actual return on plan assets. The difference between the expected and actual return on plan assets resulted in an actuarial gain of \$15 million in 2020.

These net actuarial losses of \$244 million in 2020, before tax, were recorded in “accumulated other comprehensive loss” and will be amortized into our Consolidated Statements of Operations in future years, including approximately \$77 million in 2021.

Deferred income tax assets

Description of accounts impacted by the accounting estimates

We have net deferred income tax assets of \$915 million recorded in our Consolidated Balance Sheet as of December 31, 2020, all of which is related to our Canadian operations; and a full valuation allowance is recorded against our U.S. net deferred income tax assets. Our net deferred income tax assets are primarily comprised of:

U.S.:

- deferred income tax assets of \$804 million, of which \$544 million is for federal and state net operating loss carryforwards expiring between 2021 and 2040; \$103 million for federal and state net operating loss and deduction limitation carryforwards with no expiry; and \$157 million for other temporary differences, mostly related to pension and OPEB plans;
- deferred income tax liabilities of \$67 million, mostly related to tax accelerated depreciation on fixed assets; and
- a valuation allowance of \$737 million against the net deferred income tax assets, which are not more likely than not to be realized in the future;

Canada:

- deferred income tax assets of \$981 million, comprised of \$195 million related to undeducted research and development expenditures with no expiry; \$78 million for tax credit carryforwards expiring between 2022 and 2040; \$12 million for federal and provincial net operating loss carryforwards expiring between 2028 and 2039; as well as \$696 million for other temporary differences, mostly related to fixed asset undepreciated capital costs with no expiry, as well as pension and OPEB plans;
- deferred income tax liabilities of \$30 million for various temporary differences; and
- a valuation allowance of \$36 million, virtually all of which is related to net capital loss carryforwards with no expiry.

Judgments and uncertainties involved in the accounting estimates

At each reporting period, we assess whether it is more likely than not that the deferred income tax assets will be realized, based on the review of all available positive and negative evidence, including future reversals of existing taxable temporary differences, estimates of future taxable income, past operating results, and prudent and feasible tax planning strategies. The carrying value of our deferred income tax assets reflects our expected ability to generate sufficient future taxable income in certain tax jurisdictions to realize these deferred income tax assets.

Following the assessment of our ability to realize the deferred income tax assets of our U.S. operations, we concluded that existing negative evidence outweighed positive evidence. As a result, we recognized a full valuation allowance against our net U.S. deferred income tax assets. The historical operating losses of our U.S. operations limited our ability to consider other subjective positive evidence. A valuation allowance does not reduce our underlying tax attributes, nor hinders our ability to use them in the future. If, in the future, sufficient objective positive evidence becomes available such that, based on the weight of available evidence, it is determined to be more likely than not that some or all of the deferred income tax assets associated with our U.S. operations can be realized, the valuation allowance will be reduced as appropriate, with the related adjustment being recognized as a decrease to the income tax provision.

The positive evidence for our Canadian operations, which included a review of historical cumulative earnings and our forecasted future earnings, resulted in the conclusion by management that no significant valuation allowances were required for our deferred income tax assets, as they were determined to be more likely than not to be realized.

The Company calculates its income tax provision for the period based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on actual filed income tax returns are recorded when identified.

Tax benefits related to uncertain tax positions are recorded when it is more likely than not, based on the technical merits, that the position will be sustained upon examination by the relevant tax authority. The amount of tax benefit recognized may differ from the amount taken or expected to be taken on a tax return. These differences represent unrecognized tax benefits and are reviewed at each reporting period based on facts, circumstances and other available evidence. We have unrecognized tax benefits of \$28 million as of December 31, 2020. As income tax legislation and regulations are complex and subject to interpretation, our tax positions could be challenged by tax authorities.

Effect if actual results differ from assumptions

Our forecasted future earnings represent important positive evidence in determining the recoverability of our deferred income tax assets. If actual future financial results are not consistent with the assumptions and judgments used, or if additional significant closure-related costs are recorded in future years, we may be required to reduce the carrying value of our net deferred income tax assets by recording additional valuation allowances, resulting in an income tax provision that could be material.

We do not expect a significant change to the amount of unrecognized tax benefits over the next 12 months. However, any adjustments arising from certain ongoing examinations by tax authorities could alter the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions, and these adjustments could differ from the amount accrued.

Long-lived assets

Description of accounts impacted by the accounting estimates

We have long-lived assets recorded in our Consolidated Balance Sheet of \$1,564 million as of December 31, 2020. These long-lived assets include fixed assets, net, amortizable intangible assets, net, and operating lease right-of-use assets. In 2020, we recorded depreciation and amortization of \$169 million and accelerated depreciation charges of \$38 million related to fixed assets and amortizable intangible assets. Depreciation and amortization and accelerated depreciation charges are based on accounting estimates.

The unit of accounting for impairment testing for long-lived assets is its group, see Note 2, “Summary of Significant Accounting Policies – Impairment of long-lived assets,” to our Consolidated Financial Statements. The unit of accounting for the depreciation and amortization of long-lived assets is at a lower level, either as a group of closely-related assets or at an individual asset level. The cost of a long-lived asset is amortized over its estimated remaining useful life, which is subject to change based on events and circumstances or management’s intention for the use of the asset.

Losses related to the impairment of long-lived assets to be held and used are recognized when circumstances indicate the carrying value of an asset group may not be recoverable, such as continuing losses in certain businesses. When indicators that the carrying value of an asset group may not be recoverable are triggered, we evaluate the carrying value of the asset group in relation to its expected undiscounted future cash flows. If the carrying value of an asset group is greater than the expected undiscounted future cash flows to be generated by the asset group, an impairment charge is recognized based on the excess of the asset group’s carrying value over its fair value. If it is determined that the carrying value of an asset group is recoverable, we review and adjust, as necessary, the estimated useful lives of the assets in the group.

Our long-lived asset impairment and accelerated depreciation charges are disclosed in Note 5, “Closure Costs, Impairment and Other Related Charges,” to our Consolidated Financial Statements.

Judgments and uncertainties involved in the accounting estimates

The calculation of depreciation and amortization of long-lived assets requires us to apply judgment in selecting the remaining useful lives of the assets, which must address both physical and economic considerations. The remaining economic life of a long-lived asset is frequently shorter than its physical life. Estimates of future economic conditions for our long-lived assets and therefore, their remaining useful economic lives, require considerable judgment.

Asset impairment for long-lived assets to be held and used is tested at the lowest asset group level having largely independent cash flows. Determining the asset groups for long-lived assets to be held and used requires management’s judgment.

Asset impairment loss calculations require us to apply judgment in estimating asset group fair values and future cash flows, including periods of operation, projections of product pricing, production levels, product costs, market supply and demand, foreign exchange rates, inflation, projected capital spending and, specifically for fixed assets acquired, assigned useful lives, functional obsolescence, asset condition and discount rates. When performing impairment tests, we estimate the fair values of the assets using management’s best assumptions, which we believe would be consistent with the assumptions that a

hypothetical marketplace participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. The assessment of whether an asset group should be classified as held for sale requires us to apply judgment in estimating the probable timing of the sale, and in testing for impairment loss, judgment is required in estimating the net proceeds from the sale.

As a result of operating income observed, the Company performed an impairment test as of November 30, 2020, on one of its long-lived asset groups. The Company performed a Step 1 test which compares the carrying values of the asset group to its estimated future undiscounted cash flows. The undiscounted cash flows exceeded the carrying value of the asset group by a substantial margin, so no impairment was recognized.

Effect if actual results differ from assumptions

If our estimate of the remaining useful life changes, such a change is accounted for prospectively in our determination of depreciation and amortization. Actual depreciation and amortization charges for an individual asset may therefore be significantly accelerated if the outlook for its remaining useful life is shortened considerably.

A number of judgments were made in the determination of our asset groups. If a different conclusion had been reached for any one of those judgments, it could have resulted in the identification of asset groups different from those we actually identified, and consequently, could result in a different conclusion when comparing the expected undiscounted future cash flows or the fair value to the carrying value of the asset group.

Actual asset impairment losses could vary considerably from estimated impairment losses if actual results are not consistent with the assumptions and judgments used in estimating future cash flows and asset fair values. Assets of facilities that are idled have a greater risk of acceleration in depreciation and amortization or additional impairment.

Business Combination

Description of accounts impacted by the accounting estimates

On February 1, 2020, we acquired from Conifex Timber Inc. the U.S. Sawmill Business, which produces construction-grade dimensional lumber and decking products from locally sourced southern yellow pine for distribution within the U.S.

At Acquisition Date, we recognized fixed assets of \$114 million, amortizable intangible assets of \$21 million, goodwill of \$31 million and other assets, net of other liabilities, of \$7 million.

We account for business combinations using the acquisition method as of the date control is transferred to us. Under this approach, identifiable assets acquired and liabilities assumed are recorded at their respective fair values at the date of acquisition. Any amount of the purchase price paid that is in excess of the estimated fair values of net identifiable assets acquired is recorded in "Goodwill" in our Consolidated Balance Sheets. In determining the estimated fair values of identifiable assets acquired and liabilities assumed in a business combination, we use various recognized valuation methods such as income, cost and market approaches. We utilized both the cost and market approaches to value fixed assets, which consider external transactions and other comparable transactions, estimated replacement and reproduction costs, and estimated useful lives and consideration for physical, functional and economic obsolescence. We utilized the income approach to value intangible assets, which considers the present value of the net cash flows expected to be generated by the intangible assets, and excluding cash flows related to contributory assets. Valuations are performed by management or independent valuation specialists under management's supervision, where appropriate.

Judgments and uncertainties involved in the accounting estimates

The judgments made in determining the estimated fair value assigned to the long-lived assets acquired and goodwill, as well as the estimated useful life of the long-lived assets, could impact the net income of the periods subsequent to the acquisition through depreciation and amortization, and in certain instances through impairment charges, if the asset becomes impaired in the future.

At Acquisition Date, we identified amortizable intangible assets primarily related to customer relationships. In determining the estimated fair value for intangible assets, we used the income approach through a multi-period excess earning method. Estimates that are sensitive to the determination of the fair value of acquired customer intangibles include revenue stream and economic life of each customer relationship, growth or attrition of the existing customers, forecasted revenues and operating expenses, contributory asset charges and discount rates, all of which can have a material impact on the estimated fair values of customer relationship intangible assets.

Other significant judgments include the estimated fair value of fixed assets. We utilized both the cost and the market approaches in the estimation of fair value of fixed assets. Estimates that are sensitive to the determination of the fair value of fixed assets include external transactions and other comparable transactions, estimated replacement and reproduction costs, and estimated useful lives and consideration for physical, functional and economic obsolescence.

We believe that the estimated fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions that a marketplace participant would use. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement.

Effect if actual results differ from assumptions

During the measurement period, we have recorded adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Final determination of the estimated fair values of assets acquired or liabilities assumed has been completed and as such, any subsequent adjustments would be recorded in our Consolidated Statements of Comprehensive (loss) income.

SUPPLEMENTAL OBLIGOR GROUP INFORMATION

The following information is presented in accordance with Rule 13-01 of Regulation S-X adopted in 2020, and the public information requirements of Rule 144 promulgated pursuant to the Securities Act of 1933, as amended, in connection to the 2023 Notes issued by Resolute Forest Products Inc. (or, the “Issuer”) and fully guaranteed, on a joint and several basis, by all of our existing and subsequently acquired or organized direct or indirect wholly-owned U.S. subsidiaries that guarantee the ABL Credit Facility as further defined below (or, the “Guarantor Subsidiaries”) (together, the “Obligor Group”). The 2023 Notes are not guaranteed by our foreign subsidiaries (or, the “Non-Guarantor Subsidiaries”). The 2023 Notes were redeemed subsequent to December 31, 2020, and are no longer outstanding, see Note 23, “Subsequent Events,” to our Consolidated Financial Statements.

The following summarized financial information of the Obligor Group is presented on a combined basis, with all intercompany transactions between the Issuer and the Guarantor Subsidiaries eliminated and excluding any earnings from and investments in the Non-Guarantor Subsidiaries. Financial information of the Non-Guarantor Subsidiaries is not included.

Summarized financial information for the year ended December 31, 2020 was as follows:

<i>(In millions)</i>	
Sales ⁽¹⁾	\$ 2,542
Operating loss	\$ (116)
Net loss	\$ (126)

⁽¹⁾ Includes \$41 million of sales to the Non-Guarantor Subsidiaries.

Summarized financial information as of December 31, 2020 was as follows:

<i>(In millions)</i>	
Total current assets	\$ 448
Total long-term assets	\$ 958
Total current liabilities ⁽¹⁾	\$ 800
Total long-term liabilities	\$ 969

⁽¹⁾ Includes accounts payable to the Non-Guarantor Subsidiaries of \$676 million.

The 2023 Notes are unsecured and effectively junior to indebtedness under each of the ABL Credit Facility, the Senior Secured Credit Facility, and the Loan Facility, to the extent of the value of the collateral securing each indebtedness and to future secured indebtedness. In addition, the 2023 Notes are structurally subordinated to all existing and future liabilities of our Non-Guarantor Subsidiaries, including the Loan Facility.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to risks associated with fluctuations in foreign currency exchange rates, prices for the products we manufacture, commodity prices, and credit risk on accounts receivable from our customers.

Foreign Currency Exchange Risk

We compete with producers from around the world, particularly North America, Europe, and South America, in most of our product lines, with the exception of wood products and tissue, where we compete primarily with other North American producers. We sell our products mainly in transactions denominated in U.S. dollars, but we also sell in certain local currencies, including the Canadian dollar, the euro, and the pound sterling. Changes in the relative strength or weakness of these currencies, particularly the U.S. dollar, could affect international trade flows in these products. A stronger U.S. dollar might attract imports, thereby increasing product supply and possibly creating downward pressure on prices. On the other hand, a weaker U.S. dollar might encourage U.S. exports but also increase manufacturing costs in Canadian dollars.

We are particularly sensitive to changes in the value of the Canadian dollar versus the U.S. dollar. The actual impact of these changes depends primarily on the proportion of our production and sales that occur in Canada, the proportion of our financial assets and liabilities denominated in Canadian dollars, and the magnitude, direction and duration of changes in the exchange rate. We expect exchange rate fluctuations to continue to impact costs and revenues, but we cannot predict the magnitude or direction of this effect for any period, and there can be no assurance of any future effects. In 2019 and 2020, the Canadian dollar fluctuated between a low of US\$1.27 in December of 2020 and a high of US\$1.45 in March of 2020. Based on operating projections for 2021, if the Canadian dollar strengthens by one cent against the U.S. dollar, we expect that it will decrease our annual operating income by approximately \$16 million, and *vice versa*.

Furthermore, certain monetary assets and liabilities, including a substantial portion of our net pension and OPEB obligations and our net deferred income tax assets, are denominated in Canadian dollars. As a result, our earnings can be subject to the potentially significant effect of foreign exchange gains or losses in respect of these Canadian dollar net monetary items. A fluctuation of the Canadian dollar against the U.S. dollar in any given period would generally cause a foreign exchange gain or loss.

Product Price Risk

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 products. In general, our products, other than tissue, are commodities that are widely available from other producers; because these products have few distinguishing qualities from producer to producer, competition is based primarily on price, which is determined by supply relative to demand. The overall levels of demand for the products we manufacture, and consequently our sales and profitability, reflect fluctuations in end user demand. The demand for some of our products has weakened significantly over the past decade. For example, over the 10 years ended December 31, 2020, according to industry statistics, North American newsprint demand fell by 69%. This trend, which similarly affects our specialty paper, is expected to continue as a result of developments in non-print media, lower North American newspaper circulation, weaker paper-based advertising, grade substitution and conservation measures taken by publishers and retailers. Without change in capacity, the lower demand in relation to supply can cause downward pressure on price.

In the table below, we show the impact of a \$25 change to the average transaction price per unit of our products, other than tissue, based on our operating configuration as of December 31, 2020. This presentation measures only the impact of pricing and items directly related to price, and assumes that every other factor is held constant.

PRODUCT		Projected change in annualized operating income (\$ millions) based on \$25 change in price per unit
Market pulp	\$ / metric ton	29
Wood products	\$ / thousand board feet	48
Paper	\$ / metric ton	38

Commodity Price Risk

We purchase significant amounts of wood fiber, chemicals, and energy to supply our manufacturing facilities. These raw materials are market-priced commodities and as such, are subject to fluctuations in prices. Increases in the prices of these commodities will tend to reduce our reported earnings and decreases will tend to increase our reported earnings. From time to time, we may enter into contracts aimed at securing a stable source of supply for these commodities. These contracts typically require us to pay the market price at the time of purchase. Thus, under these contracts, we generally remain subject to market fluctuations in commodity prices.

Credit Risk

We are exposed to credit risk on the accounts receivable from our customers. In order to manage our credit risk, we have adopted policies, which include the analysis of the financial position of our customers and the regular review of their credit limits. The credit limits are dynamically reviewed based on fluctuations in the customers' financial results and payment behavior. These customer credit limits are critical inputs in determining the conditions under which credit is extended to customers to reduce exposure to losses. We also subscribe to credit insurance and, in some cases, require bank letters of credit. Our customers are mainly in the business of newspaper publishing, advertising, printing, paper converting, consumer products, as well as lumber wholesale and retail.

[Table of Contents](#)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

	Page
Consolidated Statements of Operations for the Years Ended December 31, 2020, 2019 and 2018	68
Consolidated Statements of Comprehensive (Loss) Income for the Years Ended December 31, 2020, 2019, and 2018	69
Consolidated Balance Sheets as of December 31, 2020 and 2019	70
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2020, 2019 and 2018	71
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018	72
Notes to Consolidated Financial Statements	73
Report of Independent Registered Public Accounting Firm	112
Management’s Report on Financial Statements and Assessment of Internal Control over Financial Reporting	115

RESOLUTE FOREST PRODUCTS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions of U.S. dollars, except per share amounts)

	Years Ended December 31,		
	2020	2019	2018
Sales	\$ 2,800	\$ 2,923	\$ 3,756
Costs and expenses:			
Cost of sales, excluding depreciation, amortization and distribution costs	2,010	2,198	2,549
Depreciation and amortization	169	167	212
Distribution costs	344	389	475
Selling, general and administrative expenses	136	136	165
Closure costs, impairment and other related charges	53	18	121
Net gain on disposition of assets	(11)	(2)	(145)
Operating income	99	17	379
Interest expense	(34)	(31)	(47)
Non-operating pension and other postretirement benefit credits	—	47	50
Other (expense) income, net	(4)	(22)	5
Income before income taxes	61	11	387
Income tax provision	(51)	(58)	(152)
Net income (loss) including noncontrolling interest	10	(47)	235
Net income attributable to noncontrolling interest	—	—	—
Net income (loss) attributable to Resolute Forest Products Inc.	\$ 10	\$ (47)	\$ 235
Net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders:			
Basic	\$ 0.12	\$ (0.51)	\$ 2.57
Diluted	\$ 0.12	\$ (0.51)	\$ 2.52
Weighted-average number of Resolute Forest Products Inc. common shares outstanding:			
Basic	86.1	91.4	91.3
Diluted	86.4	91.4	93.3

See accompanying notes to Consolidated Financial Statements.

RESOLUTE FOREST PRODUCTS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In millions of U.S. dollars)

	Years Ended December 31,		
	2020	2019	2018
Net income (loss) including noncontrolling interest	\$ 10	\$ (47)	\$ 235
Other comprehensive loss:			
Unamortized prior service costs			
Change in unamortized prior service costs	(17)	(12)	(25)
Income tax benefit	—	—	1
Change in unamortized prior service costs, net of tax	(17)	(12)	(24)
Unamortized actuarial losses			
Change in unamortized actuarial losses	(156)	(273)	(194)
Income tax benefit	38	55	51
Change in unamortized actuarial losses, net of tax	(118)	(218)	(143)
Foreign currency translation	—	1	(1)
Other comprehensive loss, net of tax	(135)	(229)	(168)
Comprehensive (loss) income including noncontrolling interest	(125)	(276)	67
Comprehensive loss attributable to noncontrolling interest	—	—	—
Comprehensive (loss) income attributable to Resolute Forest Products Inc.	\$ (125)	\$ (276)	\$ 67

See accompanying notes to Consolidated Financial Statements.

RESOLUTE FOREST PRODUCTS INC.
CONSOLIDATED BALANCE SHEETS
(In millions of U.S. dollars, except per share amount)

	December 31, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 113	\$ 3
Accounts receivable, net:		
Trade	230	273
Other	48	76
Inventories, net	462	522
Other current assets	47	33
Total current assets	900	907
Fixed assets, net	1,441	1,459
Amortizable intangible assets, net	63	48
Goodwill	31	—
Deferred income tax assets	915	915
Operating lease right-of-use assets	60	61
Other assets	320	236
Total assets	\$ 3,730	\$ 3,626
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 369	\$ 342
Current portion of long-term debt	2	1
Current portion of operating lease liabilities	9	8
Total current liabilities	380	351
Long-term debt, net of current portion	559	448
Pension and other postretirement benefit obligations	1,562	1,460
Operating lease liabilities, net of current portion	55	57
Other liabilities	92	75
Total liabilities	2,648	2,391
Commitments and contingencies		
Equity:		
Resolute Forest Products Inc. shareholders' equity:		
Common stock, \$0.001 par value. 120.6 million shares issued and 80.8 million shares outstanding as of December 31, 2020; 119.5 million shares issued and 86.7 million shares outstanding as of December 31, 2019	—	—
Additional paid-in capital	3,804	3,802
Deficit	(1,235)	(1,245)
Accumulated other comprehensive loss	(1,314)	(1,179)
Treasury stock at cost, 39.8 million shares and 32.8 million shares as of December 31, 2020 and 2019, respectively	(174)	(144)
Total Resolute Forest Products Inc. shareholders' equity	1,081	1,234
Noncontrolling interest	1	1
Total equity	1,082	1,235
Total liabilities and equity	\$ 3,730	\$ 3,626

See accompanying notes to Consolidated Financial Statements.

RESOLUTE FOREST PRODUCTS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In millions of U.S. dollars)

	Resolute Forest Products Inc. Shareholders' Equity						Non-controlling Interests	Total Equity
	Common Stock	Additional Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity		
Balance as of December 31, 2017	\$ —	\$ 3,793	\$ (1,294)	\$ (780)	\$ (120)	\$ 1	\$ 1,600	
Share-based compensation, net of withholding taxes	—	6	—	—	—	—	6	
Net income	—	—	235	—	—	—	235	
Special dividend	—	3	(141)	—	—	—	(138)	
Reclassification of stranded income tax	—	—	2	(2)	—	—	—	
Stock unit awards vested (0.6 million shares), net of shares forfeited for employee withholding taxes (Note 20)	—	—	—	—	—	—	—	
Other comprehensive loss, net of tax	—	—	—	(168)	—	—	(168)	
Balance as of December 31, 2018	—	3,802	(1,198)	(950)	(120)	1	1,535	
Net loss	—	—	(47)	—	—	—	(47)	
Purchase of treasury stock (4.8 million shares) (Note 19)	—	—	—	—	(24)	—	(24)	
Stock unit awards vested (0.7 million shares), net of shares forfeited for employee withholding taxes (Note 20)	—	—	—	—	—	—	—	
Other comprehensive loss, net of tax	—	—	—	(229)	—	—	(229)	
Balance as of December 31, 2019	—	3,802	(1,245)	(1,179)	(144)	1	1,235	
Share-based compensation, net of withholding taxes	—	2	—	—	—	—	2	
Net income	—	—	10	—	—	—	10	
Purchases of treasury stock (6.9 million shares) (Note 19)	—	—	—	—	(30)	—	(30)	
Stock unit awards vested (1.0 million shares), net of shares forfeited for employee withholding taxes (Note 20)	—	—	—	—	—	—	—	
Other comprehensive loss, net of tax	—	—	—	(135)	—	—	(135)	
Balance as of December 31, 2020	\$ —	\$ 3,804	\$ (1,235)	\$ (1,314)	\$ (174)	\$ 1	\$ 1,082	

See accompanying notes to Consolidated Financial Statements.

RESOLUTE FOREST PRODUCTS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions of U.S. dollars)

	Years Ended December 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net income (loss) including noncontrolling interest	\$ 10	\$ (47)	\$ 235
Adjustments to reconcile net income (loss) including noncontrolling interest to net cash provided by operating activities:			
Share-based compensation	5	4	12
Depreciation and amortization	169	167	212
Closure costs, impairment and other related charges	39	8	120
Inventory write-downs related to closures	25	13	(1)
Deferred income taxes	51	58	164
Net pension contributions and other postretirement benefit payments	(87)	(125)	(144)
Net gain on disposition of assets	(11)	(2)	(145)
(Gain) loss on translation of foreign currency denominated deferred income taxes	(15)	(42)	75
Loss (gain) on translation of foreign currency denominated pension and other postretirement benefit obligations	17	43	(63)
Net planned major maintenance amortization (payments)	6	13	(20)
Changes in working capital:			
Accounts receivable	80	88	(19)
Inventories	44	(27)	(46)
Other current assets	(12)	—	1
Accounts payable and accrued liabilities	16	(82)	38
Other, net	(3)	16	16
Net cash provided by operating activities	334	85	435
Cash flows from investing activities:			
Cash invested in fixed assets	(78)	(113)	(155)
Acquisition of business, net of cash acquired	(172)	—	—
Disposition of assets	14	3	336
Decrease in countervailing duty cash deposits on supercalendered paper, net	—	1	48
Increase in countervailing and anti-dumping duty cash deposits on softwood lumber	(81)	(59)	(77)
Decrease (increase) in countervailing duty cash deposits on uncoated groundwood paper	—	6	(6)
Proceeds from insurance settlement	15	—	—
Other investing activities, net	5	—	—
Net cash (used in) provided by investing activities	(297)	(162)	146
Cash flows from financing activities:			
Net (repayments) borrowings under revolving credit facilities	(71)	71	(144)
Payment of special dividend	—	—	(136)
Proceeds from long-term debt	180	—	—
Repayments of debt	(1)	(271)	—
Purchases of treasury stock	(30)	(24)	—
Payments of financing and credit facility fees	—	(4)	(1)
Net cash provided by (used in) financing activities	78	(228)	(281)
Effect of exchange rate changes on cash and cash equivalents, and restricted cash	2	2	(4)
Net increase (decrease) in cash and cash equivalents, and restricted cash	\$ 117	\$ (303)	\$ 296
Cash and cash equivalents, and restricted cash:			
Beginning of year	\$ 42	\$ 345	\$ 49
End of year	\$ 159	\$ 42	\$ 345
Cash and cash equivalents, and restricted cash at year end:			
Cash and cash equivalents	\$ 113	\$ 3	\$ 304
Restricted cash (included in "Other current assets")	\$ 4	\$ —	\$ —
Restricted cash (included in "Other assets")	\$ 42	\$ 39	\$ 41
Supplemental disclosures of cash flow information:			
Cash paid (received) during the year for:			
Interest, including capitalized interest of \$1, \$0 and \$1 in 2020, 2019 and 2018, respectively	\$ 32	\$ 26	\$ 40
Income taxes	\$ (1)	\$ (11)	\$ (1)

See accompanying notes to Consolidated Financial Statements.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 1. Organization and Basis of Presentation

Nature of operations

Resolute Forest Products Inc. (with its subsidiaries, either individually or collectively, unless otherwise indicated, referred to as “Resolute Forest Products,” “we,” “our,” “us,” “Parent,” or the “Company”) is incorporated in Delaware. We are a global leader in the forest products industry with a diverse range of products, including market pulp, tissue, wood products, and paper, which are marketed in over 50 countries. We own or operate some 40 facilities, as well as power generation assets, in the U.S. and Canada.

Financial statements

We have prepared our consolidated financial statements and the accompanying notes (or, the “*Consolidated Financial Statements*”) in accordance with U.S. generally accepted accounting principles (or, “GAAP”). All amounts are expressed in U.S. dollars, unless otherwise indicated. Certain prior period amounts in the accompanying notes to our Consolidated Financial Statements have been reclassified to conform to the 2020 presentation.

Consolidation

Our Consolidated Financial Statements include the accounts of Resolute Forest Products Inc. and its subsidiaries. All transactions and balances between these companies have been eliminated. All consolidated subsidiaries are wholly-owned as of December 31, 2020, with the exception of the following:

Consolidated Subsidiary	Resolute Forest Products Ownership	Partner	Partner Ownership
Forest Products Mauricie L.P.	93.2%	Coopérative Forestière du Haut Saint-Maurice	6.8%

Equity method investments

We account for our investments in companies where we have significant influence or joint control, using the equity method of accounting.

Note 2. Summary of Significant Accounting Policies

Use of estimates

In preparing our Consolidated Financial Statements in accordance with GAAP, management is required to make accounting estimates based on assumptions, judgments, and projections of future results of operations and cash flows. These estimates and assumptions affect the reported amounts of revenues and expenses during the periods presented, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as of the date of the financial statements. The most critical estimates relate to the assumptions underlying the benefit obligations of our pension and other postretirement benefit (or, “OPEB”) plans, the recoverability of deferred income tax assets, the carrying values of our long-lived assets, and the fair value estimates of the assets acquired and liabilities assumed in a business combination, including goodwill. Estimates, assumptions, and judgments are based on a number of factors, including historical experience, recent events, existing conditions, internal budgets and forecasts, projections obtained from industry research firms, and other data that management believes are reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions.

The uncertainties around the novel coronavirus (or, “COVID-19”) pandemic required the use of judgments and estimates that resulted in no significant impacts to our Consolidated Financial Statements as of and for the year ended December 31, 2020, except as disclosed in Note 5, “Closure Costs, Impairment and Other Related Charges” and Note 9, “Inventories, Net.” The future impact of the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustment to the carrying amounts of deferred income tax assets and long-lived assets.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Business combination

We account for business combinations using the acquisition method as of the date control is transferred to us. Under this approach, identifiable assets acquired and liabilities assumed are recorded at their respective fair values at the date of acquisition. Any amount of the purchase price paid that is in excess of the estimated fair values of net identifiable assets acquired is recorded in “Goodwill” in our Consolidated Balance Sheets. In determining the estimated fair values of identifiable assets acquired and liabilities assumed in a business combination, we use various recognized valuation methods such as present value modeling and referenced market values (where available). Valuations are performed by management or independent valuation specialists under management’s supervision, where appropriate. Transaction costs are expensed as incurred in our Consolidated Statements of Operations.

Cash and cash equivalents, and restricted cash

Cash and cash equivalents generally consist of direct obligations of the U.S. and Canadian governments and their agencies, demand deposits, and other short-term, highly liquid securities with a maturity of three months or less from the date of purchase. Restricted cash consists primarily of deposits held as collateral for letters of credit.

Accounts receivable

Accounts receivable are recorded at cost, net of an allowance for expected credit losses.

Accounts receivable are subject to impairment review that is based on the aging method. Impairment is calculated based on how long a receivable has been outstanding. The Company estimates expected credit losses by considering historical credit loss experience (based on days past due), current conditions, and forward-looking factors specific to the customers and the economic environment.

We also consider if we are no longer doing business with the customer, and any other factors that may affect collectability from customers with significant outstanding balances. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories

Inventories are stated at the lower of cost or net realizable value using the average cost method. Cost includes labor, materials and production overhead, which is based on the normal capacity of our production facilities. Unallocated overhead, including production overhead associated with abnormal production levels, is recognized in “Cost of sales, excluding depreciation, amortization and distribution costs” in our Consolidated Statements of Operations when incurred.

Assets held for sale

Assets held for sale are carried in our Consolidated Balance Sheets at the lower of carrying value or fair value less costs to sell. We cease recording depreciation and amortization when assets are classified as held for sale.

Fixed assets

Fixed assets acquired, including internal-use software, are stated at acquisition cost less accumulated depreciation and impairment. The cost of the fixed assets is reduced by any investment tax credits or government capital grants earned. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. We capitalize interest on borrowings during the construction period of major capital projects as part of the related asset and amortize the capitalized interest in “Depreciation and amortization” in our Consolidated Statements of Operations over the related asset’s remaining useful life. Planned major maintenance costs are recorded using the deferral method, whereby the costs of each planned major maintenance activity are capitalized to “Other current assets” or “Other assets” in our Consolidated Balance Sheets, and amortized to “Cost of sales, excluding depreciation, amortization and distribution costs” in our Consolidated Statements of Operations on a straight-line basis over the estimated period until the next planned major maintenance activity. All other routine repair and maintenance costs are expensed as incurred.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Amortizable intangible assets

Amortizable intangible assets are stated at acquisition cost less accumulated amortization and impairment. Amortization is provided on a straight-line basis over the estimated useful lives of the assets.

Impairment of long-lived assets

The unit of accounting for impairment testing for fixed assets, net, amortizable intangible assets, net, and operating lease right-of-use assets (collectively, “long-lived assets”) is its group, which includes long-lived assets and liabilities directly related to those assets (herein defined as “asset group”). For asset groups that are held and used, that group represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other asset groups. For asset groups that are to be disposed of by sale or otherwise, that group represents assets to be disposed of together as a group in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value of an asset group may no longer be recoverable. The recoverability of an asset group that is held and used is tested by comparing the carrying value of the asset group to the sum of the estimated undiscounted future cash flows expected to be generated by that asset group. In estimating the undiscounted future cash flows, we use projections of cash flows directly associated with, and which are expected to arise as a direct result of, the use and eventual disposition of the asset group. If there are multiple plausible scenarios for the use and eventual disposition of an asset group, we assess the likelihood of each scenario occurring in order to determine a probability-weighted estimate of the undiscounted future cash flows. The principal assumptions include periods of operation, projections of product pricing, production levels and sales volumes, product costs, market supply and demand, foreign exchange rates, inflation, and projected capital spending. Changes in any of these assumptions could have a material effect on the estimated undiscounted future cash flows expected to be generated by the asset group. If it is determined that an asset group is not recoverable, an impairment loss is recognized in the amount that the asset group’s carrying value exceeds its fair value. The fair value of a long-lived asset group is determined in accordance with our accounting policy for fair value measurements, as discussed below. If it is determined that the carrying value of an asset group is recoverable, we review and adjust, as necessary, the estimated useful lives of the assets in the group.

Long-lived assets to be disposed of other than by sale are classified as held and used until the asset group is disposed of or use of the asset group has ceased.

Goodwill

Goodwill is not amortized and is tested for impairment every year at the end of November, or more frequently if events or changes in circumstances indicate a potential impairment loss. The impairment test of goodwill is performed at the reporting unit’s level.

We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount including goodwill. In performing the qualitative assessment, we identify the relevant drivers of fair value of a reporting unit and the relevant events and circumstances that may have an impact on those drivers of fair value. This process involves significant judgment and assumptions including the assessment of the results of the most recent fair value calculations, the identification of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, specific events affecting us and the business, and making the assessment on whether each relevant factor will impact the impairment test positively or negatively, and the magnitude of any such impact. If the qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, then a quantitative impairment test is performed. We can also elect to bypass the qualitative assessment and proceed directly to the quantitative impairment test.

The quantitative impairment test consists of comparing the fair value of a reporting unit to its carrying amount, including goodwill. Significant judgment is required to estimate the fair value of a reporting unit.

We determine the fair value of a reporting unit by using the income method. Under this method, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows. The assumptions used in the model requires estimating future sales volumes, selling prices and costs, changes in working capital, investments in fixed assets, and the selection of the appropriate discount rate. The assumptions used are consistent with internal projections and operating plans. Unanticipated market and macroeconomic events and circumstances may occur and could affect the exactitude and validity of management assumptions and estimates. Sensitivities of these fair value estimates to changes in assumptions are also performed.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

In the event that the net carrying amount of the reporting unit exceeds its fair value, an impairment charge is recognized for the amount by which the reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill in that reporting unit.

Goodwill is assigned to the wood segment for the purposes of impairment testing.

We elected the optional qualitative assessment for our 2020 annual goodwill impairment test. We concluded that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount. As a result, no impairment was recognized.

Leases

We engage in short and long-term leases for building, machinery, chemical equipment, rail cars and office equipment. We determine if a contract contains a lease at inception. Leases are classified as either operating leases or finance leases. Operating leases are included in "Operating lease right-of-use assets," "Current portion of operating lease liabilities," and "Operating lease liabilities, net of current portion," whereas finance leases are included in "Fixed assets, net," "Current portion of long-term debt," and "Long-term debt, net of current portion" in our Consolidated Balance Sheets. Leases with a term of 12 months or less are not recorded in our Consolidated Balance Sheets, and are expensed over the term of the lease in our Consolidated Statements of Operations.

Operating and finance lease right-of-use assets and the related liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. Renewal and termination options are included in our lease terms when it is reasonably certain that they will be exercised. In determining the present value of lease payments, we use the implicit rate when readily determinable, or our estimated incremental borrowing rate, which is based on information available at the lease commencement date. Lease payments are expensed in our Consolidated Statements of Operations on a straight-line basis over the term of the lease.

For buildings, we account for the lease and non-lease components as a single lease component. For all other contracts, we account for the lease and non-lease components separately.

Income taxes

We use the asset and liability approach in accounting for income taxes. Under this approach, deferred income tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the carrying amounts in our Consolidated Financial Statements of existing assets and liabilities and their respective tax bases. This approach also requires the recording of deferred income tax assets related to operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates applicable when temporary differences and carryforwards are expected to be recovered or settled.

We account for global intangible low-taxed income (or, "GILTI") as a period cost, if and when incurred, and apply the tax law ordering approach to assess the impact of GILTI on the realizability of net operating loss carryforwards.

We have not provided for the additional U.S. and foreign income taxes that could become payable upon remittance of undistributed earnings of our foreign subsidiaries, as we have specific plans for the reinvestment of such earnings.

Valuation allowances are recognized to reduce deferred income tax assets to the amount that is more likely than not to be realized. In assessing the likelihood of realization, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, estimates of future taxable income, past operating results, and prudent and feasible tax planning strategies.

Tax benefits related to uncertain tax positions are recorded when it is more likely than not, based on technical merits, that the position will be sustained upon examination by the relevant taxing authorities. The amount of tax benefit recognized may differ from the amount taken or expected to be taken on a tax return. These differences represent unrecognized tax benefits and are reviewed at each reporting period based on facts, circumstances and available evidence. We recognize accrued interest and penalties related to unrecognized tax benefits as a component of the income tax provision.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Environmental costs

We expense environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. These costs are included in “Cost of sales, excluding depreciation, amortization and distribution costs” in our Consolidated Statements of Operations. Expenditures that extend the life of the related property are capitalized. We determine our liability on a site-by-site basis and record a liability at the time it is probable and can be reasonably estimated. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are discounted to their present value when the amount and timing of expected cash payments are reliably determinable.

Pension and OPEB plans

For each defined benefit pension and OPEB plan, a liability is recognized for a plan’s under-funded status, net of the fair value of plan assets, and an asset is recognized for a plan’s over-funded status, net of the plan’s obligations. Changes in the funding status that have not been recognized in our net periodic benefit cost are reflected as an adjustment to our “Accumulated other comprehensive loss” in our Consolidated Balance Sheets. We recognize net periodic benefit cost or credit as employees render the services necessary to earn the pension and OPEB. The service cost component of net periodic pension and OPEB cost or credit is recorded in operating expenses (together with other employee compensation costs arising during the period). The other components of the net periodic pension and OPEB cost or credit (or, “*non-operating pension and OPEB credits*”) are reported separately outside any subtotal of operating income. Amounts we contribute to our defined contribution plans are expensed as incurred.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date, and is based on any principal market for the specific asset or liability. We consider the risk of non-performance of the obligor, which in some cases reflects our own credit risk, in determining fair value. We categorize assets and liabilities measured at fair value (other than those measured at net asset value, or “NAV,” per share, or its equivalent) into one of three different levels depending on the observability of the inputs employed in the measurement. This fair value hierarchy is as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets and liabilities.
- Level 2 - Valuations based on observable inputs, other than Level 1 prices, such as quoted interest or currency exchange rates.
- Level 3 - Valuations based on significant unobservable inputs that are supported by little or no market activity, such as discounted cash flow methodologies based on internal cash flow forecasts.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used in the determination of fair value of our assets and liabilities, when required, maximize the use of observable inputs and minimize the use of unobservable inputs.

Share-based compensation

We recognize the cost of our share-based compensation over the requisite service period using the straight-line attribution approach, based on the grant date fair value for equity-based awards, and based on the fair value at the end of each reporting period for liability-based awards. The requisite service period is reduced for those employees who are retirement eligible at the date of the grant or who will become retirement eligible during the vesting period and who will be entitled to continue vesting in their entire award upon retirement.

Our stock incentive awards (as defined in Note 20, “Share-Based Compensation”) may be subject to market, performance and/or service conditions. For equity-based awards, the fair value of stock options is determined using a Black-Scholes option pricing formula, and the fair value of restricted stock units (or, “RSUs”), deferred stock units (or, “DSUs”) and performance stock units (or, “PSUs”) is determined based on the market price of a share of our common stock on the grant date. Liability-based awards, consisting of RSUs, DSUs, and PSUs, are initially measured based on the market price of a share of our common stock on the grant date and remeasured at the end of each reporting period, until settlement. Certain PSUs have a market condition considered in the determination of the fair value of the award, such that the ultimate number of units that vest will be

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

determined in part by total shareholder return relative to a group of peer companies. The fair value of those PSUs is determined using a Monte Carlo simulation model.

We estimate forfeitures of stock incentive awards and performance adjustments for our PSUs based on historical experience and forecasts, and recognize compensation cost only for those awards expected to vest. Estimated forfeitures and performance adjustments are updated to reflect new information or actual experience, as it becomes available.

Revenue recognition

Revenue arises from contracts with customers in which the sale of goods is the main performance obligation. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied, which is when (point in time) or as (over time) control of the promised good or service is transferred to the customer.

Revenue is measured at the amount to which we are expected to be entitled in exchange for transferring goods based on consideration specified in the contract with the customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that we collect from the customer, are excluded from revenue. When a contract with a customer includes variable consideration such as special pricing agreements and other volume-based incentives, revenue is recognized at the most likely amount based on sales forecasts, for which it is probable that a revenue reversal will not subsequently occur.

Revenue is recorded at a point in time when control over the goods transfers to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts with customers. Pulp, tissue, paper and wood products are delivered to our customers in the U.S. and Canada directly from our mills primarily by truck or rail. Pulp and paper products are delivered to our international customers primarily by ship. For sales where control transfers to the customer at the shipping point, revenue is recorded when the product leaves the facility, whereas for sales where control transfers at the destination, revenue is recorded when the product is delivered to the customer's delivery site.

Sales of our other products (green power produced from renewable sources and wood-related products) are recognized when the products are delivered and are included in "Cost of sales, excluding depreciation, amortization and distribution costs" in our Consolidated Statements of Operations.

Distribution costs

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in "Distribution costs" in our Consolidated Statements of Operations.

Translation

The functional currency of the majority of our operations is the U.S. dollar. Non-monetary assets and liabilities denominated in foreign currencies of these operations and the related income and expense items such as depreciation and amortization are remeasured into U.S. dollars using historical exchange rates. Remaining assets and liabilities are remeasured into U.S. dollars using the exchange rate as of the balance sheet date. Remaining income and expense items are remeasured into U.S. dollars using a daily or monthly average exchange rate for the period. Gains and losses from foreign currency transactions and from remeasurement of the balance sheet items are reported in "Other (expense) income, net" in our Consolidated Statements of Operations.

The functional currency of our other operations is their local currency. Assets and liabilities of these operations are translated into U.S. dollars at the exchange rate in effect as of the balance sheet date. Income and expense items are translated using a daily or monthly average exchange rate for the period. The resulting translation gains or losses are recognized as a component of equity in "Accumulated other comprehensive loss."

Derivatives financial instruments

We regularly enter into derivative financial instruments to manage our commodities price risk. These derivative instruments are not designated as hedging instruments and are recorded as either other assets or other liabilities at fair value in our Consolidated Balance Sheets. Changes in fair value are recognized in "Other (expenses) income, net" in our Consolidated Statements of Operations.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Net income (loss) per share

We calculate basic net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders by dividing our net income (loss) by the basic weighted-average number of outstanding common shares. We calculate diluted net income per share attributable to Resolute Forest Products Inc. common shareholders by dividing our net income by the basic weighted-average number of outstanding common shares, as adjusted for dilutive potential common shares using the treasury-stock method. To calculate diluted net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders, securities that could have potentially dilutive effect on the weighted average number of outstanding common shares include all or a portion of outstanding stock options, RSUs, DSUs and PSUs.

New accounting pronouncements adopted in 2020

ASU 2016-13 “Measurement of Credit Losses on Financial Instruments”

Effective January 1, 2020, we adopted on a modified retrospective basis Accounting Standards Update (or, “ASU”) 2016-13, “Measurement of Credit Losses on Financial Instruments,” issued by the Financial Accounting Standards Board (or, the “FASB”) in 2016 and amended in 2018 by ASU 2018-19, “Codification Improvements to Topic 326, Financial Instruments – Credit Losses,” which introduces the current expected credit losses model in the estimation of credit losses on financial instruments. The adoption of this new accounting guidance did not impact the opening deficit balance as of January 1, 2020. As a result of the adoption of ASU 2016-13, our accounts receivable accounting policy was updated accordingly.

ASU 2018-13 “Fair Value Measurement (Topic 820): Disclosure Framework–Changes to the Disclosure Requirements for Fair Value Measurement”

Effective January 1, 2020, we adopted ASU 2018-13 “Fair Value Measurement (Topic 820): Disclosure Framework–Changes to the Disclosure Requirements for Fair Value Measurement” issued by the FASB in 2018. The adoption of this accounting guidance did not impact our Consolidated Financial Statements and disclosures.

ASU 2018-15 “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract”

Effective January 1, 2020, we adopted ASU 2018-15, “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,” issued by the FASB in 2018, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The adoption of this accounting guidance did not materially impact our results of operations or financial position.

Accounting pronouncements not yet adopted as of December 31, 2020

ASU 2019-12 “Simplifying the Accounting for Income Taxes”

In December 2019, the FASB issued ASU 2019-12, “Simplifying the Accounting for Income Taxes,” which removes the specific exceptions to the general principles in ASC 740, “Income Taxes,” and clarifies certain aspects of the existing guidance. This update is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years, with early adoption being permitted as of the beginning of an interim or annual reporting period. All amendments to this ASU must be adopted in the same period on a prospective basis, with certain exceptions. We do not expect this accounting guidance to materially impact our results of operations or financial position.

ASU 2020-04 “Reference Rate Reform”

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform,” which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. This update provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate or another reference rate expected to be discontinued because of reference rate reform. This update is effective as of March 12, 2020, through December 31, 2022. We are currently evaluating this accounting guidance and have not elected an adoption date. We do not expect this accounting guidance to materially impact our results of operations or financial position.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 3. Business Acquisition

On February 1, 2020 (or, the “Acquisition Date”), we acquired from Conifex Timber Inc. all of the equity securities and membership interests in certain of its subsidiaries, the business of which consists mainly in the operation of three sawmills and related assets in Cross City (Florida) and in Glenwood and El Dorado (Arkansas) (or, the “U.S. Sawmill Business”). The U.S. Sawmill Business acquired produces construction-grade dimensional lumber and decking products from locally sourced southern yellow pine for distribution within the U.S. This acquisition diversified our lumber production, and increased our operating capacity in the U.S. South.

The fair value of the consideration, paid in cash, for the U.S. Sawmill Business acquired is \$173 million. The acquisition is structured as an asset purchase for tax purposes, but treated as a business combination for accounting purposes.

The following table summarizes our final allocation of the purchase price to the fair values of assets acquired and liabilities assumed at the Acquisition Date:

<i>(In millions)</i>	
Current assets ⁽¹⁾	\$ 19
Fixed assets	114
Amortizable intangible assets ⁽²⁾	21
Operating lease right-of-use assets	2
Goodwill ⁽³⁾	31
Total assets acquired and goodwill	\$ 187
Current liabilities	\$ 11
Long-term debt, net of current portion	2
Operating lease liabilities, net of current portion	1
Total liabilities assumed	\$ 14
Net assets acquired	\$ 173
Fair value of consideration transferred	\$ 173

⁽¹⁾ Includes cash and cash equivalents of \$1 million.

⁽²⁾ Amortizable intangible assets identified relate to customer relationships, which have a weighted-average useful life of 10 years. The fair value of the customer relationships was determined using the income approach through an excess earnings analysis discounted at a rate of 12.6%.

⁽³⁾ Goodwill represents the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized and is mostly attributable to the U.S. Sawmill Business’s assembled workforce and synergies expected from combining our operations with the U.S. Sawmill Business. Goodwill is deductible for tax purposes.

The allocation of the purchase price was based on management’s estimate of the fair values of the acquired identifiable assets and assumed liabilities using valuation techniques including income, cost and market approaches (Level 3). We utilized both the cost and market approaches to value fixed assets, which consider external transactions and other comparable transactions, estimated replacement and reproduction costs, and estimated useful lives and consideration for physical, functional and economic obsolescence. We utilized the income approach to value intangible assets, which considers the present value of the net cash flows expected to be generated by the intangible assets, and excluding cash flows related to contributory assets.

From the Acquisition Date to the year ended December 31, 2020, our consolidated financial results included sales of \$137 million and net income of \$43 million attributable to the U.S. Sawmill Business. The U.S. Sawmill Business results of operations are included in the wood products segment, except for the El Dorado sawmill, which was idled at the time of the acquisition, and has been restarted in the fourth quarter of 2020. In connection with the acquisition of the U.S. Sawmill Business, we also recognized transaction costs of \$3 million in “Other (expense) income, net” in our Consolidated Statement of Operations for the year ended December 31, 2020.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

The following unaudited pro forma information for the years ended December 31, 2020 and 2019, represents our results of operations as if the acquisition of the U.S. Sawmill Business had occurred on January 1, 2019, excluding the results of operations of the El Dorado sawmill that has been idled since October 2019 and restarted in the fourth quarter of 2020. This pro forma information does not purport to be indicative of the results that would have occurred for the periods presented or that may be expected in the future.

<i>(Unaudited, in millions)</i>	2020	2019
Sales	\$ 2,808	\$ 3,021
Net income (loss) attributable to Resolute Forest Products Inc.	\$ 13	\$ (70)

Note 4. Other (Expense) Income, Net

Other (expense) income, net for the years ended December 31, 2020, 2019 and 2018, was comprised of the following:

<i>(In millions)</i>	2020	2019	2018
Foreign exchange loss	\$ (4)	\$ (12)	\$ (2)
Insurance recovery ⁽¹⁾	15	—	—
Provision related to a litigation ⁽²⁾	—	(23)	—
(Loss) gain on forward commodities contracts	(22)	—	4
Miscellaneous income	7	13	3
	\$ (4)	\$ (22)	\$ 5

⁽¹⁾ We recorded \$15 million as other income for the year ended December 31, 2020, from the settlement of an insurance claim in connection with our acquisition of Atlas Paper Holdings, Inc. (or, “Atlas”) in 2015.

⁽²⁾ We accrued C\$30 million of legal indemnity and interest costs for the year ended December 31, 2019, in connection with the Quebec Superior Court decision of the fair value of the shares of former dissenting shareholders of Fibrek Inc. (or, “Fibrek”) upon acquisition in 2012. See Note 18, “Commitments and Contingencies - Fibrek acquisition,” for more information.

Note 5. Closure Costs, Impairment and Other Related Charges

Closure costs, impairment and other related charges for the year ended December 31, 2020, were comprised of the following:

<i>(In millions)</i>	Accelerated Depreciation	Severance and Other Costs	Total
Paper mill at Amos (Quebec) ⁽¹⁾	\$ 12	\$ 5	\$ 17
Paper mill at Baie-Comeau (Quebec) ⁽¹⁾	26	12	38
Other	—	(2)	(2)
	\$ 38	\$ 15	\$ 53

⁽¹⁾ Due to the overall decrease in demand for newsprint, accelerated by the economic context surrounding the COVID-19 pandemic, the Amos and Baie-Comeau paper mills have been temporarily idled since April 2020. As a result, we reassessed the remaining useful lives of the fixed assets and recognized an accelerated depreciation charge of \$38 million. We also recognized additional provisions for severance and other costs of \$17 million.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Closure costs, impairment and other related charges for the year ended December 31, 2019, were comprised of the following:

<i>(In millions)</i>	Accelerated Depreciation	Severance and Other Costs	Total
Indefinite idling			
Paper mill at Augusta (Georgia)	\$ 8	\$ 10	\$ 18

Closure costs, impairment and other related charges were \$121 million for the year ended December 31, 2018, including \$120 million of impairment charges related to the assets from the 2015 acquisition of Atlas and its subsidiaries.

Goodwill impairment charge

Following our 2018 annual impairment test of goodwill, we determined that the carrying value of the tissue reporting unit exceeded its estimated fair value. As a result, we recorded a goodwill impairment charge of \$81 million for the year ended December 31, 2018, representing the entire goodwill amount as of that date. This impairment charge resulted from cumulative losses of the tissue business and lower-than-expected projected cash flows, driven by operating and market-related factors. The fair value of the reporting unit was determined based on the present value of estimated future cash flows.

Long-lived assets impairment charges

As a result of the deterioration of estimated future cash flows of Atlas, we recorded for the year ended December 31, 2018, fixed assets impairment charges of \$29 million and intangible assets impairment charges of \$10 million to reduce the carrying value of these assets to their estimated fair value. The fair value of fixed assets was estimated using the market approach, by reference to estimated selling prices for similar assets, less costs to sell. The fair value of intangible assets was estimated using the income approach. Projected discounted cash flows utilized under the income approach included estimates regarding future revenues and expenses attributable to Atlas, projected capital expenditures and a discount rate of 12%. These fair value measurements are considered Level 3 measurements due to the significance of their unobservable inputs.

Note 6. Net Gain on Disposition of Assets

During 2020, we recorded a net gain on disposition of assets of \$11 million, which included: the sale of the Augusta paper mill for total cash consideration of \$10 million, resulting in a net gain of \$9 million; and the sale of the Thorold paper mill for total cash consideration of \$4 million, resulting in a net gain of \$2 million.

During 2018, we recorded a net gain on disposition of assets of \$145 million, which included: the sale of the paper and pulp mill at Catawba (South Carolina) for total cash consideration of \$280 million, resulting in a net gain of \$101 million; and the sale of the recycled bleached kraft pulp mill at Fairmont (West Virginia) for total cash consideration of \$62 million, resulting in a net gain of \$40 million.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 7. Accumulated Other Comprehensive Loss

The change in our accumulated other comprehensive loss by component (net of tax) for the years ended December 31, 2020, 2019 and 2018, was as follows:

<i>(In millions)</i>	Unamortized Prior Service (Costs) Credits	Unamortized Actuarial Losses	Foreign Currency Translation	Total
Balance as of December 31, 2017	\$ 52	\$ (826)	\$ (6)	\$ (780)
Other comprehensive loss before reclassifications	(5)	(162)	(1)	(168)
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	(19)	19	—	—
Net current period other comprehensive loss	(24)	(143)	(1)	(168)
Reclassification of stranded income tax	—	(2)	—	(2)
Balance as of December 31, 2018	28	(971)	(7)	(950)
Other comprehensive (loss) income before reclassifications	—	(240)	1	(239)
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	(12)	22	—	10
Net current period other comprehensive (loss) income	(12)	(218)	1	(229)
Balance as of December 31, 2019	16	(1,189)	(6)	(1,179)
Other comprehensive loss before reclassifications	—	(185)	—	(185)
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	(17)	67	—	50
Net current period other comprehensive loss	(17)	(118)	—	(135)
Balance as of December 31, 2020	\$ (1)	\$ (1,307)	\$ (6)	\$ (1,314)

⁽¹⁾ See the table below for details about these reclassifications.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

The reclassifications out of accumulated other comprehensive loss for the years ended December 31, 2020, 2019 and 2018, were comprised of the following:

<i>(In millions)</i>	2020	2019	2018	Affected Line in the Consolidated Statements of Operations
Unamortized Prior Service Credits				
Amortization of prior service credits	\$ (4)	\$ (11)	\$ (15)	Non-operating pension and other postretirement benefit credits ⁽¹⁾
Curtailement gain	(13)	(1)	—	Non-operating pension and other postretirement benefit credits ⁽¹⁾
Curtailement gain	—	—	(5)	Net gain on disposition of assets ⁽¹⁾
	—	—	1	Income tax provision
Net of tax	(17)	(12)	(19)	
Unamortized Actuarial Losses				
Amortization of actuarial losses	57	28	33	Non-operating pension and other postretirement benefit credits ⁽¹⁾
Settlement loss	28	1	1	Non-operating pension and other postretirement benefit credits ⁽¹⁾
Curtailement gain	—	—	(8)	Net gain on disposition of assets ⁽¹⁾
Settlement loss	—	—	2	Net gain on disposition of assets ⁽¹⁾
Other items	3	—	—	
	(21)	(7)	(9)	Income tax provision
Net of tax	67	22	19	
Total Reclassifications	\$ 50	\$ 10	\$ —	

⁽¹⁾ These items are included in the computation of net periodic benefit cost (credit) related to our pension and OPEB plans summarized in Note 16, "Pension and Other Postretirement Benefit Plans."

Note 8. Net Income (Loss) Per Share

The reconciliation of the basic and diluted net income (loss) per share for the years ended December 31, 2020, 2019 and 2018, was as follows:

<i>(In millions, except per share amounts)</i>	2020	2019	2018
Numerator:			
Net income (loss) attributable to Resolute Forest Products Inc.	\$ 10	\$ (47)	\$ 235
Denominator:			
Basic weighted-average number of Resolute Forest Products Inc. common shares outstanding	86.1	91.4	91.3
Dilutive impact of nonvested stock unit awards	0.3	—	2.0
Diluted weighted-average number of Resolute Forest Products Inc. common shares outstanding	86.4	91.4	93.3
Net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders:			
Basic	\$ 0.12	\$ (0.51)	\$ 2.57
Diluted	\$ 0.12	\$ (0.51)	\$ 2.52

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

The weighted-average number of outstanding stock options and nonvested equity-classified RSUs, DSUs and PSUs (collectively, “stock unit awards”) that were excluded from the calculation of diluted net income (loss) per share, as their impact would have been antidilutive, for the years ended December 31, 2020, 2019 and 2018, was as follows:

<i>(In millions)</i>	2020	2019	2018
Stock options	0.9	1.0	1.2
Stock unit awards	0.6	2.1	—

Note 9. Inventories, Net

Inventories, net as of December 31, 2020 and 2019, were comprised of the following:

<i>(In millions)</i>	2020	2019
Raw materials	\$ 132	\$ 128
Work in process	46	46
Finished goods	120	164
Mill stores and other supplies	164	184
	\$ 462	\$ 522

In 2020, we recorded charges of \$25 million for write-downs of mill stores and other supplies due to the temporary idling of the Amos and Baie-Comeau paper mills. In 2019, we recorded charges of \$13 million for write-downs of mill stores and other supplies due to the indefinite idling of the Augusta paper mill. These charges were included in “Cost of sales, excluding depreciation, amortization and distribution costs” in our Consolidated Statements of Operations.

Note 10. Fixed Assets, Net

Fixed assets, net as of December 31, 2020 and 2019, were comprised of the following:

<i>(Dollars in millions)</i>	Estimated Useful Lives (Years)	2020	2019
Land and land improvements	5 – 20	\$ 52	\$ 52
Buildings	10 – 40	328	313
Machinery and equipment ⁽¹⁾	2 – 25	2,128	2,256
Hydroelectric power plants	10 – 40	301	303
Timberlands and timberlands improvements	10 – 20	136	128
Construction in progress		100	65
		3,045	3,117
Less: Accumulated depreciation		(1,604)	(1,658)
		\$ 1,441	\$ 1,459

⁽¹⁾ Internal-use software included in fixed assets, net as of December 31, 2020 and 2019, was as follows:

<i>(In millions)</i>	2020	2019
Machinery and equipment	\$ 124	\$ 115
Less: Accumulated depreciation	(90)	(76)
	\$ 34	\$ 39

Depreciation expense related to internal-use software is estimated to be \$14 million in 2021, \$10 million in 2022, \$5 million in 2023, \$2 million in 2024 and \$1 million in 2025.

We recorded accelerated depreciation of \$38 million for the Amos and Baie-Comeau paper mills for the year ended December 31, 2020. We also recorded accelerated depreciation of \$8 million for the year ended December 31, 2019, as a result of the indefinite idling of our paper mill in Augusta. See Note 5, “Closure Costs, Impairment and Other Related Charges” for more information.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Depreciation expense related to fixed assets was \$163 million, \$164 million, and \$207 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Note 11. Amortizable Intangible Assets, Net

Amortizable intangible assets, net as of December 31, 2020 and 2019, were comprised of the following:

<i>(Dollars in millions)</i>	2020			2019			
	Estimated Useful Lives (Years)	Gross Carrying Value	Accumulated Amortization	Net	Gross Carrying Value	Accumulated Amortization	Net
Water rights ⁽¹⁾	10 – 40	\$ 19	\$ 9	\$ 10	\$ 19	\$ 8	\$ 11
Energy contracts	15 – 25	52	21	31	52	18	34
Customer relationships ⁽²⁾	10	23	3	20	2	1	1
Other		2	—	2	2	—	2
		\$ 96	\$ 33	\$ 63	\$ 75	\$ 27	\$ 48

⁽¹⁾ In order to operate our hydroelectric generation and transmission network, we draw water from various rivers in Quebec. For some of our facilities, the use of such government-owned waters is governed by water power agreements with the province of Quebec, which set out the terms, conditions, and fees (as applicable). In some cases, the agreements are contingent on the continued operation of the related paper mills and a minimum level of capital spending in the region. For our other facilities, the right to generate hydroelectricity stems from our ownership of the riverbed on which these facilities are located.

⁽²⁾ In connection with our acquisition of the U.S. Sawmill Business, we identified amortizable intangible assets primarily related to customer relationships. See Note 3, “Business Acquisition” for additional information.

Amortization expense related to amortizable intangible assets was \$6 million, \$3 million and \$5 million for the years ended December 31, 2020, 2019 and 2018, respectively. Amortization expense related to amortizable intangible assets is estimated to be \$6 million for 2021 and \$5 million per year for 2022, 2023, 2024 and 2025.

Note 12. Operating Leases

We have operating leases for buildings, machinery, chemical equipment, rail cars, and office equipment with remaining terms of less than one year to 22 years. These leases may include renewal options for up to 15 years.

The components of lease expense for the years ended December 31, 2020 and 2019, were as follows:

<i>(In millions)</i>	2020	2019
Operating lease cost	\$ 13	\$ 13
Variable lease cost ⁽¹⁾	\$ 20	\$ 21

⁽¹⁾ Variable lease cost is determined by the consumption of the underlying asset.

Operating lease expense for the year ended December 31, 2018 was \$12 million.

Supplemental information related to operating leases was as follows:

	December 31, 2020	December 31, 2019
Weighted-average remaining operating lease term (in years)	10.8	11.1
Weighted-average operating lease discount rate	4.6 %	4.7 %

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

<i>(In millions)</i>	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating cash flow payments for operating lease liabilities	\$ 12	\$ 11
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 8	\$ 4

The maturities of operating lease liabilities as of December 31, 2020, were as follows:

<i>(In millions)</i>	Operating Leases
2021	\$ 12
2022	11
2023	8
2024	7
2025	6
2026 and thereafter	38
Total lease payments	82
Less: imputed interest	18
Total operating lease liabilities	\$ 64

Note 13. Other Assets

Other assets include countervailing and anti-dumping duty cash deposits on softwood lumber of \$194 million and \$49 million, respectively, as of December 31, 2020, and of \$128 million and \$34 million, respectively, as of December 31, 2019. See Note 18, "Commitments and Contingencies" for more information.

Note 14. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of December 31, 2020 and 2019, were comprised of the following:

<i>(In millions)</i>	2020	2019
Trade accounts payable	\$ 251	\$ 255
Accrued compensation	76	52
Accrued interest	4	3
Pension and other postretirement benefit obligations	14	15
Income and other taxes payable	5	4
Other	19	13
	\$ 369	\$ 342

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 15. Long-Term DebtOverview

Long-term debt, including current portion, as of December 31, 2020 and 2019, was comprised of the following:

<i>(In millions)</i>	2020	2019
5.875% senior unsecured notes due 2023:		
Principal amount	\$ 375	\$ 375
Deferred financing costs	(2)	(3)
Unamortized discount	(1)	(1)
Total 5.875% senior unsecured notes due 2023	372	371
Term loans due 2030	180	—
Borrowings under revolving credit facilities	—	71
Finance lease obligations	9	7
Total debt	561	449
Less: Current portion of finance lease obligations	(2)	(1)
Long-term debt, net of current portion	\$ 559	\$ 448

Debt instrumentsSenior Unsecured Notes

We issued \$600 million in aggregate principal amount of 5.875% senior unsecured notes due 2023 (or, the “2023 Notes”) on May 8, 2013, pursuant to an indenture as of that date (or, the “*indenture*”). Upon their issuance, the notes were recorded at their fair value of \$594 million, which reflected a discount of \$6 million that is being amortized to “Interest expense” in our Consolidated Statements of Operations using the interest method over the term of the notes, resulting in an effective interest rate of 6%. Interest on the notes is payable semi-annually beginning November 15, 2013, until their maturity date of May 15, 2023. In connection with the issuance of the notes, we incurred financing costs of \$9 million, which were deferred and recorded as a reduction of the notes. Deferred financing costs are being amortized to “Interest expense” in our Consolidated Statements of Operations using the interest method over the term of the notes. On May 27, 2014, the 2023 Notes and related guarantees were registered under the Securities Act of 1933 (as amended, the “*Securities Act*”).

On January 3, 2019, we repurchased \$225 million in aggregate principal amount of the 2023 Notes, pursuant to a notes purchase agreement entered into on December 21, 2018, with certain noteholders, at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. As a result of the repurchase, we recorded a net loss on extinguishment of debt of \$3 million in “Other (expense) income, net” in our Consolidated Statement of Operations for the year ended December 31, 2019.

The 2023 Notes are guaranteed by all of our existing and subsequently acquired or organized direct or indirect wholly-owned U.S. subsidiaries that guarantee the ABL Credit Facility (as defined and discussed below). The notes are unsecured and effectively junior to indebtedness under both the ABL Credit Facility and the Senior Secured Credit Facility (as defined and discussed below), and to future secured indebtedness. In addition, the notes are structurally subordinated to all existing and future liabilities of our subsidiaries that do not guarantee the notes.

The terms of the indenture impose certain restrictions, subject to a number of exceptions and qualifications, including limits on our ability to: incur, assume or guarantee additional indebtedness; issue redeemable stock and preferred stock; pay dividends or make distributions or redeem or repurchase capital stock; prepay, redeem or repurchase certain debt; make loans and investments; incur liens; restrict dividends, loans or transfer assets from our subsidiaries; sell or otherwise dispose of assets, including capital stock of subsidiaries; consolidate or merge with or into, or sell substantially all of our assets to, another person; enter into transactions with affiliates; and enter into new lines of business.

In the event of a change of control, each holder has the right to require us to repurchase all or any part of that holder’s notes at a purchase price in cash equal to 101% of the aggregate principal amount of the notes plus any accrued and unpaid interest. If we sell certain of our assets and do not use the proceeds to pay down certain indebtedness, purchase additional assets or make

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

capital expenditures, each as specified in the indenture, we must offer to purchase the notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest with the net cash proceeds from the asset sale.

The 2023 Notes are redeemable, in whole or in part, since May 15, 2017, at redemption prices equal to the principal amount plus accrued and unpaid interest. The fair value of the 2023 Notes (Level 1) was \$375 million and \$380 million as of December 31, 2020 and 2019, respectively.

On February 2, 2021, we completed the private offering (or, the “*Offering*”) of \$300 million aggregate principal amount of our 4.875% senior notes due 2026 (or, the “*2026 Notes*”) at an issue price of 100%. We used the net proceeds of the Offering, together with cash on hand, to redeem all of the outstanding \$375 million aggregate principal amount of our 2023 Notes at a price of 100% of the aggregate principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date. See Note 23, “Subsequent Events” for additional information.

Senior Secured Credit Facility

On September 7, 2016, we entered into a senior secured credit facility for up to \$185 million. This senior secured credit facility provided a term loan of \$46 million with a maturity date of September 7, 2025, and a revolving credit facility of up to \$139 million with a maturity date of September 7, 2022. On October 28, 2019, we entered into an amended and restated senior secured credit facility (or, the “*Senior Secured Credit Facility*”) for up to \$360 million, replacing our existing \$185 million senior secured credit facility. The Senior Secured Credit Facility provided a term loan facility of up to \$180 million with a delayed draw period of up to three years, and the choice of maturities of six to 10 years (or, the “*Term Loan Facility*”), and a six-year revolving credit facility of up to \$180 million with a maturity date of October 28, 2025 (or, the “*Revolving Credit Facility*”). In March 2020, we borrowed \$180 million in term loans under the Term Loan Facility for 10 years, maturing in March 2030. There is also an uncommitted option to increase the Senior Secured Credit Facility by up to an additional \$360 million, subject to certain terms and conditions. On October 28, 2019, we repaid our \$46 million term loan by borrowing under the Revolving Credit Facility.

The obligations under the Senior Secured Credit Facility are guaranteed by certain material U.S. subsidiaries of the Company and are secured by a first priority mortgage on the real property of our Calhoun (Tennessee) facility and a first priority security interest on the fixtures and equipment located therein.

Interest rates under the Senior Secured Credit Facility are based, at the Company’s election, on either a floating rate based on the London Interbank Offered Rate (or, the “*LIBOR*”), or a base rate, in each case plus a spread over the index. The Senior Secured Credit Facility also contains provisions for an expedited amendment procedure for replacing LIBOR if LIBOR quotes are no longer available. The base rate is the highest of (i) the prime rate; (ii) the federal funds rate plus 0.5%; and (iii) the one-month LIBOR plus 1%. The applicable spread over the index fluctuates quarterly based upon the Company’s capitalization ratio, which is defined as the ratio of the Company’s funded indebtedness to the sum of the Company’s funded indebtedness and its adjusted net worth. For loans under the Term Loan Facility, the applicable spread ranges from 1.0% to 1.5% for base rate loans, and from 2.0% to 2.5% for LIBOR loans. For loans under the Revolving Credit Facility, the applicable spread ranges from 0.5% to 1.0% for base rate loans, and from 1.5% to 2.0% for LIBOR loans. The Senior Secured Credit Facility was issued by a syndicate of lenders within the farm credit system and is eligible for patronage refunds. Patronage refunds are distributions of profits from lenders in the farm credit system, which are cooperatives that are required to distribute profits to their members. Patronage distributions, which are made in either cash or stock, are received in the year after they were earned. Future refunds are dependent on future farm credit lender profits, made at the discretion of each farm credit lender.

In addition to paying interest on outstanding principal under the Senior Secured Credit Facility, we are required to pay a fee in respect of unutilized commitments based on the average daily utilization for the prior fiscal quarter ranging from 0.275% to 0.325% per annum under the Revolving Credit Facility.

The outstanding principal balance under the Term Loan Facility is subject to annual payments of 5% of the initial principal amount commencing in March 2025 with the balance due at maturity in March 2030. Loans under the Revolving Credit Facility and the Term Loan Facility may be prepaid from time to time at our discretion without premium or penalty but subject to breakage costs, if any, in the case of LIBOR loans. Amounts repaid on the Term Loan Facility may not be subsequently re-borrowed. Principal amounts under the Revolving Credit Facility may be drawn, repaid, and redrawn until October 27, 2025.

Pursuant to the Senior Secured Credit Facility, we are also required to maintain (i) a capitalization ratio not greater than 45% at all times; (ii) a collateral coverage ratio of not less than 1.8:1.0; and (iii) a springing consolidated fixed charge coverage ratio of 1.0:1.0, which is triggered only when adjusted availability under the ABL Credit Facility falls below the greater of \$45 million

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

or 10% of the maximum available borrowing amount under the ABL Credit Facility for two consecutive business days. The consolidated fixed charge coverage ratio is the ratio of (a) consolidated EBITDA less certain capital expenditures and less cash taxes paid, to (b) consolidated fixed charges, as determined under the Senior Secured Credit Facility.

In addition, the Senior Secured Credit Facility contains certain covenants applicable to the Company and its subsidiaries, including, among others: (i) requirements to deliver financial statements, other reports and notices; (ii) restrictions on the existence or incurrence and repayment of indebtedness; (iii) restrictions on the existence or incurrence of liens; (iv) restrictions on the Company and certain of its subsidiaries making certain restricted payments; (v) restrictions on making certain investments; (vi) restrictions on certain mergers, consolidations, and asset dispositions; (vii) restrictions on transactions with affiliates; and (viii) restrictions on modifications to material indebtedness. The Senior Secured Credit Facility includes customary representations, warranties and events of default subject to customary grace periods and notice requirements.

As of December 31, 2020 we had \$180 million of availability under the Revolving Credit Facility, which was undrawn; there were \$46 million of borrowings as of December 31, 2019. The fair value of the Revolving Credit Facility (Level 2) approximated its carrying value as of December 31, 2019 and was bearing interest at LIBOR plus a spread of 1.63%. The fair value of the Term Loan Facility (Level 2) approximated its carrying value as of December 31, 2020, and was bearing interest at LIBOR plus a spread of 2.13%.

ABL Credit Facility

On May 14, 2019, we entered into an amendment to the five-year credit agreement dated May 22, 2015, for a senior secured asset-based revolving credit facility (or, "*ABL Credit Facility*"). The amended credit agreement provides for an extension of the maturity date to May 14, 2024, with an aggregate lender commitment of up to \$500 million at any time outstanding, subject to borrowing base availability based on specified advance rates, eligibility criteria and customary reserves.

The aggregate lender commitment under the facility includes a \$60 million swingline sub-facility and a \$200 million letter of credit sub-facility, and we may convert up to \$50 million of the commitments under the facility to a first-in last-out facility (or, "*FILO Facility*"), subject to the consent of each converting lender. The ABL Credit Facility also provides for an uncommitted ability to increase the revolving credit facility by up to \$500 million, subject to certain terms and conditions set forth in the agreement.

Revolving loan (and letter of credit) availability under the facility is subject to a borrowing base, which at any time is equal to the sum of (i) 85% of eligible accounts receivable (or 90% with respect to certain insured or letter of credit backed accounts or with accounts owed by investment grade obligors), plus (ii) the lesser of (A) 70% of the lesser of the cost or market value of eligible inventory or (B) 85% of the net orderly liquidation value of eligible inventory, plus (iii) 100% of the value of eligible cash and 95% of the value of permitted investments held in deposit accounts controlled solely by the administrative and collateral agent (or, the "*agent*"). The credit agreement includes reserves that reduce the borrowing base, including: (i) a reserve commencing March 16, 2023 for the outstanding principal amount due under the 2023 Notes; and (ii) a reserve for the outstanding principal amount due under the Senior Secured Credit Facility, commencing 60 days before its maturity. The borrowing base is subject to other customary reserves and eligibility criteria, in the exercise of the agent's reasonable discretion.

The obligations under the credit agreement are guaranteed by certain material subsidiaries of the Company and are secured by first priority liens on and security interests in accounts receivable, inventory and related assets.

Loans under the credit agreement bear interest at a rate equal to a base rate, the LIBOR, or the Canadian Dollar Offered Rate (or, the "*CDOR*"), in each case plus an applicable margin. The applicable margin is between 0.00% and 0.50% with respect to base rate loans and between 1.00% and 1.50% with respect to LIBOR and CDOR loans, in each case based on availability under the credit facility and a leverage ratio.

In addition to paying interest on outstanding principal under the ABL Credit Facility, we are required to pay a fee in respect of unutilized commitments under the ABL Credit Facility equal to 0.30% per annum when average daily utilization under the ABL Credit Facility for the prior fiscal quarter is less than 35% of the total revolving commitments, and 0.25% per annum when average daily utilization under the ABL Credit Facility for the prior fiscal quarter is greater than or equal to 35% of the total revolving commitments, as well as a fee in respect of outstanding letters of credit (equal to the applicable margin in respect of LIBOR and CDOR loans plus a fronting fee of 0.125% and certain administrative fees).

Loans under the ABL Credit Facility may be repaid from time to time at our discretion without premium or penalty, with the exception of breakage costs for LIBOR and CDOR loans, if any. However, no loans under the FILO Facility can be repaid

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

unless all other loans under the credit agreement are repaid first. We are required to repay outstanding loans that exceed the maximum availability then in effect.

The credit agreement contains customary covenants for asset-based credit agreements of this type, including, among other things: (i) requirements to deliver financial statements, other reports and notices; (ii) restrictions on the existence or incurrence and repayment of indebtedness by the Company and its subsidiaries; (iii) restrictions on the existence or incurrence of liens by the Company and its subsidiaries; (iv) restrictions on the Company and certain of its subsidiaries making certain restricted payments; (v) restrictions on the Company and certain of its subsidiaries making certain investments; (vi) restrictions on certain mergers, consolidations and asset dispositions; (vii) restrictions on transactions with affiliates; (viii) restrictions on amendments or modifications to the Canadian pension and benefit plans; (ix) restrictions on modifications to material indebtedness; and (x) a springing requirement for the Company to maintain a minimum consolidated fixed charge coverage ratio, as determined under the credit agreement, of 1.0:1.0, anytime availability under the facility falls below the greater of \$45 million or 10% of the maximum available borrowing amount for two consecutive business days. Subject to customary grace periods and notice requirements, the credit agreement also contains certain customary events of default.

As of December 31, 2020, we had \$270 million of availability under the ABL Credit Facility, which was undrawn except for \$56 million of ordinary course letters of credit outstanding. The fair value of the ABL Credit Facility (Level 2) approximated its carrying value as of December 31, 2019. There were \$25 million of borrowings as of December 31, 2019, bearing interest at the base rate.

Effective January 21, 2021, we reduced the commitment under the Canadian tranche of our senior secured asset-based revolving credit facility. See Note 23, "Subsequent Events" for additional information.

Loan Facility

On November 4, 2020, our Canadian subsidiary, Resolute FP Canada Inc., entered into a secured delayed draw term loan facility (or, the "*Loan Facility*") with Investissement Québec as lender for up to C\$220 million (\$173 million as of December 31, 2020), representing up to 75% of the countervailing and anti-dumping duty deposits (or, the "*Duties*") imposed or expected to be imposed by the U.S. Department of Commerce and collected by Customs and Border Protection Agency (or, "*U.S. Customs*") on U.S. imports of applicable softwood lumber products produced at sawmills of the Borrower and its affiliates located in the province of Quebec, Canada from April 28, 2017 to December 31, 2022.

The outstanding principal will be repaid in consecutive monthly installments over a period of eight years, after an interest only period of two years from the date of the first draw. Outstanding amounts may be prepaid, partially or fully, at any time at our discretion, without premium or penalty, but subject to payment of accrued and unpaid interest. We are required to make a prepayment equal to any amounts reimbursed by U.S. Customs on account of the U.S. imports of certain softwood lumber products produced at our sawmills located in the province of Quebec, Canada (or, the "*Quebec Prepayments*").

The obligations under the Loan Facility will be secured by a first priority security interest and a control agreement on certain of our bank accounts identified to receive any Quebec Prepayments. In addition, we have agreed to transfer to the designated bank accounts any amounts constituting Quebec Prepayments, and may not grant any other security interest on such bank accounts. The Loan Facility is required to be used exclusively to finance certain of our activities and obligations in the province of Quebec, Canada, and may not be used to pay or reimburse any Duties.

The borrowings under the Loan Facility bear interest at a floating rate equal to 1.45% above the one-month Canadian banker's acceptance rate. Interest will be payable on a monthly basis.

The Loan Facility provides for a maximum of 10 draws and the fulfillment of certain conditions upon each draw. We are required to pay a fee of 0.5% of the amounts drawn at the time of each draw.

The Loan Facility contains certain covenants, including, among others, a requirement that we do not move a substantial part of its assets outside the province of Quebec. The Lender reserves the right to terminate the Loan Facility in the event that we have not made any draw before June 30, 2023, subject to certain conditions. The Lender reserves the right to accelerate any outstanding amounts within 60 days of receiving notification of certain change of control events affecting us, if the Lender deems the transaction not to be in its best interest, acting reasonably.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

As of December 31, 2020, we had C\$165 million (approximately \$130 million) of availability under the Loan Facility, which was undrawn.

Finance lease obligations

We have finance lease obligations for machinery with maturity dates up to June 2025, and a warehouse with a maturity date of December 1, 2027 which can be renewed for 20 years at our option. Minimum monthly payments are determined by an escalatory price clause.

Debt maturities

The aggregate maturities of long-term debt as of December 31, 2020, were as follows:

<i>(In millions)</i>	Long-term debt
2021	\$ 2
2022	2
2023	373
2024	1
2025	1
2026 and thereafter	182
	\$ 561

Assets pledged as collateral

The carrying value of assets pledged as collateral for our total debt obligations was \$1,246 million as of December 31, 2020.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 16. Pension and Other Postretirement Benefit Plans

We have a number of defined contribution plans covering a portion of our U.S. and Canadian employees. Under the U.S. qualified defined contribution plan, employees are allowed to make contributions that we match, and most employees also receive an automatic company contribution, regardless of the employee's contribution. The amount of the automatic company contribution, in most instances, is a percentage of the employee's pay, determined based on age and years of service. The Canadian registered defined contribution plans provide for mandatory contributions by employees and by us, as well as opportunities for employees to make additional optional contributions and receive, in most cases, matching contributions on those optional amounts. Our expense for the defined contribution plans totaled \$17 million in 2020, \$18 million in 2019, and \$20 million in 2018.

We also have multiple contributory and non-contributory defined benefit pension plans covering a portion of our U.S. and Canadian employees. Benefits are based on years of service and, depending on the plan, average compensation earned by employees either during their last years of employment or over their careers. Our plan assets and cash contributions to the plans have been sufficient to provide pension benefits to participants and meet the funding requirements of the Employee Retirement Income Security Act of 1974 in the U.S. as well as applicable legislation in Canada. We also sponsor a number of OPEB plans (e.g., health care and life insurance plans) for retirees at certain locations.

Certain of the above plans are covered under collective bargaining agreements.

In December 2020, the pension plan of the Thorold paper mill, which was indefinitely idled in 2017 and sold in 2020, was wound-up following the approval of the pension benefits distribution and assets liquidation. This resulted in the conversion of the buy-in annuity contract to a buy-out contract, and the recognition of a settlement loss of \$28 million in "Non-operating pension and other postretirement benefit credits" in our Consolidated Statements of Operations for the year ended December 31, 2020, and the reduction of both pension plan assets and pension benefit obligations by \$98 million.

The following tables include both our foreign (Canada) and domestic plans. The assumptions used to measure the obligations of each of our foreign and domestic plans are not significantly different from each other, with the exception of the health care trend rates, which are presented below.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

The changes in our pension and OPEB benefit obligations and plan assets for the years ended December 31, 2020 and 2019, and the funded status and reconciliation of amounts recognized in our Consolidated Balance Sheets as of December 31, 2020 and 2019, were as follows:

<i>(In millions)</i>	Pension Plans		OPEB Plans	
	2020	2019	2020	2019
Change in benefit obligations:				
Benefit obligations as of beginning of year	\$ 5,188	\$ 4,774	\$ 147	\$ 148
Service cost	14	15	1	—
Interest cost	151	181	4	6
Actuarial loss (gain)	265	386	(6)	1
Participant contributions	7	7	2	2
Special termination benefits	3	—	—	—
Curtailments	(2)	—	(1)	—
Settlements	(118)	(18)	—	—
Benefits paid	(341)	(347)	(13)	(14)
Effect of foreign currency exchange rate changes	79	190	2	4
Benefit obligations as of end of year	5,246	5,188	136	147
Change in plan assets:				
Fair value of plan assets as of beginning of year	3,862	3,652	—	—
Actual return on plan assets	241	336	—	—
Employer contributions	91	81	11	12
Participant contributions	7	7	2	2
Settlements	(118)	(18)	—	—
Benefits paid	(341)	(347)	(13)	(14)
Effect of foreign currency exchange rate changes	64	151	—	—
Fair value of plan assets as of end of year	3,806	3,862	—	—
Funded status as of end of year	\$ (1,440)	\$ (1,326)	\$ (136)	\$ (147)
Amounts recognized in our Consolidated Balance Sheets consisted of:				
Other assets	\$ —	\$ 2	\$ —	\$ —
Accounts payable and accrued liabilities	(3)	(4)	(11)	(11)
Pension and OPEB obligations	(1,437)	(1,324)	(125)	(136)
Net obligations recognized	\$ (1,440)	\$ (1,326)	\$ (136)	\$ (147)

The total benefit obligations and the total fair value of plan assets for pension plans with benefit obligations in excess of plan assets were \$5,067 million and \$3,627 million, respectively, as of December 31, 2020, and were \$4,923 million and \$3,595 million, respectively, as of December 31, 2019. The total accumulated benefit obligations and the total fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$5,034 million and \$3,627 million, respectively, as of December 31, 2020, and were \$4,884 million and \$3,595 million, respectively, as of December 31, 2019. The total accumulated benefit obligations for all pension plans were \$5,212 million and \$5,149 million as of December 31, 2020 and 2019, respectively.

The actuarial losses and gains impacting the benefit obligations for our pension and OPEB plans in 2020 are primarily due to changes in the economic environment, which resulted in a decrease to the discount rates selected for the plans as of December 31, 2020, compared to December 31, 2019. The actuarial losses impacting the benefit obligations for our pension and OPEB plans in 2019 were primarily due to changes in the economic environment, which resulted in a decrease to the discount rates selected for the plans as of December 31, 2019, compared to December 31, 2018.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Components of net periodic benefit cost (credit)

The components of net periodic benefit cost (credit) relating to our pension and OPEB plans for the years ended December 31, 2020, 2019 and 2018, were as follows:

<i>(In millions)</i>	Pension Plans			OPEB Plans		
	2020	2019	2018	2020	2019	2018
Interest cost	\$ 151	\$ 181	\$ 189	\$ 4	\$ 6	\$ 6
Expected return on plan assets	(226)	(251)	(264)	—	—	—
Amortization of prior service credits	—	—	(1)	(4)	(11)	(14)
Amortization of actuarial losses (gains)	63	34	38	(6)	(6)	(5)
Non-operating credits	(12)	(36)	(38)	(6)	(11)	(13)
Service cost	14	15	19	1	—	1
Net periodic benefit costs (credits) before special events	2	(21)	(19)	(5)	(11)	(12)
Curtailments, settlements and other losses (gains) ⁽¹⁾	32	—	3	(14)	—	(13)
	\$ 34	\$ (21)	\$ (16)	\$ (19)	\$ (11)	\$ (25)

⁽¹⁾ Includes a settlement loss of \$28 million for the year ended December 31, 2020, resulting from the wind-up of the Thorold pension plan.

The prior service credits and the actuarial gains and losses are amortized to “Non-operating pension and other postretirement benefit credits” in our Consolidated Statements of Operations, over the expected average remaining service lifetime or the average future lifetime, as applicable, of the respective plans.

Assumptions used to determine benefit obligations and net periodic benefit costs (credits)

The weighted-average assumptions used to determine the benefit obligations at the measurement dates (each December 31) and the net periodic benefit costs (credits) for the years ended December 31, 2020, 2019 and 2018, were as follows:

	Pension Plans			OPEB Plans		
	2020	2019	2018	2020	2019	2018
Benefit obligations:						
Discount rate	2.5 %	3.0 %	3.8 %	2.5 %	3.1 %	3.9 %
Rate of compensation increase	2.1 %	2.1 %	2.1 %			
Net periodic benefit cost (credit):						
Discount rate	3.0 %	3.8 %	3.6 %	3.1 %	3.9 %	3.6 %
Expected return on assets	6.0 %	6.5 %	6.5 %			
Rate of compensation increase	2.1 %	2.1 %	2.1 %			

The discount rate for our domestic and foreign plans was determined with a model that develops a hypothetical high-quality bond portfolio, where the bonds are theoretically purchased to settle the expected benefit payments of the plans. The discount rate reflects the single rate that produces the same discounted values as the value of the theoretical bond portfolio. In determining the expected return on assets, we considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio. In determining the rate of compensation increase, we reviewed historical salary increases and promotions, while considering current industry conditions, the terms of collective bargaining agreements with our employees, and the outlook for our industry. In determining the life expectancy rate of our domestic and foreign plans, we used the most recent actuarially-determined mortality tables and improvement scales. For the foreign plans, the mortality tables were adjusted with the result of our historical mortality experience study. The rates used are consistent with our future expectations of life expectancy for the employees who participate in our pension and OPEB plans.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

The assumed health care cost trend rates used to determine the benefit obligations for our domestic and foreign OPEB plans as of December 31, 2020 and 2019, were as follows:

	2020		2019	
	Domestic Plan	Foreign Plans	Domestic Plan	Foreign Plans
Health care cost trend rate assumed for next year	7.2 %	4.8 %	7.2 %	4.8 %
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.5 %	4.5 %	4.5 %	4.5 %
Year that the rate reaches the ultimate trend rate	2033	2033	2032	2032

For the health care cost trend rates, we considered historical trends for these costs, actual experience of the plans, recently enacted health care legislation as well as future expectations.

Fair value of plan assets

The fair value of plan assets held by our pension plans as of December 31, 2020, was as follows:

<i>(In millions)</i>	Total	Level 1	Level 2	Level 3
Equity securities:				
U.S. companies	\$ 737	\$ 737	\$ —	\$ —
Non-U.S. companies	1,197	1,197	—	—
Debt securities:				
Corporate and government securities	1,086	36	1,050	—
Asset-backed securities	148	—	148	—
Cash and cash equivalents	179	179	—	—
Other plan assets, net	9	—	9	—
Total before investments measured at NAV	\$ 3,356	\$ 2,149	\$ 1,207	\$ —
Investments measured at NAV	450			
	\$ 3,806			

The fair value of plan assets held by our pension plans as of December 31, 2019, was as follows:

<i>(In millions)</i>	Total	Level 1	Level 2	Level 3
Equity securities:				
U.S. companies	\$ 717	\$ 717	\$ —	\$ —
Non-U.S. companies	978	978	—	—
Debt securities:				
Corporate and government securities	1,154	145	1,009	—
Asset-backed securities	294	—	294	—
Cash and cash equivalents	158	158	—	—
Certain insurance contracts ⁽¹⁾	106	—	—	106
Total before investments measured at NAV	\$ 3,407	\$ 1,998	\$ 1,303	\$ 106
Investments measured at NAV	455			
	\$ 3,862			

⁽¹⁾ The Level 3 plan assets were purchased during the year ended December 31, 2019. In December 2020, the Level 3 plan assets decreased by \$106 million. The decrease includes assets settlements and sales of \$98 million and \$11 million, respectively, offset by gains of \$2 million recognized in Accumulated other comprehensive loss and \$1 million recognized in “Non-operating pension and other postretirement benefit credits” in our Consolidated Statements of Operations.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Equity securities include large-cap, mid-cap and small-cap publicly-traded companies mainly located in the U.S., Canada and other developed and emerging countries, as well as commingled equity funds invested in the same types of securities. The fair value of the equity securities is determined based on quoted market prices (Level 1).

Debt securities include corporate bonds of U.S. and Canadian companies from diversified industries, bonds and Treasuries issued by the U.S. government and the Canadian federal and provincial governments, asset-backed securities and commingled fixed income funds invested in these same types of securities. The fair value of the debt securities is determined based on quoted market prices (Level 1), and market-corroborated inputs such as matrix prices, yield curves and indices (Level 2).

Certain insurance contracts include group contracts that have been purchased to cover a portion of the plan members. The fair value of annuity buy-in contracts changes based on fluctuations in the obligation associated with the covered plan members (Level 3).

Other plan assets, net, include accrued interest and dividends, and amounts receivable or payable for unsettled security transactions. The fair value of accrued interest and dividends is determined based on market-corroborated inputs such as declared dividends and stated interest rates (Level 2). The fair value of receivables and payables for unsettled security transactions is determined based on market-corroborated inputs such as the trade date fair value of the security (Level 2).

Investments measured at NAV are excluded from the fair value hierarchy tables. These investments are commingled funds, composed of either debt securities, equity securities or real estate investments, where the corresponding NAV per share is equal to the total net assets divided by the total number of shares.

Long-term strategy and objective

Our investment strategy and objective is to maximize the long-term rate of return on our plan assets within an acceptable level of risk in order to meet our current and future obligations to pay benefits to qualifying employees and their beneficiaries while minimizing and stabilizing pension benefit costs and contributions. Diversification of assets is achieved through strategic allocations to various asset classes, and by retaining multiple, experienced third-party investment management firms with complementary investment styles and philosophies to implement these allocations. Risk is further managed by reviewing our investment policies at least annually and monitoring our fund managers at least quarterly for compliance with mandates and performance measures. A series of permitted and prohibited investments are listed in our respective investment policies, which are provided to our fund managers. The use of derivative financial instruments for speculative purposes and investments in the equity or debt securities of Resolute and its affiliates is prohibited.

We have established a target asset allocation policy and ranges for each participating defined benefit pension plan based upon analysis of risk and return tradeoffs and correlations of asset mixes given long-term historical returns, prospective capital market returns, forecasted benefit payments and the forecasted timing of those payments. The targeted asset allocation policy of the plan assets is designed to hedge the change in the pension liabilities resulting from fluctuations in the discount rate by investing in debt and other securities, while also generating excess returns required to reduce the unfunded pension deficit by investing in equity securities with higher potential returns. The targeted asset allocation policy of each participating defined benefit pension plan is 50% equity securities, with an allowable range of 30% to 60%, and 50% debt and other securities, with an allowable range of 40% to 70%, including up to 5% in short-term instruments required for near-term liquidity needs. Approximately 60% of the equity securities are targeted to be invested in the U.S. and Canada, with the balance in other developed and emerging countries. Substantially all of the debt securities are targeted to be invested in the U.S. and Canada. The asset allocation for each participating defined benefit pension plan is reviewed periodically and, when necessary, rebalanced to bring the asset allocation within the prescribed ranges.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Expected benefit payments and future contributions

As of December 31, 2020, benefit payments expected to be paid over the next 10 years are as follows:

<i>(In millions)</i>	Pension Plans ⁽¹⁾	OPEB Plans
2021	\$ 342	\$ 12
2022	\$ 335	\$ 11
2023	\$ 328	\$ 10
2024	\$ 321	\$ 10
2025	\$ 314	\$ 9
2026 - 2030	\$ 1,454	\$ 40

⁽¹⁾ Benefit payments are expected to be paid from the plans' net assets.

We expect our 2021 pension contributions (excluding contributions to our defined contribution plans) to be approximately \$102 million.

Canadian pension funding

Quebec plans

The funding of our Quebec pension plans is subject to Quebec's *Supplemental Pension Plans Act* (or, the "SPPA"), which is the pension plan funding regime generally applicable to pension plans in that province. Our contributions to our Quebec plans are determined on a going concern basis under the Quebec's SPPA.

Ontario plans

Since January 1, 2019, all of our Ontario pension plans have been subject to the *Ontario Pension Benefits Act* (or, the "PBA"), which is the pension plan funding regime generally applicable to pension plans in that province. The PBA provides for funding pension fund deficits on a going concern basis, or on a solvency basis if the solvency funded status of a pension plan is below 85%.

Additional undertakings

Our principal Canadian subsidiaries had entered into certain undertakings with the Government of Ontario and Quebec, which expired in 2015 and 2016, respectively. The expiration of those undertakings did not eliminate ongoing obligations we incurred under the terms of those undertakings prior to their expiration, including the undertaking requiring us to make an additional solvency deficit reduction contribution to our pension plans of C\$75, payable over four years, for each metric ton of capacity reduced in Quebec or Ontario, in the event of downtime of more than six consecutive months or nine cumulative months over a period of 18 months. Accordingly, we made additional contributions for past capacity reductions of C\$4 million and C\$2 million in 2019 and 2020, respectively. The 2020 contribution was the last one required to be made.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 17. Income Taxes

Income before income taxes by taxing jurisdiction for the years ended December 31, 2020, 2019 and 2018, was as follows:

<i>(In millions)</i>	2020	2019	2018
U.S.	\$ (126)	\$ (205)	\$ (90)
Foreign	187	216	477
	\$ 61	\$ 11	\$ 387

The income tax provision for the years ended December 31, 2020, 2019 and 2018, was comprised of the following:

<i>(In millions)</i>	2020	2019	2018
U.S. Federal and State:			
Current	\$ —	\$ —	\$ —
Deferred	—	—	—
Foreign:			
Current	—	—	12
Deferred	(51)	(58)	(164)
	(51)	(58)	(152)
Total:			
Current	—	—	12
Deferred	(51)	(58)	(164)
	\$ (51)	\$ (58)	\$ (152)

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Effective income tax rate reconciliation

The income tax provision attributable to income before income taxes differs from the amounts computed by applying the U.S. federal statutory income tax rate of 21% for the years ended December 31, 2020, 2019 and 2018, as a result of the following:

<i>(In millions)</i>	2020	2019	2018
Income before income taxes	\$ 61	\$ 11	\$ 387
Income tax provision:			
Expected income tax provision	(13)	(2)	(81)
Changes resulting from:			
Valuation allowance ⁽¹⁾	(11)	(43)	59
Foreign exchange	(6)	2	(29)
U.S. tax on non-U.S. earnings	(23)	(7)	(65)
State income taxes, net of federal income tax benefit	6	7	4
Foreign tax rate differences	(10)	(11)	(24)
Nondeductible expenses ⁽²⁾	—	(6)	(15)
Other, net ⁽³⁾	6	2	(1)
	\$ (51)	\$ (58)	\$ (152)

⁽¹⁾ During 2020 and 2019, we recorded an increase to our valuation allowance of \$11 million and \$43 million, respectively, related to our U.S. operations.

During 2018, we recorded a decrease in our valuation allowance of \$59 million, primarily related to our U.S. operations.

⁽²⁾ During 2018, we recorded an income tax provision of \$13 million for a nondeductible goodwill impairment charge, before a corresponding adjustment to valuation allowance.

⁽³⁾ During 2020, we recorded a \$4 million adjustment related to the settlement of an insurance claim in connection with our acquisition of Atlas.

Deferred income taxes

At each reporting period, we assess whether it is more likely than not that the deferred income tax assets will be realized, based on the review of all available positive and negative evidence, including future reversals of existing taxable temporary differences, estimates of future taxable income, past operating results, and prudent and feasible tax planning strategies. The carrying value of our deferred income tax assets reflects our expected ability to generate sufficient future taxable income in certain tax jurisdictions to utilize these deferred income tax assets.

Following the assessment of our ability to realize the deferred income tax assets of our U.S. operations, we concluded that existing negative evidence outweighed positive evidence. As a result, we recognized a full valuation allowance against our net U.S. deferred income tax assets. The historical operating losses of our U.S. operations limited our ability to consider other subjective positive evidence. A valuation allowance does not reduce our underlying tax attributes, nor hinders our ability to use them in the future.

The positive evidence for our Canadian operations, which included a review of historical cumulative earnings and our forecasted future earnings, resulted in the conclusion by management that no significant valuation allowances were required for our deferred income tax assets, as they were determined to be more likely than not to be realized.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Net deferred income tax assets as of December 31, 2020 and 2019, were comprised of the following:

<i>(In millions)</i>	2020	2019
Fixed assets	\$ (57)	\$ (28)
Operating lease right-of-use assets	(15)	(16)
Other	(25)	(28)
Deferred income tax liabilities	(97)	(72)
Fixed assets	297	346
Pension and OPEB plans	408	378
Net operating loss carryforwards and deduction limitation	660	616
Net capital loss carryforwards	41	35
Undeducted research and development expenditures	195	188
Tax credit carryforwards	98	96
Operating lease liabilities	15	16
Other	72	65
Deferred income tax assets	1,786	1,740
Valuation allowance	(774)	(753)
Net deferred income tax assets	\$ 915	\$ 915
Amounts recognized in our Consolidated Balance Sheets consisted of:		
Deferred income tax assets	\$ 915	\$ 915

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

The balance of tax attributes and their dates of expiration as of December 31, 2020, were as follows:

<i>(In millions)</i>	Related Deferred Income Tax Asset	Year of Expiration
Net operating loss carryforwards and deduction limitation:		
U.S. federal: \$2,072	\$ 435 ⁽¹⁾	2023 – 2037
U.S. federal and deduction limitation: \$457	96 ⁽¹⁾	Indefinite
U.S. state: \$2,164	109 ⁽¹⁾	2021 – 2040
U.S. state and deduction limitation: \$221	7 ⁽¹⁾	Indefinite
Canadian federal and provincial (excluding Quebec): \$39	7	2030 – 2039
Quebec: \$60	5	2028 – 2039
Other	1	Indefinite
	<u>\$ 660</u>	
Net capital loss carryforwards:		
U.S. federal and state: \$23	\$ 5 ⁽¹⁾	2025
Canadian federal and provincial (excluding Quebec): \$117	31	Indefinite
Quebec: \$53	5	Indefinite
	<u>\$ 41</u>	
Undeducted research and development expenditures:		
Canadian federal and provincial (excluding Quebec): \$697	\$ 119	Indefinite
Quebec: \$831	76	Indefinite
	<u>\$ 195</u>	
Tax credit carryforwards:		
Canadian research and development, and other	\$ 78	2022 – 2040
U.S. state and other	20 ⁽¹⁾	2021 – 2035
	<u>\$ 98</u>	

⁽¹⁾ As of December 31, 2020, we had a full valuation allowance against our U.S. operations net deferred income tax assets.

Our U.S. federal net operating loss carryforwards are subject to annual limitations under § 382 of the U.S. Internal Revenue Code of 1986, as amended, (or, “IRC § 382”), resulting from a previous ownership change. We do not expect that IRC § 382 would limit the utilization of our available U.S. federal net operating loss carryforwards prior to their expiration.

We consider our foreign earnings to be permanently invested. Accordingly, we do not provide for the additional U.S. and foreign income taxes that could become payable upon remittance of undistributed earnings of our foreign subsidiaries. It is not practicable to estimate the income tax liability that might be incurred if such earnings were remitted to the U.S.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Unrecognized tax benefits

The following table summarizes the activity related to our gross unrecognized tax benefits for the years ended December 31, 2020 and 2019:

<i>(In millions)</i>	2020	2019
Beginning of year	\$ 29	\$ 28
Increase (decrease) resulting from:		
Settlements with taxing authorities	(2)	—
Positions taken in the prior period	1	2
Expirations of statute of limitations	—	(1)
End of year	\$ 28	\$ 29

If the total amount of unrecognized tax benefits were recognized as of December 31, 2020, \$2 million would affect the effective tax rate.

In the normal course of business, we are subject to audits from federal, state, provincial and other tax authorities. U.S. federal tax returns for 2016 and subsequent years, as well as Canadian tax returns for 2016 and subsequent years, remain subject to examination by tax authorities.

We do not expect a significant change to the amount of unrecognized tax benefits over the next 12 months. However, any adjustments arising from certain ongoing examinations by tax authorities could alter the timing or amount of taxable income or deductions, or the allocation of income among tax jurisdictions, and these adjustments could differ from the amount accrued. We believe that taxes accrued in our Consolidated Balance Sheets fairly represent the amount of income taxes to be settled or realized in the future.

Note 18. Commitments and ContingenciesCommitments

In the normal course of business, we have entered into various supply agreements, water rights agreements, purchase commitments and harvesting rights agreements (for land that we manage for which we make payments to various Canadian provinces based on the amount of timber harvested).

As of December 31, 2020, these commitments were as follows:

<i>(In millions)</i>	Commitments ⁽¹⁾
2021	\$ 73
2022	64
2023	45
2024	3
2025	1
2026 and thereafter	16
	\$ 202

⁽¹⁾ Includes energy purchase obligations of \$148 million through 2027 for certain of our pulp and paper mills.

Legal matters

We become involved in various legal proceedings, claims and governmental inquiries, investigations, and other disputes in the normal course of business, including matters related to contracts, commercial and trade disputes, taxes, environmental issues, activist damages, employment and workers' compensation claims, grievances, human rights complaints, pension and benefit plans and obligations, health and safety, product safety and liability, asbestos exposure, financial reporting and disclosure obligations, corporate governance, Indigenous peoples' claims, antitrust, governmental regulations, and other matters. Although the final outcome is subject to many variables and cannot be predicted with any degree of certainty, we regularly assess the status of the matters and establish provisions (including legal costs expected to be incurred) when we believe an adverse

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

outcome is probable, and the amount can be reasonably estimated. Except as described below and for claims that cannot be assessed due to their preliminary nature, we believe that the ultimate disposition of these matters outstanding or pending as of December 31, 2020, will not have a material adverse effect on our Consolidated Financial Statements.

Asbestos-related lawsuits

We are involved in a number of asbestos-related lawsuits filed primarily in U.S. state courts, including certain cases involving multiple defendants. These lawsuits principally allege direct or indirect personal injury or death resulting from exposure to asbestos-containing premises. While we dispute the plaintiffs' allegations and intend to vigorously defend these claims, the ultimate resolution of these matters cannot be determined at this time. These lawsuits frequently involve claims for unspecified compensatory and punitive damages, and we are unable to reasonably estimate a range of possible losses. However, unfavorable rulings, judgments or settlement terms could materially impact our Consolidated Financial Statements. Hearings for certain of these matters are scheduled to occur in 2021.

Countervailing duty and anti-dumping investigations of softwood lumber

On November 25, 2016, countervailing duty and anti-dumping petitions were filed with the U.S. Department of Commerce (or, "*Commerce*") and the U.S. International Trade Commission (or, "*ITC*") by certain U.S. softwood lumber products producers and forest landowners, requesting that the U.S. government impose countervailing and anti-dumping duties on Canadian-origin softwood lumber products exported to the U.S. One of our subsidiaries was identified in the petitions as being a Canadian exporting producer of softwood lumber products to the U.S. and was selected as a mandatory respondent to be investigated by Commerce in both the countervailing duty and anti-dumping investigations.

On April 24, 2017, Commerce announced its preliminary determination in the countervailing duty investigation and, as a result, after April 28, 2017, we were required to pay cash deposits to U.S. Customs at a rate of 12.82% for estimated countervailing duties on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills. The preliminary rate remained in effect until August 26, 2017. Commerce changed the rate in its final affirmative determination on November 2, 2017, but the new rate did not take effect until December 28, 2017, following the ITC's final affirmative determination and the publication by Commerce of a countervailing duty order. Until November 30, 2020, we have been required to pay cash deposits to U.S. Customs at a rate of 14.70% for the vast majority of our U.S. imports of Canadian-produced softwood lumber products. On December 1, 2020, Commerce issued its final results in the countervailing duties first administrative review and established our new rate at 19.10% for countervailing duties. This rate will apply until Commerce sets a new duty rate in subsequent administrative reviews, or a new rate may be set through a remand determination by a binational panel formed pursuant to the North American Free Trade Agreement or United States-Mexico-Canada Agreement, as the case may be (or, "*Panel*") on appeal. Through December 31, 2020, our cash deposits totaled \$194 million and, based on the 19.10% rate and our current operating parameters, could be as high as \$75 million per year.

On June 26, 2017, Commerce announced its preliminary determination in the anti-dumping investigation and, as a result, after June 30, 2017, we were required to pay cash deposits to U.S. Customs at a rate of 4.59% for estimated anti-dumping duties on the vast majority of our U.S. imports of softwood lumber products produced at our Canadian sawmills. On November 2, 2017, Commerce announced its final affirmative determination in the anti-dumping investigation and, as a result, from November 8, 2017 to November 29, 2020, we have been required to pay cash deposits to U.S. Customs, at a rate of 3.20% for the vast majority of our U.S. imports of Canadian-produced softwood lumber products. On November 30, 2020, Commerce issued its final results in the anti-dumping first administrative review and established our new rate at 1.15% for anti-dumping duties. This rate will apply until Commerce sets a new duty rate in subsequent administrative reviews, or a new rate may be set through a remand determination by a Panel on appeal. Through December 31, 2020, our cash deposits totaled \$49 million and, based on the 1.15% rate and our current operating parameters, could be as high as \$5 million per year.

On April 1, 2019, Commerce published a notice initiating the administrative reviews of the countervailing duty and anti-dumping orders on softwood lumber products from Canada. We were selected as a mandatory respondent in these administrative reviews and we are in the process of responding to Commerce with the information requested. On March 10, 2020, Commerce published a notice initiating the second administrative review of the countervailing duty and anti-dumping orders on softwood lumber products from Canada. We were selected as a mandatory respondent for the second administrative review of the countervailing duty order.

In parallel, on September 4, 2019, a Panel issued an interim decision upholding the affirmative final injury determinations of the ITC in both investigations of softwood lumber products from Canada. The Panel remanded the ITC to reconsider several findings and ordered the ITC to submit its redetermination on remand within 90 days from the date of the Panel interim

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

decision. On December 19, 2019, the ITC issued its redetermination on remand that maintained the affirmative final injury determinations, and on May 22, 2020, the Panel issued its final decision and affirmed in its entirety the ITC's injury determination on remand. On January 6, 2021, and January 19, 2021, we filed our complaints supporting Panel reviews of the final results in the countervailing and anti-dumping first administrative reviews.

In addition, on August 24, 2020, the World Trade Organization's (or, "WTO") dispute panel issued a report (or, the "Panel Report") in the case brought by the government of Canada in "United States — Countervailing Measures on Softwood Lumber from Canada" (DS533), concluding, among other things, that Commerce acted inconsistently with the Agreement on Subsidies and Countervailing Measures on most of the matters. On September 28, 2020, the United States notified the WTO's dispute settlement body of its decision to appeal the Panel Report.

We are not presently able to determine the ultimate resolution of these matters, but we believe it is not probable that we will ultimately be assessed with significant duties, if any, on our U.S. imports of Canadian-produced softwood lumber products. Accordingly, no contingent loss was recorded in respect of these petitions in our Consolidated Statements of Operations, and our cash deposits were recorded in "Other assets" in our Consolidated Balance Sheets.

FibreK acquisition

Effective July 31, 2012, we completed the final step of the transaction pursuant to which we acquired the remaining 25.40% of the outstanding Fibrek Inc. (or, "FibreK") shares, following the approval of Fibrek's shareholders on July 23, 2012, and the issuance of a final order by the Quebec Superior Court in Canada (or, "Quebec Superior Court") approving the arrangement on July 27, 2012. Certain former shareholders of Fibrek exercised rights of dissent in respect of the transaction, asking for a judicial determination of the fair value of their claim under the *Canada Business Corporations Act*. On September 26, 2019, the Quebec Superior Court rendered a decision fixing the fair value of the shares of the dissenting shareholders at C\$1.99 per share, or C\$31 million in aggregate, plus interest and an additional indemnity, for a total currently estimated at C\$44 million payable in cash. We had previously accrued C\$14 million for the payment of the dissenting shareholders' claims. Following the court decision, we accrued an additional C\$30 million (\$23 million), and as a result recorded \$23 million in "Other (expense) income, net" in our Consolidated Statement of Operations for the year ended on December 31, 2019. Of the total amount of C\$44 million, C\$19 million (\$14 million) was payable immediately and paid on October 2, 2019, bringing the remaining balance to C\$25 million (\$20 million and \$19 million as of December 31, 2020 and 2019, respectively), which was recorded in "Other liabilities" in our Consolidated Balance Sheets as of December 31, 2020 and 2019. We are appealing the decision, therefore the payment of any additional consideration and its timing will depend on the outcome of the appeal. On November 13, 2019, a legal hypothec in the amount of C\$30 million (\$24 million) was registered on our Saint-Félicien (Quebec) immovable and movable property to secure the payment of any additional amounts following the outcome of the appeal. The hearing in this matter has not yet been scheduled but could occur in 2021.

Partial wind-ups of pension plans

On June 12, 2012, we filed a motion for directives with the Quebec Superior Court, the court with jurisdiction in the creditor protection proceedings under the *Companies' Creditors Arrangement Act* (Canada) (or, the "CCAA Creditor Protection Proceedings"), seeking an order to prevent pension regulators in each of Quebec, New Brunswick, and Newfoundland and Labrador from declaring partial wind-ups of pension plans relating to employees of former operations in New Brunswick, and Newfoundland and Labrador, or a declaration that any claim for accelerated reimbursements of deficits arising from a partial wind-up is a barred claim under the CCAA Creditor Protection Proceedings. We contend, among other things, that any such declaration, if issued, would be inconsistent with the Quebec Superior Court's sanction order confirming the CCAA debtors' *CCAA Plan of Reorganization and Compromise*, as amended, and the terms of our emergence from the CCAA Creditor Protection Proceedings. A partial wind-up would likely shorten the period in which any deficit within those plans, which could reach up to C\$150 million (\$118 million), would have to be funded if we do not obtain the relief sought. The hearing in this matter has not yet been scheduled but could occur in 2021.

Environmental matters

We are subject to a number of federal or national, state, provincial, and local environmental laws, regulations, and orders in various jurisdictions. We believe our operations are in material compliance with current applicable environmental laws and regulations. Environmental regulations promulgated and orders issued in the future could require substantial additional expenditures for compliance and could have a material impact on us, in particular, and the industry in general.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

We have environmental liabilities of \$15 million and \$8 million recorded as of December 31, 2020 and 2019, primarily related to environmental remediation related to closed sites. The amount of these liabilities represents management's estimate of the ultimate settlement based on an assessment of relevant factors and assumptions and could be affected by changes in facts or assumptions not currently known to management for which the outcome cannot be reasonably estimated at this time. These liabilities are included in "Accounts payable and accrued liabilities" or "Other liabilities" in our Consolidated Balance Sheets.

We also have asset retirement obligations of \$25 million and \$26 million recorded as of December 31, 2020 and 2019, primarily consisting of liabilities associated with landfills, sludge basins and the dismantling of retired assets. These liabilities are included in "Accounts payable and accrued liabilities" and "Other liabilities" in our Consolidated Balance Sheets.

Note 19. Share Capital

Common stock

We are authorized under our certificate of incorporation, as amended and restated, to issue up to 190 million shares of common stock, par value \$0.001 per share, of which 14,320,960 shares have been reserved for issuance under the Incentive Plans (as defined in Note 20, "Share-Based Compensation").

Treasury stock

On March 2, 2020, our board of directors authorized a share repurchase program of up to 15% of our common stock, for an aggregate consideration of up to \$100 million. During the year ended December 31, 2020, we repurchased 6.9 million shares at a cost of \$30 million under this program. During the year ended December 31, 2019, we repurchased 4.8 million shares at a cost of \$24 million under our \$150 million share repurchase program, which was completed in 2019. We did not repurchase any shares during 2018.

Dividends

We declared and paid a special dividend of \$1.50 per share (\$136 million) on our common stock in 2018. We did not declare or pay any dividends on our common stock during the years ended December 31, 2020 and 2019.

Preferred stock

We are authorized under our certificate of incorporation, as amended and restated, to issue 10 million shares of preferred stock, par value \$0.001 per share. As of December 31, 2020 and 2019, no preferred shares were issued and outstanding.

Note 20. Share-Based Compensation

Incentive Plans

The Resolute Forest Products Equity Incentive Plan, as amended (or, the "*Incentive Plan*"), administered by the human resources and compensation/nominating and governance committee of the board of directors, became effective in 2010 and provides for the grant of equity-based and liability-based awards, including stock options, stock appreciation rights, restricted stock, RSUs, DSUs, PSUs (collectively, "*stock incentive awards*"), and cash incentive awards to certain of our officers, directors, employees, consultants and advisors. The Incentive Plan reserved for issuance 9 million shares for stock incentive awards. In 2019, we established and adopted the Resolute Forest Products 2019 Equity Incentive Plan (or, the "*2019 Incentive Plan*"), which authorized 3 million shares to be issued as stock incentive awards. In 2020, an additional 2.3 million shares were authorized, for a total of 5.3 million shares. Since the adoption of the 2019 Incentive Plan, no more awards can be granted under the Incentive Plan. As of December 31, 2020, 2.2 million shares were available for grants under the 2019 Incentive Plan. We refer to both the Incentive Plan and the 2019 Incentive Plan as the "*Incentive Plans*".

Awards for employees who retire (upon meeting certain age and service criteria) at least six months after the grant date and prior to the end of the vesting period will continue to vest after retirement, in accordance with the normal vesting schedule. The requisite service periods for the stock incentive awards are reduced on an individual basis, as necessary, to reflect the grantee's individual retirement eligibility date.

For the years ended December 31, 2020, 2019 and 2018, share-based compensation expense under the Incentive Plans was \$14 million (\$1.2 million tax benefit), \$2 million (no tax benefit) and \$17 million (\$1 million tax benefit), respectively. As of

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

December 31, 2020, there was \$13 million of unrecognized compensation cost, which is expected to be recognized over a remaining service period of three years.

Stock options

Under the Incentive Plans, stock options become exercisable ratably over a period of four years and, unless terminated earlier in accordance with their terms, expire 10 years from the date of grant. New shares of our common stock are issued upon the exercise of a stock option. In certain cases, we withhold shares in respect of option costs and applicable taxes. We have not granted any stock options since 2013. Since the adoption of the 2019 Incentive Plan, stock options can no longer be granted under our Incentive Plans.

The activity of outstanding stock options for the year ended December 31, 2020, was as follows:

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Contractual Life (years)
Balance as of December 31, 2019	959,399	\$ 16.09	2.8
Forfeited	(46,498)	\$ 16.14	
Balance as of December 31, 2020	912,901	\$ 16.09	1.8
Exercisable as of December 31, 2020	912,901	\$ 16.09	1.8

The total intrinsic value of stock options exercised in 2018 was less than \$1 million. No stock options were exercised in 2020 and 2019.

Restricted stock units and deferred stock units

Under the Incentive Plans, each RSU and DSU granted provides the holder upon vesting the right to receive one share of our common stock for equity-based awards, and the equivalent in cash for liability-based awards. The awards vest ratably over a period of four years for employees and one year for directors. Awards to employees are settled upon vesting, while awards to directors are settled ratably over a period of three years or upon separation from the board of directors, as applicable, based on the director's country of residency. We withhold shares in respect of applicable taxes.

The activity of nonvested RSUs and DSUs for the year ended December 31, 2020, was as follows:

	Number of Units			Weighted- Average Fair Value at Grant Date
	Equity-Based Awards	Liability-Based Awards	Total	
Balance as of December 31, 2019	1,356,016	755,934	2,111,950	\$ 6.32
Granted	688,797	1,200,163	1,888,960	\$ 3.87
Vested	(688,126)	(695,347)	(1,383,473)	\$ 5.20
Forfeited	(77,672)	(132,486)	(210,158)	\$ 5.24
Balance as of December 31, 2020	1,279,015	1,128,264	2,407,279	\$ 5.14

There were 225,168 equity-based and 316,435 liability-based RSUs and DSUs granted to directors that vested but were not settled as of December 31, 2020.

The weighted-average grant-date fair value of all RSUs and DSUs granted in 2019 and 2018, was \$5.55 and \$8.93, respectively. The total fair value of RSUs and DSUs vested in 2020, 2019 and 2018, was \$7 million, \$5 million and \$12 million, respectively. We paid \$3 million, \$1 million and \$2 million for liability-based RSUs and DSUs in 2020, 2019 and 2018, respectively.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Performance stock units

Under the Incentive Plans, each PSU provides the holder the right to receive upon vesting one share of our common stock for equity-based awards, and the equivalent in cash for liability-based awards, subject to an adjustment based on market and/or performance conditions. The awards vest after a period of up to 40 months upon which they are settled. No awards vest when the minimum thresholds are not achieved. We withhold shares in respect of applicable taxes. The fair value of PSUs granted was estimated using a Monte Carlo simulation model, using the following assumptions:

	2020	2019	2018
Expected volatility	57% - 77%	56% - 58%	57 %
Risk-free interest rate	0.11% - 2.99%	1.58% - 1.70%	2.73% - 2.99%

The activity of nonvested PSUs for the year ended December 31, 2020, was as follows:

	Number of Units			Weighted-Average Fair Value at Grant Date
	Equity-Based Awards	Liability-Based Awards	Total	
Balance as of December 31, 2019	2,353,420	1,127,021	3,480,441	\$ 5.99
Granted	688,797	700,693	1,389,490	\$ 4.09
Vested	(1,271,527)	(420,137)	(1,691,664)	\$ 4.22
Performance adjustment	103,703	34,265	137,968	\$ 3.95
Forfeited	(78,990)	(130,515)	(209,505)	\$ 5.38
Balance as of December 31, 2020	1,795,403	1,311,327	3,106,730	\$ 6.05

The weighted-average grant-date fair value of all PSUs granted in 2019 and 2018, was \$5.29 and \$9.01, respectively. The total fair value of PSUs vested in 2020, 2019 and 2018, was \$5 million, \$7 million and \$2 million, respectively. We paid \$1 million and \$1 million for liability-based PSUs in 2020 and 2019, respectively. There was no cash paid for liability-based PSUs in 2018.

Deferred Compensation Plan

In 2011, the board of directors adopted the Resolute Forest Products Outside Director Deferred Compensation Plan (the “*Deferred Compensation Plan*”), which allows non-employee directors to surrender 50% or 100% of their cash fees in exchange for DSUs or RSUs, as applicable, based on the director’s country of residency. The number of awards issued pursuant to the Deferred Compensation Plan is based on 110% of the fees earned, resulting in a 10% premium incentive.

Under the Deferred Compensation Plan, each RSU and DSU granted provides the holder the right to receive payment in cash in an amount equal to the fair market value of one share of our common stock upon vesting. The awards have a nonforfeitable right or vest ratably over a period of three years, as applicable, and are settled with cash ratably over a period of three years or upon separation from the board of directors, as applicable, based on the director’s country of residency. All of our outstanding stock incentive awards pursuant to the Deferred Compensation Plan were accounted for as liability awards.

Share-based compensation expense under the Deferred Compensation plan for the years ended December 31, 2020 and 2018 was \$2 million and less than \$1 million, respectively. There was a \$1 million reversal in share-based compensation expense for the year ended December 31, 2019.

RSUs and DSUs outstanding under the Deferred Compensation Plan as of December 31, 2020 and 2019 were 481,056 and 330,900, respectively. The total fair value of RSUs and DSUs vested in 2020, 2019 and 2018 was less than \$1 million, less than \$1 million and \$1 million, respectively.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 21. Segment Information

We manage our business based on the products we manufacture. Accordingly, our reportable segments correspond to our principal product lines: market pulp, tissue, wood products, and paper. As of the second quarter of 2020, the results from our newsprint and specialty papers operations have been combined to form the paper reportable segment. This better reflects management’s internal analysis, given the diminishing percentage newsprint and specialty papers represent in our product portfolio. Comparative year information has been modified to conform to this revised segment presentation.

None of the income or loss items following “Operating income” in our Consolidated Statements of Operations are allocated to our segments, since those items are reviewed separately by management. For the same reason, closure costs, impairment and other related charges, inventory write-downs related to closures, start-up costs, gains and losses on disposition of assets, as well as other discretionary charges or credits are not allocated to our segments. We allocate depreciation and amortization expense to our segments, although the related fixed assets and amortizable intangible assets are not allocated to segment assets. Additionally, all selling, general and administrative expenses are allocated to our segments, with the exception of certain discretionary charges and credits, which we present under “corporate and other.”

In each of 2020, 2019 and 2018, no assets were identifiable by segment and reviewed by management.

Information about certain segment data for the years ended December 31, 2020, 2019 and 2018, was as follows:

<i>(In millions)</i>	Market Pulp ⁽¹⁾	Tissue ⁽²⁾	Wood Products ⁽³⁾	Paper	Segment Total	Corporate and Other	Total
Sales							
2020	\$ 668	\$ 173	\$ 1,025	\$ 934	\$ 2,800	\$ —	\$ 2,800
2019	\$ 797	\$ 165	\$ 616	\$ 1,345	\$ 2,923	\$ —	\$ 2,923
2018	\$ 1,085	\$ 130	\$ 823	\$ 1,718	\$ 3,756	\$ —	\$ 3,756
Depreciation and amortization							
2020	\$ 24	\$ 18	\$ 43	\$ 69	\$ 154	\$ 15	\$ 169
2019	\$ 23	\$ 18	\$ 34	\$ 72	\$ 147	\$ 20	\$ 167
2018	\$ 27	\$ 15	\$ 32	\$ 113	\$ 187	\$ 25	\$ 212
Operating income (loss)							
2020	\$ (1)	\$ (1)	\$ 276	\$ (46)	\$ 228	\$ (129)	\$ 99
2019	\$ 39	\$ (16)	\$ (6)	\$ 82	\$ 99	\$ (82)	\$ 17
2018	\$ 172	\$ (30)	\$ 169	\$ 114	\$ 425	\$ (46)	\$ 379
Capital expenditures							
2020	\$ 15	\$ 8	\$ 26	\$ 23	\$ 72	\$ 6	\$ 78
2019	\$ 29	\$ 8	\$ 23	\$ 43	\$ 103	\$ 10	\$ 113
2018	\$ 53	\$ 27	\$ 37	\$ 34	\$ 151	\$ 4	\$ 155

⁽¹⁾ Inter-segment sales of \$28 million, \$36 million and \$39 million, were excluded from market pulp sales for the years ended December 31, 2020, 2019 and 2018, respectively. Effective July 1, 2019, these sales were transacted either at the lowest market price of the previous month or cost. Previously, these sales were transacted at cost.

⁽²⁾ The operating results of our Calhoun tissue operations, previously recorded under “corporate and other,” have been recorded in our tissue segment since April 1, 2018.

⁽³⁾ Wood products sales to our joint ventures, which are transacted at arm’s length negotiated prices, were \$28 million, \$22 million and \$26 million for the years ended December 31, 2020, 2019 and 2018, respectively.

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Sales are attributed to countries based on the location of the customer. No single customer, related or otherwise, accounted for 10% or more of our 2020, 2019 or 2018 consolidated sales. No country in the "Other countries" group in the table below exceeded 2% of consolidated sales. Sales by country for the years ended December 31, 2020, 2019 and 2018, were as follows:

<i>(In millions)</i>	2020	2019	2018
U.S.	\$ 2,038	\$ 2,026	\$ 2,581
Foreign countries:			
Canada	463	405	513
Mexico	63	87	148
Other countries	236	405	514
	762	897	1,175
	\$ 2,800	\$ 2,923	\$ 3,756

Long-lived assets by country as of December 31, 2020 and 2019, were as follows:

<i>(In millions)</i>	2020	2019
U.S.	\$ 666	\$ 540
Canada	898	1,028
	\$ 1,564	\$ 1,568

RESOLUTE FOREST PRODUCTS INC.
Notes to Consolidated Financial Statements

Note 22. Quarterly Information (Unaudited)

<i>(In millions, except per share amounts)</i>	2020				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Sales	\$ 689	\$ 612	\$ 730	\$ 769	\$ 2,800
Operating (loss) income	\$ (8)	\$ 6	\$ 97	\$ 4	\$ 99
Net (loss) income attributable to Resolute Forest Products Inc.	\$ (1)	\$ 6	\$ 57	\$ (52)	\$ 10
Basic net (loss) income per share attributable to Resolute Forest Products Inc. common shareholders	\$ (0.01)	\$ 0.07	\$ 0.66	\$ (0.63)	\$ 0.12
Diluted net (loss) income per share attributable to Resolute Forest Products Inc. common shareholders	\$ (0.01)	\$ 0.07	\$ 0.66	\$ (0.63)	\$ 0.12

<i>(In millions, except per share amounts)</i>	2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Sales	\$ 795	\$ 755	\$ 705	\$ 668	\$ 2,923
Operating income (loss)	\$ 64	\$ 40	\$ (18)	\$ (69)	\$ 17
Net income (loss) attributable to Resolute Forest Products Inc.	\$ 42	\$ 25	\$ (43)	\$ (71)	\$ (47)
Basic net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders	\$ 0.45	\$ 0.27	\$ (0.47)	\$ (0.79)	\$ (0.51)
Diluted net income (loss) per share attributable to Resolute Forest Products Inc. common shareholders	\$ 0.45	\$ 0.27	\$ (0.47)	\$ (0.79)	\$ (0.51)

Note 23. Subsequent Events

The following significant events occurred subsequent to December 31, 2020:

- On February 2, 2021, we completed the Offering of \$300 million aggregate principal amount of our 4.875% senior notes due 2026 at an issue price of 100%. The 2026 Notes are unsecured and are guaranteed by all of our current and, subject to certain conditions, future material wholly-owned U.S. subsidiaries. The Notes mature on March 1, 2026, unless earlier redeemed or repurchased, and will be recorded in “Long-term debt” in our consolidated balance sheet at their fair value of \$300 million. Interest on the notes is payable semi-annually on March 1 and September 1 of each year, beginning on September 1, 2021.

We used the net proceeds of the Offering, together with cash on hand, to redeem all of the outstanding \$375 million aggregate principal amount of our 5.875% senior notes due 2023, at a price of 100% of the aggregate principal amount thereof, plus accrued and unpaid interest to, but not including, the redemption date. In connection with the redemption of all \$375 million aggregate principal amount of the 2023 Notes (the “Redemption”), we placed the net proceeds of the closing of the Offering, together with additional cash, into trust for the benefit of the holders of the 2023 Notes. The Redemption occurred on February 18, 2021.

- Effective January 21, 2021, we reduced the commitment under the Canadian tranche of our senior secured asset-based revolving credit facility by \$50 million, to \$250 million, resulting in an aggregate commitment of \$450 million, subject to borrowing base limitations.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Resolute Forest Products Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Resolute Forest Products Inc. and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive (loss) income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the “*consolidated financial statements*”). We also have audited the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above 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. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Financial Statements and Assessment of Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting 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 US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Report on Financial Statements and Assessment of Internal Control over Financial Reporting, management has excluded the subsidiaries acquired from Conifex Timber Inc. on February 1, 2020, the business of which consists mainly in the operation of three sawmills and related assets in Cross City (Florida) and in Glenwood and El Dorado (Arkansas), (the US Sawmill Business) from its assessment of internal control over financial reporting as of December 31, 2020 because it was acquired by the Company in a purchase business combination during 2020. We have also excluded the US Sawmill Business from our audit of internal control over financial reporting. The US Sawmill Business consists of wholly-owned subsidiaries whose total assets and total sales excluded from management’s assessment and our audit of internal control over financial reporting represent \$256 million and \$137 million, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2020.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated 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.

Long-lived Assets Impairment Assessment for an asset group for which management identified impairment indicators

As described in notes 2, 10, 11 and 12 to the consolidated financial statements, the Company's consolidated long-lived assets balance was \$1,564 million as of December 31, 2020 and comprised \$1,441 million fixed assets, net, \$63 million amortizable intangible assets, net and \$60 million operating lease right-of-use assets. Management reviews long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of an asset group may no longer be recoverable. For asset groups that are held and used, the asset group represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other asset groups. The recoverability of an asset group that is held and used is tested by comparing the carrying value of the asset group to the sum of the estimated undiscounted future cash flows expected to be generated by that asset group. The principal assumptions used by management to estimate these undiscounted future cash flows include, but are not limited to, periods of operation, projections of product pricing, production levels and sales volumes, product costs, market supply and demand, foreign exchange rates, inflation, and projected capital spending. If it is determined that an asset group is not recoverable, an impairment loss is recognized in the amount by which the asset group's carrying value exceeds its fair value. No impairment charge was required in the current year.

The principal considerations for our determination that performing procedures relating to long-lived assets impairment assessment for an asset group for which management identified impairment indicators is a critical audit matter are (i) the high degree of auditor judgment and subjectivity in applying procedures relating to the recoverability of the asset group being tested for impairment due to the significant judgment required by management when developing the undiscounted future cash flows and (ii) significant audit effort in evaluating the principal assumptions related to the projections of product pricing and sales volumes, product costs and projected capital spending.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's long-lived assets impairment assessment for an asset group for which management identified impairment indicators, including controls over (i) the development of principal assumptions used in the undiscounted cash flow model and (ii) the determination of the recoverable amount of an asset group for which management identified impairment indicators. These procedures also included, among others, (i) testing management's process for determining the recoverable amount of the asset group tested for impairment, (ii) evaluating the appropriateness of the undiscounted cash flow model, (iii) testing the completeness and accuracy of the underlying data used in the models and (iv) evaluating the reasonableness of the principal assumptions used by management, including projections of product pricing and sales volumes, product costs and projected capital spending. Evaluating the reasonableness of the principal assumptions related to projections of product pricing and sales volumes, product costs and projected capital spending involved considering the current and past performance of the asset group tested for impairment, management's strategic plan, comparing market-related assumptions used in the model to external market and industry data and whether these assumptions were consistent with evidence obtained in other areas of the audit.

Valuation of Fixed Assets acquired related to the US Sawmill Business

As described in notes 2 and 3 to the consolidated financial statements, in 2020 the Company completed the acquisition of certain subsidiaries, the business of which consisted mainly of three operating sawmills (the US Sawmill Business) for consideration of \$173 million paid in cash. Management accounted for this transaction as a business combination using the acquisition method. Under this method, identifiable assets acquired and liabilities assumed are recorded at their respective fair values at the date of acquisition. Management recorded the acquired fixed assets at an aggregated fair value of \$114 million on the date of acquisition based on both cost and market approaches. Management applied significant judgment in estimating the fair value of fixed assets acquired using the cost approach, which involved the use of principal assumptions with respect to estimated replacement and reproduction costs, estimated useful lives, and physical, functional and economic obsolescence at the time of acquisition.

The principal considerations for our determination that performing procedures relating to the valuation of fixed assets acquired related to the US Sawmill Business is a critical audit matter are (i) the high degree of auditor judgment and subjectivity in performing procedures relating to the fair value measurement of fixed assets acquired due to the significant amount of judgment required by management when developing the fair value applying the cost approach and (ii) the significant audit effort in evaluating the principal assumptions relating to this estimate, including replacement and reproduction costs, estimated useful lives and physical, functional and economic condition obsolescence at the time of acquisition. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the acquired fixed assets and controls over the development of the principal assumptions used in the valuation of acquired fixed assets. These procedures also included, among others, (i) reading the securities purchase agreement, (ii) testing management's process for estimating the fair value of the acquired fixed assets using the cost approach, (iii) testing the completeness and accuracy of underlying data used in the models, and (iv) with the assistance of professionals with specialized skill and knowledge, evaluating whether the principal assumptions were reasonable considering consistency with external market and industry data. Professionals with specialized skill and knowledge were also involved in evaluating the appropriateness of the valuation approach.

/s/ PricewaterhouseCoopers LLP

Montréal, Canada
March 1, 2021

We have served as the Company's auditor since 2007.

MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS AND ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Financial Statements

Management of Resolute Forest Products Inc. is responsible for the preparation of the financial information included in this Form 10-K. The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include amounts that are based on the best estimates and judgments of management.

Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Resolute Forest Products Inc.'s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Resolute Forest Products Inc.;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles;
- provide reasonable assurance that receipts and expenditures of Resolute Forest Products Inc. are being made only in accordance with the authorizations of management and directors of Resolute Forest Products Inc.; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Resolute Forest Products Inc.'s internal control over financial reporting as of December 31, 2020. Management based this assessment on the criteria for effective internal control over financial reporting described in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management has elected to exclude from its assessment of internal control over financial reporting as of December 31, 2020, the subsidiaries acquired from Conifex Timber Inc. on February 1, 2020, the business of which consists mainly in the operation of three sawmills and related assets in Cross City and in Glenwood and El Dorado, included in our consolidated financial statements with sales and assets of \$137 million and \$256 million, respectively, for the year ended December 31, 2020 because it was acquired by the Company in a purchase business combination during 2020. Management's assessment included an evaluation of the design of Resolute Forest Products Inc.'s internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the audit committee of our board of directors.

Based on this assessment, management determined that, as of December 31, 2020, Resolute Forest Products Inc.'s internal control over financial reporting was effective.

The effectiveness of Resolute Forest Products Inc.'s internal control over financial reporting as of December 31, 2020, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report above.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our president and chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

We have evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of December 31, 2020. Based on that evaluation, the president and chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of such date in recording, processing, summarizing and timely reporting information required to be disclosed in our reports to the SEC.

Management's Report on Internal Control over Financial Reporting

Management has issued its report on internal control over financial reporting, which included management's assessment that the Company's internal control over financial reporting was effective as of December 31, 2020. Management's report on internal control over financial reporting can be found on page 116 of this Form 10-K. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an attestation report on the effectiveness of internal control over financial reporting as of December 31, 2020. This report can be found on page 113 of this Form 10-K.

Changes in Internal Control over Financial Reporting

In connection with the evaluation of internal control over financial reporting, there were no changes during the quarter ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information appearing under the captions entitled “Management Proposals – Vote on the Election of Directors,” “Delinquent Section 16(a) Reports,” and “Corporate Governance and Board Matters” in our definitive proxy statement for our 2021 annual meeting of shareholders to be held on May 21, 2021 (or, our “2021 proxy statement”), which will be filed within 120 days of the end of our fiscal year ended December 31, 2020, is incorporated herein by reference.

Information regarding our executive officers is presented in Part I, Item 1, “Business – Executive Officers,” of this Form 10-K and is incorporated by reference herein.

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer and principal accounting officer. This code of ethics (which is entitled “Code of Business Conduct”) and our corporate governance policies are posted on our website at www.resolutefp.com. We intend to satisfy disclosure requirements regarding amendments to or waivers from our code of ethics by posting such information on this website. The charters of the Audit Committee and the Human Resources and Compensation/Nominating and Governance Committee of our Board of Directors are available on our website as well. This information is also available in print free of charge to any person who requests it.

ITEM 11. EXECUTIVE COMPENSATION

The information appearing under the captions entitled “Executive Compensation,” “Corporate Governance and Board Matters,” “Director Compensation,” and “Compensation Committee Interlocks and Insider Participation” in our 2021 proxy statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information appearing under the caption entitled “Information on Stock Ownership” in our 2021 proxy statement is incorporated herein by reference.

Equity Compensation Plan Information

The following table provides information as of December 31, 2020, regarding securities to be issued upon exercise of outstanding stock options or pursuant to outstanding stock unit awards, and securities remaining available for issuance under our equity compensation plans. The Incentive Plans are the only compensation plans with shares authorized.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,012,924 ⁽¹⁾	\$ —	2,211,394
Equity compensation plans not approved by security holders ⁽²⁾	2,043,813 ⁽³⁾	\$ 16.09 ⁽⁴⁾	—
Total	5,056,737	\$ 16.09	2,211,394

⁽¹⁾ Includes shares issuable upon the exercise of 1,087,568 RSUs issued under the 2019 Incentive Plan, at a rate of one share per unit. Also includes shares issuable upon the settlement of 1,241,295 PSUs issued under the 2019 Incentive Plan at the maximum payout rate (1,925,356 shares).

⁽²⁾ The Incentive Plan was approved by the Courts in connection with the CCAA Creditor Protection Proceedings, and the creditor protection proceedings under Chapter 11 of the United States Bankruptcy Code, as amended, as applicable.

⁽³⁾ Includes shares issuable upon the exercise of 912,901 stock options and shares issuable upon the settlement of 416,615 RSUs and DSUs issued under the Incentive Plan, at a rate of one share per unit. Also includes shares issuable upon the settlement of 554,107 PSUs issued under the Incentive Plan at the maximum payout rate (714,297 shares).

⁽⁴⁾ The weighted-average exercise price in column (b) represents the weighted-average exercise price of the outstanding stock options disclosed in column (a). The stock unit awards do not have an exercise price and are not included in the calculation of the weighted-average exercise price in column (b).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information appearing under the captions entitled “Related Party Transactions” and “Corporate Governance and Board Matters – Director Independence” in our 2021 proxy statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information appearing under the caption entitled “Management Proposals – Vote on the Ratification of the Appointment of PricewaterhouseCoopers LLP” in our 2021 proxy statement is incorporated herein by reference.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) The following are filed as a part of this Form 10-K:

(1) The following are included at the indicated page of this Form 10-K:

	Page
Consolidated Statements of Operations for the Years Ended December 31, 2020, 2019 and 2018	68
Consolidated Statements of Comprehensive (Loss) Income for the Years Ended December 31, 2020, 2019 and 2018	69
Consolidated Balance Sheets as of December 31, 2020 and 2019	70
Consolidated Statements of Changes in Equity for the Years Ended December 31, 2020, 2019 and 2018	71
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018	72
Notes to Consolidated Financial Statements	73
Report of Independent Registered Public Accounting Firm	112
Management's Report on Financial Statements and Assessment of Internal Control over Financial Reporting	115

(2) Exhibits (numbered in accordance with Item 601 of Regulation S-K):

Exhibit No.	Description
#2.1	Asset Purchase Agreement between Resolute FP US Inc., New-Indy Containerboard LLC and New-Indy Catawba LLC, dated October 2, 2018 (incorporated by reference from Exhibit 2.1 to Resolute Forest Products Inc.'s Current Report on Form 8-K filed on January 7, 2019, SEC File No. 001-33776).
#2.2	Amendment to the Asset Purchase Agreement between Resolute FP US Inc., New-Indy Containerboard LLC and New-Indy Catawba LLC, dated December 27, 2018 (incorporated by reference from Exhibit 2.2 to Resolute Forest Products Inc.'s Current Report on Form 8-K filed on January 7, 2019, SEC File No. 001-33776).
#2.3	Securities Purchase Agreement, dated December 23, 2019, among Conifex USA Inc., Conifex Holdco LLC, Conifex Timber Inc. and Resolute FP US Inc. (incorporated by reference from Exhibit 2.1 to Resolute Forest Products Inc.'s Current Report on Form 8-K filed on December 27, 2019, SEC File No. 001-33776).
3.1	Amended and Restated Certificate of Incorporation of Resolute Forest Products Inc. (incorporated by reference from Exhibit 3.1 to Resolute Forest Product Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, filed March 1, 2013, SEC File No. 001-33776).
3.2	By-laws of Resolute Forest Products Inc., as amended through March 23, 2020 (incorporated by reference from Exhibit 3.1 to Resolute Forest Products Inc.'s Current Report on Form 8-K filed on March 27, 2020, SEC File No. 001-33776).
4.1	Description of the Securities Registered under Section 12 of the Securities Exchange Act of 1934.
4.2	Indenture, dated as of February 2, 2021, among Resolute Forest Products Inc., the guarantors party thereto and Wells Fargo Bank, National Association, as trustee.
10.1	Credit Agreement, dated as of May 22, 2015, among Resolute Forest Products Inc., Resolute FP Canada Inc., certain other subsidiaries of Resolute Forest Products Inc. as borrowers or guarantors, various lenders, Bank of America, N.A., as U.S. Administrative Agent and Collateral Agent, and Bank of America, N.A. (through its Canada branch), as Canadian Administrative Agent (incorporated by reference from Exhibit 10.1 to Resolute Forest Products Inc.'s Current Report on Form 8-K filed May 26, 2015, SEC file No. 001-033776).
10.2	Amended and Restated Credit Agreement, dated as of October 28, 2019, among Resolute Forest Products Inc., certain U.S. subsidiaries of Resolute Forest Products Inc. as borrowers and guarantors, various lenders, and American AgCredit, FLCA, as administrative agent and collateral agent (incorporated by reference from Exhibit 10.1 to Resolute Forest Products Inc.'s Current Report on Form 8-K filed October 30, 2019, SEC file No. 001-33776).

<u>Exhibit No.</u>	<u>Description</u>
10.3	Second Amendment to the Credit Agreement, dated as of May 14, 2019, among Resolute Forest Products Inc., Resolute FP Canada Inc., certain other subsidiaries of Resolute Forest Products Inc. as borrowers or guarantors, various lenders, Bank of America, N.A., as U.S. Administrative Agent and Collateral Agent, and Bank of America, N.A. (through its Canada branch), as Canadian Administrative Agent (incorporated by reference from Exhibit 10.1 to Resolute Forest Products Inc.'s Current Report on Form 8-K filed May 20, 2019, SEC file No. 001-33776).
10.4	Secured Delayed Draw Term Loan Facility, dated as of November 4, 2020, among Resolute FP Canada Inc., a subsidiary of Resolute Forest Products Inc. as borrower, and Investissement Quebec, as lender.
†10.5	AbitibiBowater 2010 Canadian DB Supplemental Executive Retirement Plan, effective as of December 9, 2010 (incorporated by reference from Exhibit 10.4 to AbitibiBowater Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, filed April 5, 2011, SEC File No. 001-33776).
†10.6	AbitibiBowater Inc. 2010 Equity Incentive Plan Form of Director Nonqualified Stock Option Agreement (incorporated by reference from Exhibit 10.3 to AbitibiBowater Inc.'s Registration Statement on Form S-8 filed January 7, 2011, SEC Registration No. 333-171602).
†10.7	AbitibiBowater Inc. 2010 Equity Incentive Plan Form of Employee Nonqualified Stock Option Agreement (incorporated by reference from Exhibit 10.4 to AbitibiBowater Inc.'s Registration Statement on Form S-8 filed January 7, 2011, SEC Registration No. 333-171602).
†10.8	AbitibiBowater Inc. 2010 Equity Incentive Plan Form of Employee Nonqualified Stock Option Agreement (incorporated by reference from Exhibit 10.14 to AbitibiBowater Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, filed February 29, 2012, SEC File No. 001-33776).
†10.9	AbitibiBowater Executive Restricted Stock Unit Plan, effective as of April 1, 2011 (incorporated by reference from Exhibit 10.13 to AbitibiBowater Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, filed April 5, 2011, SEC File No. 001-33776).
†10.10	Retirement Compensation Trust Agreement (with Letter of Credit) between AbiBow Canada Inc. and AbitibiBowater Inc. and CIBC Mellon Trust Company, dated and effective as of November 1, 2011 (incorporated by reference from Exhibit 10.39 to AbitibiBowater Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011, filed February 29, 2012, SEC File No. 001-33776).
10.11	Agreement Concerning the Pulp and Paper Operations of AbiBow Canada in Ontario, dated November 10, 2010, between Bowater Canadian Forest Products Inc. and Abitibi-Consolidated Company of Canada and The Province of Ontario (incorporated by reference from Exhibit 10.32 to AbitibiBowater Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, filed April 5, 2011, SEC File No. 001-33776).
10.12	Agreement Concerning the Pulp and Paper Operations of AbiBow Canada in Quebec, dated September 13, 2010, between Bowater Canadian Forest Products Inc. and Abitibi-Consolidated Company of Canada and The Government of Quebec (incorporated by reference from Exhibit 10.33 to AbitibiBowater Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, filed April 5, 2011, SEC File No. 001-33776).
†10.13	Offer Letter between Jacques Vachon and AbitibiBowater Inc., dated March 19, 2012 (incorporated by reference from Exhibit 10.2 to AbitibiBowater Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed May 10, 2012, SEC File No. 001-33776).
†10.14	Resolute Forest Products DC Make-up Program, effective January 1, 2012 (incorporated by reference from Exhibit 10.3 to AbitibiBowater Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed May 10, 2012, SEC File No. 001-33776).
†10.15	Resolute Forest Products Inc. Severance Policy – Chief Executive Officer and Direct Reports, effective as of August 1, 2012 (incorporated by reference from Exhibit 10.1 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed August 9, 2012, SEC File No. 001-33776).
†10.16	Resolute Forest Products Equity Incentive Plan (previously named the AbitibiBowater Inc. 2010 Equity Incentive Plan), effective as of December 9, 2010 (incorporated by reference from Exhibit 10.2 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, filed November 9, 2012, SEC File No. 001-33776).
†10.17	Resolute Forest Products Outside Director Deferred Compensation Plan (previously named the AbitibiBowater Inc. Outside Director Deferred Compensation Plan), effective as of April 1, 2011 (incorporated by reference from Exhibit 10.3 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, filed November 9, 2012, SEC File No. 001-33776).
†10.18	Form of Indemnification Agreement for Directors and Officers of Resolute Forest Products Inc. (incorporated by reference from Exhibit 10.41 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, filed March 1, 2013, SEC File No. 001-33776).

<u>Exhibit No.</u>	<u>Description</u>
†10.19	Resolute Forest Products Equity Incentive Plan Form of Employee Nonqualified Stock Option Agreement (incorporated by reference from Exhibit 10.41 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013, filed March 3, 2014, SEC File No. 001-33776).
†10.20	Offer Letter between Richard Tremblay and Resolute Forest Products Inc., dated February 4, 2014 (incorporated by reference from Exhibit 10.43 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013, filed March 3, 2014, SEC File No. 001-33776).
†10.21	First Amendment dated February 14, 2014 to the AbitibiBowater 2010 Canadian DB Supplemental Executive Retirement Plan, effective as of December 9, 2010 (incorporated by reference from Exhibit 10.44 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015, SEC File No. 001-33776).
†10.22	Resolute FP Canada Inc. and Resolute Forest Products Inc. Security Protocol with respect to the Resolute Forest Products 2010 Canadian DB Supplemental Executive Retirement Plan and the Resolute Canada SERP, amended and restated effective April 11, 2014 (incorporated by reference from Exhibit 10.45 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015, SEC File No. 001-33776).
†10.23	Form of Indemnification Agreement for Directors and Officers of Resolute Forest Products Inc. (incorporated by reference from Exhibit 10.46 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, filed March 2, 2015, SEC File No. 001-33776).
†10.24	Resolute Forest Products Equity Incentive Plan Form of Director Deferred Stock Unit Agreement (incorporated by reference from Exhibit 10.39 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed March 1, 2017, SEC File No. 001-33776).
†10.25	Resolute Forest Products Equity Incentive Plan Form of Director Restricted Stock Unit Agreement (incorporated by reference from Exhibit 10.40 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed March 1, 2017, SEC File No. 001-33776).
†10.26	Indemnification Policy for the Executive Officers and Chief Accounting Officer of Resolute Forest Products Inc (incorporated by reference from Exhibit 10.41 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed March 1, 2017, SEC File No. 001-33776).
†10.27	Guarantee Agreement, entered into on February 21, 2017, and dated as of June 18, 2014, between Resolute FP Canada Inc. and Resolute FP US Inc. as Guarantors, and Jacques Vachon as the Guaranteed Party (incorporated by reference from Exhibit 10.42 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed March 1, 2017, SEC File No. 001-33776).
†10.28	First Amendment to the Resolute Forest Products Equity Incentive Plan, dated February 28, 2017 (incorporated by reference from Exhibit 10.43 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, filed March 1, 2017, SEC File No. 001-33776).
†10.29	Offer Letter between Patrice Minguez and Resolute Forest Products Inc., dated July 24, 2017 (incorporated by reference from Exhibit 10.1 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed August 9, 2017, SEC File No. 001-33776).
†10.30	Form of Resolute Forest Products Equity Incentive Plan Executive Stock Settled Performance Stock Unit Agreement (incorporated by reference from Exhibit 10.2 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed November 9, 2017, SEC File No. 001-33776).
†10.31	Second Amendment to the Resolute Forest Products Equity Incentive Plan, dated October 31, 2017 (incorporated by reference from Exhibit 10.3 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed November 9, 2017, SEC File No. 001-33776).
†10.32	Executive Employment Agreement between Resolute Forest Products Inc. and Yves Laflamme, dated February 1, 2018 (incorporated by reference from Exhibit 10.51 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017, filed March 1, 2018, SEC File No. 001-33776).
†10.33	Change in Control Agreement between Resolute Forest Products Inc. and Yves Laflamme, dated February 1, 2018 (incorporated by reference from Exhibit 10.52 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017, filed March 1, 2018, SEC File No. 001-33776).
†10.34	Director Compensation Program Chart, dated February 27, 2018 (incorporated by reference from Exhibit 10.54 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017, filed March 1, 2018, SEC File No. 001-33776).

<u>Exhibit No.</u>	<u>Description</u>
†10.35	Offer Letter between Remi Lalonde and Resolute Forest Products Inc., dated January 30, 2019 (incorporated by reference from Exhibit 10.46 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, filed March 1, 2019, SEC File No. 001-33776).
†10.36	Form of Resolute Forest Products Equity Incentive Plan Director Cash-Settled Deferred Stock Unit Agreement (incorporated by reference from Exhibit 10.47 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, filed March 1, 2019, SEC File No. 001-33776).
†10.37	Form of Resolute Forest Products Equity Incentive Plan Director Cash-Settled Restricted Stock Unit Agreement (incorporated by reference from Exhibit 10.48 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, filed March 1, 2019, SEC File No. 001-33776).
†10.38	Form of First Amendment to the Resolute Forest Products Equity Incentive Plan Director Deferred Stock Unit Agreement (incorporated by reference from Exhibit 10.51 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, filed March 1, 2019, SEC File No. 001-33776).
†10.39	Form of First Amendment to the Resolute Forest Products Equity Incentive Plan Director Restricted Stock Unit Agreement (incorporated by reference from Exhibit 10.52 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, filed March 1, 2019, SEC File No. 001-33776).
†10.40	2020 Resolute Forest Products Inc. Short-Term Incentive Plan – U.S. (incorporated by reference from Exhibit 10.1 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, filed August 10, 2020, SEC File No. 001-33776).
†10.41	2020 Resolute Forest Products Inc. Short-Term Incentive Plan – Canada / International (incorporated by reference from Exhibit 10.2 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, filed August 10, 2020, SEC File No. 001-33776).
†10.42	Resolute Forest Products Inc. 2019 Equity Incentive Plan (incorporated by reference from Exhibit 10.4 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, filed August 9, 2019, SEC File No. 001-33776).
†10.43	Form of Resolute Forest Products 2019 Equity Incentive Plan Cash Settled Restricted Stock Unit Agreement (incorporated by reference from Exhibit 10.2 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed November 12, 2019, SEC File No. 001-33776).
†10.44	Form of Resolute Forest Products 2019 Equity Incentive Plan Stock Settled Performance Stock Unit Agreement (incorporated by reference from Exhibit 10.49 to Resolute Forest Products Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018, filed March 1, 2019, SEC File No. 001-33776).
†10.45	Form of Resolute Forest Products 2019 Equity Incentive Plan Stock Settled Performance Stock Unit Agreement.
†10.46	Form of Resolute Forest Products 2019 Equity Incentive Plan Stock Settled Restricted Stock Unit Agreement (incorporated by reference from Exhibit 10.4 to Resolute Forest Products Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, filed November 12, 2019, SEC File No. 001-33776).
†10.47	Summary of 2021 Resolute Forest Products Inc. Short-Term Incentive Plan (incorporated by reference from the description in Resolute Forest Products Inc.'s Current Report on Form 8-K filed February 9, 2021, SEC File No. 001-33776).
†10.48	Offer letter between John Lafave and AbitibiBowater Inc., dated February 14, 2011 (incorporated by reference from Exhibit 10.29 to AbitibiBowater Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, filed April 5, 2011, SEC File No. 001-33776).
†10.49	Letter Agreement between Yves Laflamme and Resolute Forest Products Inc., dated February 8, 2021.
†10.50	Offer Letter between Sylvain A. Girard and Resolute Forest Products Inc., dated January 15, 2021.
†10.51	First Amendment to the Resolute Forest Products Inc. 2019 Equity Incentive Plan (incorporated by reference from Exhibit 10.1 to Resolute Forest Products Inc.'s Registration Statement on Form S-8 filed August 5, 2020, SEC Registration No. 333-241026).
21.1	Subsidiaries of the registrant.
22	Guarantor subsidiaries of the registrant.
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Power of attorney for certain Directors of the registrant.

Exhibit No.	Description
31.1	Certification of President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of President and Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
#	Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the SEC upon request; provided, however, that the registrant may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act, as amended, for any schedules or exhibits so furnished.
†	This is a management contract or compensatory plan or arrangement.
*	Interactive data files furnished with this Form 10-K, which represent the following materials from this Form 10-K formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive (Loss) Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statement of Changes in Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
(b)	The above-referenced exhibits are being filed with this Form 10-K.
(c)	None.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 1, 2021

RESOLUTE FOREST PRODUCTS INC.

By: /s/ Remi G. Lalonde
Remi G. Lalonde
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Remi G. Lalonde</u> Remi G. Lalonde	President and Chief Executive Officer (Principal Executive Officer)	March 1, 2021
<u>/s/ Bradley P. Martin*</u> Bradley P. Martin	Chairman, Director	March 1, 2021
<u>/s/ Remi G. Lalonde</u> Remi G. Lalonde	Chief Financial Officer (Principal Financial Officer)	March 1, 2021
<u>/s/ Hugues Dorban</u> Hugues Dorban	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 1, 2021
<u>/s/ Randall C. Benson*</u> Randall C. Benson	Director	March 1, 2021
<u>/s/ Suzanne Blanchet*</u> Suzanne Blanchet	Director	March 1, 2021
<u>/s/ Jennifer C. Dolan*</u> Jennifer C. Dolan	Director	March 1, 2021
<u>/s/ Alain Rhéaume*</u> Alain Rhéaume	Director	March 1, 2021
<u>/s/ Michael S. Rousseau*</u> Michael S. Rousseau	Director	March 1, 2021

* Remi G. Lalonde, by signing his name hereto, does sign this document on behalf of the persons indicated above pursuant to powers of attorney duly executed by such persons that are filed herewith as Exhibit 24.1.

By: /s/ Remi G. Lalonde
Remi G. Lalonde, Attorney-in-Fact

**DESCRIPTION OF SECURITIES REGISTERED UNDER
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

References to “Resolute” and the “Company” herein are, unless the context otherwise indicates, only to Resolute Forest Products, Inc., and not to any of its subsidiaries.

As of December 31, 2019, Resolute’s common stock, par value \$0.001 per share (the “Common Stock”) was registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Resolute had no other class of securities registered under Section 12 of the Exchange Act.

The following description of Resolute’s capital stock and certain provisions of the Company’s Third Amended and Restated Certificate of Incorporation (the “Certificate”) and the Company’s By-Laws as amended through December 4, 2014 (the “By-laws”), is a summary and is qualified in its entirety by the full text of the Certificate and the By-laws. The Certificate and the By-laws are filed as Exhibits to Resolute’s Annual Report on Form 10-K for the year ended December 31, 2019.

Pursuant to the Certificate, the Company is authorized to issue 190,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, par value \$0.001 per share. The Certificate also provides that the Company will not issue any class of non-voting equity securities unless, and solely to the extent, permitted by section 1123(a)(6) of title 11 of the United States Code until such time as the Certificate is amended to remove such restriction.

Common Stock

Each holder of the Common Stock is entitled to one vote per each outstanding share registered in the holder’s name with respect to the election of directors and on all other matters submitted to the vote of the Company’s stockholders. In a “non-contested” election, directors are elected by a majority of the votes cast by stockholders present, in person or by proxy, entitled to vote in the election at a stockholders meeting at which a quorum is present. In a “contested” election, directors are elected by a plurality of the votes cast by the stockholders present, in person or by proxy, entitled to vote in the election at a stockholders meeting at which a quorum is present. An election will be considered “contested” if, as of the last day on which a stockholder may propose the nomination of a director for election in such election pursuant to the By-laws, there are more nominees than positions on the board of directors to be filled by election at the meeting. No holder of the Common Stock may cumulate votes in voting for directors.

Except as provided by the Certificate, the By-laws or applicable law, all other questions presented to the stockholders shall be decided by the affirmative vote of the stockholders present, in person or by proxy, entitled to cast at least a majority of the votes, which all stockholders present are entitled to cast on the particular matter.

The holders of shares of the Common Stock are entitled to receive dividends as may be declared from time to time by the Company’s board of directors out of funds legally available for dividend payments, subject to any dividend preferences of any holders of any preferred stock and any contractual restrictions. In the event of the Company’s liquidation, dissolution or winding up, after full payment of all liabilities and liquidation preferences of any preferred stock, the holders of shares of the Common Stock are entitled to share ratably in all remaining assets. The Common Stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the shares of the Common Stock.

The Common Stock is listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol “RFP”.

Preferred Stock

The Company’s board of directors may, without stockholder approval, issue up to 10,000,000 shares of preferred stock in one or more series and, subject to Delaware corporation law, may determine:

- the designations, powers and preferences, and relative, participating, optional or other rights, if any, of any series of preferred stock;
- the number of shares to constitute such series and the distinctive designation thereof;
- the dividend rate or rates to which the shares of such series shall be entitled and whether dividends shall be cumulative;

- whether the holders of shares of such series shall be entitled to receive, in the event of the liquidation, dissolution or winding up of the Company, an amount equal to the dividends accumulated and unpaid thereon;
- whether the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund and, if so, the terms and provisions in respect of the operation thereof;
- whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or series of the same class, and if so convertible or exchangeable, the terms of such conversion or exchange;
- the voting powers, if any, of the shares of such series in addition to the voting powers provided by law; and
- any other powers, designations, preferences and rights, and qualifications, limitations or restrictions, not inconsistent with law or the provisions of the Certificate.

If the Company's board of directors were to issue a new series of preferred stock, the issuance of such shares could:

- decrease the amount of earnings and assets available for distribution to common stockholders;
- make removal of the present management more difficult;
- result in restrictions upon the payment of dividends and other distributions to the common stockholders;
- delay or prevent a change in control of the Company; and
- limit the price that investors are willing to pay in the future for the Common Stock.

Limitations on Directors' Liability

The Certificate contains a provision eliminating the personal liability of the Company's directors to Resolute and its stockholders to the fullest extent permitted by applicable law. The Certificate also contains provisions generally providing for indemnification and advancement of expenses to the Company's directors and certain officers to the fullest extent permitted by applicable law.

Possible Anti-Takeover Effects of Delaware Law and Provisions of Resolute's Certificate and Amended By-Laws

Certain provisions of Delaware corporate law, the Certificate and the By-laws may have the effect of delaying, deferring or preventing a change in control of Resolute. These provisions include the following:

- The Certificate provides that stockholder action can be taken only at an annual or special meeting of stockholders and may not be taken by written consent without a meeting. Special meetings of stockholders may be called only by the Company's board of directors, by certain executive officers that have been duly provided the power and authority to call such meetings or at the request of the holders of one-third of the total number of shares of stock entitled to vote on the matter.
- As discussed above under "—Preferred Stock," the Certificate permits the Company's board of directors to issue a new series of preferred stock with terms that may make an acquisition by a third person more difficult or less attractive.
- The By-laws provide time limitations and notice requirements that must be met by stockholders who desire to present proposals or nominate persons for election to the Company's board of directors at stockholder meetings.

The Certificate provides that the Company's board of directors shall not adopt a stockholders rights plan (which for this purpose shall mean any arrangement pursuant to which, directly or indirectly, Common Stock or preferred stock purchase rights may be distributed to stockholders that provide all stockholders, other than persons who meet certain criteria specified in the arrangement, are entitled to purchase the Common Stock or preferred stock at less than the prevailing market price of the Common Stock or preferred stock), unless such rights plan is approved by the affirmative vote of the holders of a majority of the shares entitled to vote at an election of directors.

Transfer Agent

American Stock Transfer & Trust Company, LLC is the appointed transfer agent for the Common Stock.

RESOLUTE FOREST PRODUCTS INC.

4.875% SENIOR NOTES DUE 2026

INDENTURE

Dated as of February 2, 2021

WELLS FARGO BANK, NATIONAL ASSOCIATION

as

Trustee

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINITIONS AND INCORPORATION BY REFERENCE	1
Section 1.01 Definitions	1
Section 1.02 Other Definitions	38
Section 1.03 Incorporation by Reference of Trust Indenture Act	39
Section 1.04 Rules of Construction	39
ARTICLE 2 THE NOTES	40
Section 2.01 Form and Dating	40
Section 2.02 Execution and Authentication	41
Section 2.03 Registrar and Paying Agent	41
Section 2.04 Paying Agent to Hold Money in Trust	41
Section 2.05 Holder Lists	42
Section 2.06 Transfer and Exchange	42
Section 2.07 Replacement Notes	54
Section 2.08 Outstanding Notes	55
Section 2.09 Treasury Notes	55
Section 2.10 Temporary Notes	55
Section 2.11 Cancellation	55
Section 2.12 Defaulted Interest	56
ARTICLE 3 REDEMPTION	56
Section 3.01 Optional Redemption	56
Section 3.02 Notices to Trustee	56
Section 3.03 Selection of Notes to Be Redeemed	56
Section 3.04 Notice of Redemption	57
Section 3.05 Effect of Notice of Redemption	58
Section 3.06 Deposit of Redemption Price	58
Section 3.07 Notes Redeemed in Part	58
ARTICLE 4 COVENANTS	59
Section 4.01 Payment of Notes	59
Section 4.02 Maintenance of Office or Agency	59
Section 4.03 Reports	59
Section 4.04 Compliance Certificate	64
Section 4.05 Taxes	64
Section 4.06 Stay, Extension and Usury Laws	64

Section 4.07	Restricted Payments	64
Section 4.08	Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries	70
Section 4.09	Incurrence of Indebtedness and Issuance of Preferred Stock	73
Section 4.10	Asset Sales	78
Section 4.11	Transactions with Affiliates	84
Section 4.12	Liens	86
Section 4.13	Corporate Existence	87
Section 4.14	Offer to Repurchase upon Change of Control	87
Section 4.15	Termination of Certain Covenants When Notes Rated Investment Grade	89
Section 4.16	Additional Note Guarantees	90
Section 4.17	Designation of Restricted and Unrestricted Subsidiaries	90
ARTICLE 5 SUCCESSORS		91
Section 5.01	Merger, Consolidation, or Sale of Assets	91
Section 5.02	Successor Corporation Substituted	92
ARTICLE 6 DEFAULTS AND REMEDIES		93
Section 6.01	Events of Default	93
Section 6.02	Acceleration	95
Section 6.03	Other Remedies	95
Section 6.04	Waiver of Past Defaults	95
Section 6.05	Control by Majority	96
Section 6.06	Limitation on Suits	96
Section 6.07	Rights of Holders of Notes to Receive Payment	96
Section 6.08	Collection Suit by Trustee	97
Section 6.09	Trustee May File Proofs of Claim	97
Section 6.10	Priorities	97
Section 6.11	Undertaking for Costs	98
ARTICLE 7 TRUSTEE		98
Section 7.01	Duties of Trustee	98
Section 7.02	Rights of Trustee	99
Section 7.03	Individual Rights of Trustee	101
Section 7.04	Trustee's Disclaimer	101
Section 7.05	Notice of Defaults	101
Section 7.06	Preferential Collection of Claims Against the Issuer	101
Section 7.07	Compensation and Indemnity	102

Section 7.08	Replacement of Trustee	103
Section 7.09	Successor Trustee by Merger, etc	104
Section 7.10	Eligibility; Disqualification	104
ARTICLE 8 LEGAL DEFEASANCE AND COVENANT DEFEASANCE		104
Section 8.01	Option to Effect Legal Defeasance or Covenant Defeasance	104
Section 8.02	Legal Defeasance and Discharge	104
Section 8.03	Covenant Defeasance	105
Section 8.04	Conditions to Legal or Covenant Defeasance	105
Section 8.05	Deposited Money and Government Obligations to Be Held in Trust; Other Miscellaneous Provisions	106
Section 8.06	Repayment to Issuer	107
Section 8.07	Reinstatement	107
ARTICLE 9 AMENDMENT, SUPPLEMENT AND WAIVER		107
Section 9.01	Without Consent of Holders of Notes	107
Section 9.02	With Consent of Holders of Notes	108
Section 9.03	Revocation and Effect of Consents	110
Section 9.04	Notation on or Exchange of Notes	110
Section 9.05	Trustee to Sign Amendments, etc	110
ARTICLE 10 NOTE GUARANTEES		111
Section 10.01	Guarantee	111
Section 10.02	Limitation on Guarantor Liability	113
Section 10.03	Execution and Delivery of Note Guarantee	113
Section 10.04	Guarantors May Consolidate, etc., on Certain Terms	113
Section 10.05	Releases	114
ARTICLE 11 SATISFACTION AND DISCHARGE		115
Section 11.01	Satisfaction and Discharge	115
Section 11.02	Application of Trust Money	116
ARTICLE 12 MISCELLANEOUS		117
Section 12.01	Notices	117
Section 12.02	U.S.A. Patriot Act and Force Majeure	118
Section 12.03	Certificate and Opinion as to Conditions Precedent	118
Section 12.04	Statements Required in Certificate or Opinion	119
Section 12.05	Rules by Trustee and Agents	119
Section 12.06	No Personal Liability of Directors, Officers, Employees and Stockholders	119
Section 12.07	Governing Law	119

Section 12.08	No Adverse Interpretation of Other Agreements	119
Section 12.09	Successors	120
Section 12.10	Severability	120
Section 12.11	Counterpart Originals	120
Section 12.12	Table of Contents, Headings, etc	120
Section 12.13	Jurisdiction; Consent to Service of Process	120

EXHIBITS

Exhibit A-1	–	FORM OF NOTE
Exhibit B	–	FORM OF CERTIFICATE OF TRANSFER
Exhibit C	–	FORM OF CERTIFICATE OF EXCHANGE
Exhibit D	–	FORM OF CERTIFICATE OF ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR
Exhibit E	–	FORM OF NOTATION OF NOTE GUARANTEE

INDENTURE dated as of February 2, 2021 among RESOLUTE FOREST PRODUCTS INC., a Delaware corporation (the “Issuer”), each of the Guarantors from time to time party hereto, as guarantors, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee (the “Trustee”).

In this Indenture, except where otherwise indicated, all references to “dollars” and “\$” are to the lawful currency of the United States. References to “CDN\$” are to the lawful currency of Canada.

The Issuer, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined) of the 4.875% Senior Notes due 2026 (the “Notes”):

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions

“144A Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

“ABL Credit Agreement” means the credit agreement, dated as of May 22, 2015, as amended on December 22, 2017 and on May 14, 2019 (as further amended) among the Issuer, Resolute FP Canada Inc., Resolute FP US Inc. and certain of the Issuer’s subsidiaries from time to time party thereto as borrowers and guarantors, the various lenders and agents party thereto and Bank of America, N.A., as U.S. Administrative Agent and Collateral Agent, and Bank of America, N.A. (acting through its Canada Branch), as Canadian Administrative Agent, together with any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures or credit facilities, receivables securitization facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder, alters the maturity thereof or adds or eliminates Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender, group of lenders or investors. Any agreement or instrument other than the ABL Credit Agreement in effect on the Issue Date must be designated in a writing delivered to

the Trustee by the Issuer as an “ABL Credit Agreement” for purposes of this Indenture in order to be an ABL Credit Agreement.

“Acceptable Commitment” has the meaning assigned to that term in Section 4.10(c) of this Indenture.

“Acquired Debt” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Commitment” has the meaning assigned to that term in Section 4.10(c) of this Indenture.

“Additional Notes” means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Section 2.02, as part of the same series as the Initial Notes.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“Agent” means any Registrar, co-registrar, Paying Agent or additional paying agent.

“Applicable Accounting Standards” means, as of the Issue Date, U.S. GAAP; provided, however, that the Issuer may, upon not less than 60 days’ prior written notice to the Trustee, change to IFRS; provided, however, that notwithstanding the foregoing, if the Issuer changes to IFRS, it may elect, in its sole discretion, to continue to utilize U.S. GAAP for the purposes of making all calculations under this Indenture that are subject to Applicable Accounting Standards and the notice to the Trustee required upon the change to IFRS shall set forth whether or not the Issuer intends to continue to use U.S. GAAP for purposes of making all calculations under this Indenture. In the event the Issuer elects to change to IFRS for purposes of making calculations under this Indenture, references in this Indenture to a standard or rule under U.S. GAAP shall be deemed to refer to the most nearly comparable standard or rule under IFRS.

Notwithstanding anything to the contrary in this definition or in the definitions of “U.S. GAAP,” “IFRS” or “Capital Lease Obligations,” notwithstanding any rule before or after the Issue Date under the Applicable Accounting Standard (or the application thereof) any Operating Lease shall not be treated as a finance or capital lease (or Indebtedness or a Capital Lease Obligation) for purposes of calculations under this Indenture; provided that the Issuer may, by

written notice to the Trustee, elect to treat any Operating Lease as a finance or capital lease (or Indebtedness or a Capital Lease Obligation) for purposes of calculations under this Indenture, which election shall be irrevocable.

“Applicable Premium” means, with respect to a Note and as calculated by the Issuer, the greater of:

- (1) 1.0% of the then outstanding principal amount of such Note and
- (2) (a) the present value of all remaining required interest and principal payments due on such Note and all premium payments relating to such Note assuming a redemption date of the First Call Date, computed using a discount rate equal to the Treasury Rate plus 50 basis points, minus
 - (b) the then outstanding principal amount of such Note, minus
 - (c) accrued interest paid on the date of redemption;

provided that such calculation will not be the duty or obligation of the Trustee.

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

“Asset Sale” means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights; provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by Section 4.14 and/or Section 5.01 and not by the provisions of Section 4.10; and
- (2) the issuance of Equity Interests by any of the Issuer’s Restricted Subsidiaries or the sale of Equity Interests in any of the Issuer’s Subsidiaries (other than directors’ qualifying Equity Interests or Equity Interests required by applicable law to be held by a Person other than the Issuer or one of its Restricted Subsidiaries).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than \$50.0 million;
- (2) a transfer of assets between or among the Issuer and its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary of the Issuer to the Issuer or to a Restricted Subsidiary of the Issuer;

(4) the sale or lease of products, services or accounts receivable in the ordinary course of business and the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(5) (a) the sale, lease, sublease, conveyance, disposition or other transfer of surplus, damaged, worn-out or obsolete assets, (b) the sale, lease, sublease, conveyance, disposition or other transfer of assets (including, without limitation, facilities or real property) no longer used or useful or economically practicable to maintain in the conduct of the business of the Issuer and other Restricted Subsidiaries, (c) the sale, lease, sublease, conveyance, disposition or other transfer of assets necessary in order to comply with applicable law (including, without limitation, competition law applicable to an acquisition) or licensure requirements (as determined by the Issuer in good faith), (d) leases or subleases with respect to facilities that are temporarily not in use or pending their disposition and (e) the sale, lease, sublease, conveyance, disposition or other transfer of inventory or other assets determined by the Issuer to be no longer used, useful or necessary in the operation of the business of the Issuer and its Restricted Subsidiaries, including, in each of the above cases, to realize cost savings, synergies or complementarities with Permitted Businesses;

(6) the sale or other disposition of Cash Equivalents;

(7) a Restricted Payment that does not violate Section 4.07 or a Permitted Investment;

(8) the licensing of intellectual property or other general intangibles to third persons on customary terms in the ordinary course of business;

(9) the sale, lease, sublease, license, sublicense, consignment, conveyance or other disposition of inventory in the ordinary course of business, including accounts receivable in connection with the compromise, settlement or collection thereof;

(10) any transfer of property or assets that is a surrender or waiver of a contract, regulatory or legal right or a settlement, surrender or release of a contract, regulatory, legal or tort claim;

(11) dispositions of accounts receivable, Qualified Receivable Assets and other assets to a Receivables Entity in connection with a Qualified Receivables Transaction;

(12) a disposition of leasehold improvements or leased assets in connection with the termination of any operating lease;

(13) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings or pursuant to supply chain or “reverse” factoring programs or similar arrangements established by a customer of the Issuer or any Restricted Subsidiary;

(14) any sale of Equity Interests in, or other ownership interests in or assets or property, including Indebtedness, or other securities of, an Unrestricted Subsidiary;

(15) (a) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Permitted Business of comparable or greater market value or usefulness to the business of the Issuer and the Restricted Subsidiaries as a whole, as determined in good faith by the Issuer and (b) in the ordinary course of business, any swap of assets, or lease, assignment or sublease of any real or personal property, in exchange for services (including in connection with any outsourcing arrangements) of comparable or greater value or usefulness to the business of the Issuer and the Restricted Subsidiaries as a whole, as determined in good faith by the Issuer;

(16) any sale, conveyance or other disposition of assets of any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, except to the extent that the proceeds thereof are distributed to the Issuer or a Wholly Owned Restricted Subsidiary;

(17) any foreclosure or any similar action with respect to the property or other assets of the Issuer or any Restricted Subsidiary;

(18) a Sale and Leaseback Transaction with respect to (a) any assets made subject to a Sale and Leaseback Transaction within 180 days of the acquisition of such assets, (b) any assets subject to a Sale and Leaseback Transaction in a Tax Incentive Transaction or (c) any other assets, to the extent the Net Proceeds of the Asset Sale (calculated as if such Sale and Leaseback Transaction were an Asset Sale) are applied in accordance with Section 4.10;

(19) the creation of or realization on a Lien to the extent that the granting of such Lien was not in violation of Section 4.12;

(20) dispositions of Investments in joint ventures, to the extent required by, or made pursuant to customary buy/sell arrangements between joint venture parties set forth in joint venture arrangements and similar binding agreements;

(21) the settlement, unwinding or early termination of hedging, option, warrant or other derivative transactions (including, without limitation, with respect to Hedging Obligations or Permitted Convertible Notes Offerings); and

(22) dispositions of Investments where such Investments were permitted under clause (23) of the definition of Permitted Investments.

Notwithstanding the foregoing, the Issuer may voluntarily treat any transaction otherwise exempt from the definition of "Asset Sale" pursuant to clauses (1) through (22) above as an "Asset Sale" by designating such transaction as an Asset Sale for purposes of this Indenture in an Officer's Certificate delivered to the Trustee.

"Bankruptcy Law" means Title 11, U.S. Code, the BIA, the CCAA, the WURA or any similar federal, provincial or state law for the relief or bankruptcy of debtors.

"Below Investment Grade Rating Event" means that the Notes become rated below Baa3 (stable) by Moody's or below BBB- (stable) by Standard & Poor's (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Issuer, below the equivalent

investment grade credit rating from any other “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) under the Exchange Act, selected by the Issuer as a replacement agency) on any date from the date of the public notice of an arrangement that results in a Change of Control until the end of the 60 day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of such rating agencies). In determining whether a Change of Control has occurred for purposes of this definition, clause (F) of the last paragraph of the definition of Change of Control shall be disregarded.

“Beneficial Owner” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“BIA” means the *Bankruptcy and Insolvency Act* (Canada).

“Board of Directors” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

Unless the context requires otherwise, the Board of Directors shall refer to the Board of Directors of the Issuer.

“Borrowing Base” means, as of any date, an amount equal to:

- (1) 90% of the book value of all trade accounts receivable owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal quarter preceding such date; plus
- (2) 70% of the book value of all inventory owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal quarter preceding such date;

provided that accounts receivable and inventory shall be calculated after giving pro forma effect to all Investments, acquisitions, dispositions, mergers, consolidations

and disposed operations that have been made by the Issuer and its Restricted Subsidiaries prior to or substantially contemporaneous with the date of any calculation (and subsequent to the end of such most recent fiscal quarter), with such calculations made in good faith by a responsible financial or accounting officer of the Issuer.

“Business Day” means any day other than a Legal Holiday.

“Canadian Reports” has the meaning assigned to that term in Section 4.03(b) of this Indenture.

“Canadian Securities Legislation” means all applicable securities laws in each of the provinces and territories of Canada and the respective regulations and rules under such laws together with applicable published rules, policy statements, blanket orders, instruments, rulings and notices of the regulatory authorities in such provinces or territories, in effect from time to time.

“Capital Lease Obligation” means, at the time any determination is to be made, the amount of the liability in respect of a finance lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with Applicable Accounting Standards, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“Capital Stock” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Cash Equivalents” means:

- (1) United States dollars and Canadian dollars or any other currency freely convertible into United States or Canadian dollars;
- (2) securities issued or directly and fully guaranteed or insured by the Canadian or United States government or any agency or instrumentality of the Canadian or United States government (provided that the full faith and credit of Canada or the

United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any lender party to the ABL Credit Agreement or the Farm Credit Agreement or with any Canadian or United States commercial bank having capital and surplus in excess of \$500.0 million and a Thomson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within nine months after the date of acquisition;

(6) securities issued by any state of the United States of America, any province of Canada or any political subdivision or any public instrumentality of any such state or province maturing within one year from the date of acquisition thereof and at the time of acquisition thereof, having one of the two highest ratings obtainable from either S&P or Moody's;

(7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition; and

(8) local currencies held by the Issuer or any of its Restricted Subsidiaries, from time to time in the ordinary course of business and consistent with past practice.

"CCAA" means the *Companies' Creditors Arrangement Act* (Canada).

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act);

(2) the adoption of a plan relating to the liquidation or dissolution of the Issuer (other than a plan of liquidation of the Issuer that is a liquidation for tax purposes only);

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any "person" (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Issuer, measured by voting power rather than number of shares; or

(4) the Issuer consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Issuer, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Issuer or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Issuer outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of the Voting Stock of such surviving or transferee Person (immediately after giving effect to such transaction).

Notwithstanding the foregoing: (A) any holding company whose only significant asset is Equity Interests of the Issuer or any of its direct or indirect parent companies shall not itself be considered a “person” or “group” for purposes of clause (2) above; (B) the transfer of assets between or among the Issuer and its Restricted Subsidiaries shall not itself constitute a Change of Control; (C) the term “Change of Control” shall not include a merger or consolidation of the Issuer with, or the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the Issuer’s assets to, an Affiliate incorporated or organized solely for the purpose of reincorporating or reorganizing the Issuer in another jurisdiction and/or for the sole purpose of forming or collapsing a holding company structure; (D) a “person” or “group” shall not be deemed to have beneficial ownership of securities subject to a stock purchase agreement, merger agreement or similar agreement (or voting or option agreement related thereto) until the consummation of the transactions contemplated by such agreement; (E) a transaction in which the Issuer or any direct or indirect parent of the Issuer becomes a Subsidiary of another Person (other than a Person that is an individual, such Person that is not an individual, the “New Parent”) shall not constitute a Change of Control if (a) the shareholders of the Issuer or such parent immediately prior to such transaction “beneficially own” (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, at least a majority of the voting power of the outstanding voting stock of such parent immediately following the consummation of such transaction or (b) immediately following the consummation of such transaction, no “person” (as such term is defined above), other than the New Parent, “beneficially owns” (as such term is defined above), directly or indirectly through one or more intermediaries, more than 50% of the voting power of the outstanding Voting Stock of the Issuer or the New Parent; and (F) any of the events described above in clauses (1) through (4) shall not constitute a “Change of Control” after a Covenant Termination Event unless a Below Investment Grade Rating Event also occurs in connection therewith.

“Clearstream” means Clearstream Banking, S.A.

“Consolidated Cash Flow” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(2) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus

(3) depreciation, amortization (including amortization of intangibles, deferred financing fees, debt incurrence costs, commissions, fees and expenses, but excluding amortization of prepaid cash expenses that were paid in a prior period), depletion and other non-cash expenses or charges (including any write-offs of debt issuance or deferred financing costs or fees and impairment charges and the impact on depreciation and amortization of purchase accounting, but excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses or charges were deducted in computing such Consolidated Net Income; plus

(4) the amount of net loss resulting from the payment of any premiums, fees or similar amounts that are required to be paid under the terms of the instrument(s) governing any Indebtedness upon the repayment, prepayment or other extinguishment of such Indebtedness in accordance with the terms of such Indebtedness; plus

(5) any impairment charges or asset write-offs, in each case pursuant to Applicable Accounting Standards, and the amortization of intangibles arising pursuant to Applicable Accounting Standards; plus

(6) any fees and expenses, including deferred amortization and deferred financing costs, paid in connection with the Transactions; minus

(7) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with Applicable Accounting Standards.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Issuer will be added to Consolidated Net Income to compute Consolidated Cash Flow of the Issuer only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to the Issuer by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis determined in accordance with Applicable Accounting Standards

and without any reduction in respect of preferred stock dividends; provided that, to the extent included therein:

(1) all extraordinary gains and losses and all gains and losses realized in connection with any sale or other disposition of assets outside of the ordinary course of business, the disposition of securities or the early extinguishment or repurchase of Indebtedness or Hedging Obligations, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be excluded, except to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(3) the net income (or loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders; provided that for purposes of determining Consolidated Cash Flow, the net income of any such Restricted Subsidiary that is a Guarantor will be included;

(4) the cumulative effect of a change in accounting principles will be excluded;

(5) any gains, losses, expenses or charges resulting from the settlement, unwinding or early termination of hedging, option, warrant or other derivative transactions (including, without limitation, with respect to Hedging Obligations or Permitted Convertible Notes Offerings) will be excluded;

(6) any (a) non-cash compensation charges, (b) non-cash costs or expenses resulting from stock option plans, employee benefit plans, compensation charges or postemployment benefit plans, or grants or awards of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights and (c) impairments, write-offs or write-downs of goodwill or other assets will be excluded;

(7) any gain or loss for such period from currency translation gains or losses or net gains or losses related to currency remeasurements of Indebtedness (including any net loss or gain resulting from Hedging Obligations for currency exchange risk entered in relation with Indebtedness) will be excluded;

(8) any unrealized net after-tax income (loss) from Hedging Obligations or cash management Obligations and the application of Accounting Standards Codification Topic 815 “Derivatives and Hedging” or from other derivative instruments will be excluded;

(9) any non-cash interest expense resulting from the application of Accounting Standards Codification Topic 470-20 “Debt — Debt with Conversion Options — Recognition” will be excluded;

(10) any charges resulting from the application of Accounting Standards Codification Topic 805 “Business Combinations,” Accounting Standards Codification Topic 350 “Intangibles — Goodwill and Other,” Accounting Standards Codification Topic 360-10-35-15 “Impairment or Disposal of Long-Lived Assets,” Accounting Standards Codification Topic 480-10-25-4 “Distinguishing Liabilities from Equity — Overall — Recognition” or Accounting Standards Codification Topic 820 “Fair Value Measurements and Disclosures” shall be excluded;

(11) any charges resulting from amortization of actuarial gains and losses under Accounting Standards Codification Topic 715 “Compensation — Retirement Benefits” will be excluded;

(12) any deferred financing costs and original issue discounts amortized or written off, any premiums and prepayment penalties, breakage costs, other related fees, expenses or reserves paid or recorded in connection with any acquisition, disposition, financing, refinancing or repayment, including the expensing of bridge, commitment and other financing costs, and any fees, expenses, charges or change in control payments related to such transactions (including any costs relating to auditing prior periods, any transition-related expenses, and transaction expenses incurred before, on or after the effective date of such transactions and costs and expenses after the effective date of such transactions related to the employment or transition of terminated employees) will be excluded;

(13) any non-cash costs related to the termination of any employee benefit plan will be excluded;

(14) any non-recurring or unusual charges, expenses, gains or losses will be excluded;

(15) non-cash charges for deferred tax asset valuation allowances shall be excluded; and

(16) any expenses or charges related to streamlining and restructuring activities (including related payroll, relocation and contract termination charges or expenses), facilities-exiting or facilities closure, idling or repurposing activities, business optimization activities, asset write-downs or write-offs, reductions in force, furloughs, severance, retention bonuses and professional fees related to any of the foregoing, will be excluded.

“Consolidated Total Debt” means, as of any date of determination, an amount, without duplication, equal to the aggregate principal amount of all outstanding Indebtedness of the Issuer and the Restricted Subsidiaries as of such date.

“Corporate Trust Office of the Trustee” will be at the address of the Trustee specified in Section 12.01 or such other address as to which the Trustee may give notice to the Issuer.

“Credit Facilities” means one or more debt facilities or commercial paper facilities (including without limitation the credit facilities provided under the ABL Credit Agreement and the Farm Credit Agreement), in each case, with banks or other lenders or credit providers or a trustee providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), bankers’ acceptances, letters of credit or issuances of senior

secured notes, including any related notes, guarantees, collateral documents, instruments, documents and agreements executed in connection therewith and in each case, as amended, restated, modified, renewed, extended, supplemented, restructured, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including, in each case, by means of sales of debt securities to institutional investors) in whole or in part from time to time, in one or more instances and including any amendment increasing the amount of Indebtedness incurred or available to be borrowed thereunder, extending the maturity of any Indebtedness incurred thereunder or contemplated thereby or deleting, adding or substituting one or more parties thereto (whether or not such added or substituted parties are banks or other institutional lenders), including into one or more separate instruments or facilities, in each case, whether any such amendment, restatement, modification, renewal, extension, supplement, restructuring, refunding, replacement or refinancing occurs simultaneously or not with the termination or repayment of a prior Credit Facility. Any agreement or instrument other than the ABL Credit Agreement or the Farm Credit Agreement, in each case, in effect on the Issue Date must be designated in a writing delivered to the Trustee by the Issuer as a “Credit Facility” for purposes of this Indenture in order to be a Credit Facility.

“Custodian” means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

“Deemed Date” has the meaning assigned to that term in Section 4.09(e) of this Indenture.

“Default” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“Definitive Note” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“Depository” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

“Designated Non-cash Consideration” means the Fair Market Value of non-cash consideration received by the Issuer or any of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate delivered to the Trustee, setting forth the basis of such valuation.

“Disqualified Stock” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the

right to require the Issuer to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Issuer and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“Election Date” has the meaning assigned to that term in Section 4.07(e) of this Indenture.

“Equity Interests” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Euroclear” means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

“Event of Default” has the meaning assigned to that term in Section 6.01.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Existing Indebtedness” means all Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the ABL Credit Agreement, the Farm Credit Agreement or the Québec Credit Agreement) in existence on the Issue Date, until such amounts are repaid.

“Fair Market Value” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by (unless otherwise provided in this Indenture) (i) if such Fair Market Value is less than \$50.0 million, the Chief Financial Officer of the Issuer and (ii) if such Fair Market Value is \$50.0 million or greater, the Board of Directors of the Issuer.

“Farm Credit Agreement” means the amended and restated credit agreement, dated as of October 28, 2019, among the Issuer and certain of the Issuer’s subsidiaries from time to time party thereto as borrowers and guarantors, the various lenders party thereto and American AgCredit, FLCA, as Administrative Agent, together with any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures or credit facilities, receivables securitization facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder, alters the maturity thereof or adds or eliminates Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender, group of lenders or investors. Any agreement or instrument other than the Farm Credit Agreement in effect on the Issue Date must be designated in a writing delivered to the Trustee by the Issuer as a “Farm Credit Agreement” for purposes of this Indenture in order to be a Farm Credit Agreement.

“First Call Date” means March 1, 2023.

“Fixed Charge Coverage Ratio” means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect, in the good-faith judgment of the Chief Financial Officer of the Issuer, to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; provided that the *pro forma* calculation shall not give effect to any Indebtedness incurred on such Calculation Date (or any other subsequent date which would otherwise require that *pro forma* effect be given to such incurrence of Indebtedness) pursuant to the provisions of the definition of “Permitted Debt” (except that, when calculating the amount of Indebtedness that may be incurred under clause (1)(ii)(y) or clause (22) of such definition, the amount of Indebtedness incurred under such clause shall be included in such calculation of the amount of Indebtedness that may be incurred under such clause).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions, dispositions, discontinued operations or other operational changes that have been made by the specified Person or any of its Restricted Subsidiaries, including through Investments, mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect, in the good-faith judgment of the Chief Financial Officer of the Issuer, as if they had occurred on the first day of the four-quarter reference period, and such *pro forma* calculations may reflect operating expense reductions and other operating improvements or synergies expected to result from the applicable event based on actions to be taken within 18 months after the relevant event (to the extent set forth in an Officer’s Certificate in reasonable detail, including the cost and timing of such expense reductions or other operating improvements or synergies), in each case, net of all costs required to achieve such expense reduction or other operating improvement or synergy;
- (2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with Applicable Accounting Standards, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (3) the Fixed Charges attributable to discontinued operations, as determined in accordance with Applicable Accounting Standards, and operations or businesses (and

ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months);

(7) where a *pro forma* calculation (as described above) is required to be made with respect to a transaction, the Calculation Date for such *pro forma* calculation relating to such transaction may be, at the election of the Issuer, either (i) the time such transaction is completed or implemented or (ii) the time such transaction is approved by the Board of Directors or other appropriate governing authority of the Issuer; and

(8) if any transaction or event would result in an adjustment to Consolidated Cash Flow of less than \$5.0 million or an adjustment to Fixed Charges of less than \$5.0 million, the Issuer may, in its discretion, not make such adjustment in connection with the calculation of the Fixed Charge Coverage Ratio.

For the avoidance of doubt, the foregoing calculation method shall apply in connection with the initial incurrence of Indebtedness and any classification or reclassification thereof in accordance with Section 4.09.

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts, yield and other fees and charges (including interest) incurred in connection with any Qualified Receivables Transaction and, in the case of any of the foregoing, net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; provided that the amortization or write-off of deferred financing fees shall be excluded from Fixed Charges; plus

(2) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of the Issuer or preferred stock of any Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Issuer (other than Disqualified Stock) or to the Issuer or a Restricted Subsidiary of the Issuer, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with Applicable Accounting Standards.

Notwithstanding the foregoing, any charges arising from (i) the application of Accounting Standards Codification Topic 480-10-25-4 “Distinguishing Liabilities from Equity—Overall—Recognition” to any series of preferred stock other than Disqualified Stock or (ii) the application of Accounting Standards Codification Topic 470-20 “Debt—Debt with Conversion Options—Recognition,” in each case, shall be disregarded in the calculation of Fixed Charges.

“Foreign Disposition” has the meaning assigned to that term in Section 4.10(m)(1) of this Indenture.

“Foreign Subsidiary” means, with respect to any Person, any Subsidiary of such Person that is not a U.S. Subsidiary and any Subsidiary of such a Subsidiary, whether or not a U.S. Subsidiary.

“Global Note Legend” means the legend set forth in Section 2.06(f)(2), which is required to be placed on all Global Notes issued under this Indenture.

“Global Notes” means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4) or 2.06(d).

“Government Obligations” means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such U.S. government obligations or a specific payment of principal of or interest on any such U.S. government obligations held by such custodian for the account of the holder of such depository receipt; provided, however, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S.

government obligations or the specific payment of principal of or interest on the U.S. government obligations evidenced by such depository receipt.

“Guarantee” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“Guarantors” means any Restricted Subsidiary of the Issuer that executes a Note Guarantee in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“Hedging Obligations” means, with respect to any specified Person, the obligations of such Person under:

(1) agreements for the purpose of (i) fixing or hedging interest rate risk with respect to any Indebtedness that is permitted by the terms of this Indenture to be outstanding; (ii) fixing or hedging currency exchange rate risk with respect to any currency exchanges; or (iii) fixing or hedging (A) Pension Obligation risk, (B) commodity price risk (including the price or cost of natural resources, energy, fuel, raw materials, emission, pollution, carbon, forest and other environmental permits and rights, manufactured products or related commodities) or (C) macroeconomic, regulatory or tariff risk; and

(2) (a) any rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Holder” means a Person in whose name a Note is registered.

“IAI Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee that will be issued in a

denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

“IFRS” means the International Financial Reporting Standards, as promulgated by the International Accounting Standards Board (or any successor board or agency), as in effect on the date of, and as in effect from time to time after, the election, if any, by the Issuer to change Applicable Accounting Standards to IFRS; provided that IFRS shall not include any provision of such standards that would require a lease that would be classified as an operating lease under U.S. GAAP as in effect on the Issue Date to be classified as Indebtedness or a finance or capital lease; provided, further, that the Issuer may at any time elect by written notice to the Trustee to fix IFRS as in effect on the date specified in such notice and, upon any such notice, references herein to IFRS will thereafter be construed to mean for all purposes of this Indenture (other than for financial reporting purposes):

(a) for periods beginning on and after the date specified in such notice, IFRS as in effect on the date specified in such notice; and

(b) for prior periods, IFRS as in effect from time to time during such periods.

“Impediment to Net Proceeds Application” has the meaning assigned to that term in Section 4.10(m)(1) of this Indenture.

“Increased Amount” has the meaning assigned to that term in Section 4.12(c) of this Indenture.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations in respect of Sale and Leaseback Transactions;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed but excluding other accrued liabilities being contested in good faith by appropriate proceedings promptly instituted and diligently conducted; or
- (6) representing any Hedging Obligations,

if and to the extent any of the preceding items would appear as a liability upon a balance sheet (excluding the footnotes) of the specified Person prepared in accordance with Applicable Accounting Standards. In addition, the term “Indebtedness” includes all Indebtedness of others

secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), except for any pledge of the Equity Interests of an Unrestricted Subsidiary as permitted by clause (20) of the definition of “Permitted Liens,” and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person as shall equal the lesser of (x) the Fair Market Value of such asset as of the date of determination or (y) the amount of such Indebtedness and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

Notwithstanding the foregoing, the term “Indebtedness” will not include (a) in connection with the purchase by the Issuer or any of its Restricted Subsidiaries of any business, post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing unless such payments are required under Applicable Accounting Standards to appear as a liability on the balance sheet (excluding the footnotes); provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; (b) contingent obligations incurred in the ordinary course of business and not in respect of borrowed money; (c) deferred or prepaid revenues; (d) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller; or (e) any effects of the application of Accounting Standards Codification Topic 815 “Derivatives and Hedging” that would increase or decrease the outstanding amount of Indebtedness due to accounting for any embedded derivatives created by the terms of such Indebtedness.

“Indenture” means this Indenture, as amended or supplemented from time to time.

“Indirect Participant” means a Person who holds a beneficial interest in a Global Note through a Participant.

“Initial Notes” means the first \$300.0 million aggregate principal amount of Notes issued under this Indenture on the Issue Date.

“Initial Purchasers” means BofA Securities, Inc. and the other initial purchasers named in the Offering Memorandum.

“Institutional Accredited Investor” means an institution that is an “accredited investor” pursuant to Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is also not a QIB.

“Investment Grade Rating” means a rating equal to or higher than Baa3 (stable) (or the equivalent) by Moody’s and BBB- (stable) (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

“Investments” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees of Indebtedness or other obligations), advances or capital contributions (excluding (i) commission, travel and similar advances to officers and employees made in the ordinary course of business and (ii) extensions of credit to customers or advances, deposits or payment to or with suppliers, lessors or utilities or for workers’ compensation, in each case, that are incurred in the ordinary

course of business and recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of such Person prepared in accordance with Applicable Accounting Standards), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with Applicable Accounting Standards. The acquisition by the Issuer or any Restricted Subsidiary of the Issuer of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 4.07(c). Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value but giving effect (without duplication) to all subsequent reductions in the amount of such Investment as a result of (x) the repayment or disposition thereof for cash, (y) the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary (valued proportionately to the equity interest in such Unrestricted Subsidiary of the Issuer or such Restricted Subsidiary owning such Unrestricted Subsidiary at the time of such redesignation) at the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time of such redesignation or (z) at the time that a subsidiary that has been designated as having a “de minimis” value ceases to satisfy the requirements for such designation (valued proportionately to the equity interest in such subsidiary having “de minimis” value at the time such subsidiary ceases to satisfy the requirement for the designation as having “de minimis” value) at the Fair Market Value of the net assets of such “de minimis” subsidiary at the time it ceases to satisfy such requirements, in the case of clauses (x), (y) and (z), not to exceed the original amount, or Fair Market Value, of such Investment.

“Issue Date” means February 2, 2021.

“Legal Holiday” means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

“Lien” means, with respect to any asset, any mortgage, hypothecation, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in; provided that in no event shall an operating lease, rights of set-off or netting arrangements in the ordinary course of business be deemed to constitute a Lien.

“Long-Term Capital Project” has the meaning assigned to that term in Section 4.10(c) of this Indenture.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Proceeds” means the aggregate cash proceeds and Cash Equivalents received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without

limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, any relocation expenses incurred as a result of the Asset Sale and taxes paid or payable as a result of the Asset Sale, after taking into account, without duplication, (1) any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness secured by a Permitted Lien on the asset or assets that were the subject of such Asset Sale (other than Obligations in respect of the ABL Credit Agreement, the Indenture and Pari Passu Indebtedness) and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with Applicable Accounting Standards, (2) any reserve or payment with respect to liabilities associated with such asset or assets and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including, without limitation, severance costs, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction, and (3) any cash escrows in connection with purchase price adjustments, reserves or indemnities (until released).

“Net Proceeds Offer” has the meaning assigned to that term in Section 4.10(d) of this Indenture.

“Non-U.S. Person” means a Person who is not a U.S. Person.

“Note Guarantee” means the Guarantee by each Guarantor of the Issuer’s obligations under this Indenture and the Notes on the terms set forth in Article 10.

“Notes” has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and any Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“Offering Memorandum” means the Offering Memorandum, dated January 19, 2021, relating to the Initial Notes.

“Officer” means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Chief Legal Officer, the Secretary, any Assistant Secretary or any Vice-President of such Person.

“Officer’s Certificate” means a certificate signed on behalf of the Issuer by an Officer of the Issuer, who must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, that meets the requirements of Section 12.04.

“Operating Lease” means any leases that would have been treated as operating leases under U.S. GAAP immediately prior to the adoption of ASC 842 (had such leases been in effect at such time).

“Opinion of Counsel” means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 12.04. The counsel may be an employee of or counsel to the Issuer, any Subsidiary of the Issuer or the Trustee. Such opinion may be subject to customary assumptions, exceptions and qualifications.

“Participant” means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

“Pension Obligation” means any liability that would be classified as a “pension and other postretirement obligation” or under the equivalent line item under the Applicable Accounting Standards.

“Permitted Business” means (a) any business of the type engaged in by the Issuer or any of its Restricted Subsidiaries on the Issue Date (either directly or through joint ventures), (b) any business in the forest products, paper products, agricultural, energy and recycling industries (including, without limitation, the manufacturing and production of paper, tissue, packaging products, forest fiber, wood pulp, lumber and other construction products, and activities involving associated materials and byproducts thereof) and (c) any business or other activities that are reasonably similar, ancillary, incidental, synergistic, complementary or related thereto, or a reasonable extension, derivation, development, innovation or expansion of, any of the foregoing.

“Permitted Convertible Notes Offering” means any offering by the Issuer or any of the Restricted Subsidiaries after the Issue Date of unsecured convertible notes or debentures (including by means of being a co-obligor or guarantor of convertible notes or debentures issued by a direct or indirect parent of the Issuer); provided that such notes or debentures or guarantees are permitted to be incurred pursuant to Section 4.09.

“Permitted Debt” has the meaning assigned to that term in Section 4.09(b) of this Indenture.

“Permitted Hedging Obligations” means any Hedging Obligations that would constitute Permitted Debt pursuant to clause (9) of the definition of “Permitted Debt.”

“Permitted Investments” means:

- (1) any Investment in the Issuer or a Restricted Subsidiary;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment:

- (a) such Person becomes a Restricted Subsidiary of the Issuer; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer.
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 or from a sale or other disposition of assets not constituting an Asset Sale;
 - (5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer;
 - (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes;
 - (7) Investments represented by Hedging Obligations;
 - (8) loans and advances to officers, directors or employees (a) for business-related travel expenses, moving expenses and other similar expenses, including as part of a recruitment or retention plan, in each case incurred in the ordinary course of business or consistent with past practice or to fund such Person's purchase of Equity Interests of the Issuer or any direct or indirect parent entity of the Issuer, (b) required by applicable laws and (c) other loans and advances not to exceed \$5.0 million at any one time outstanding;
 - (9) Investments in joint ventures or other Persons in an aggregate amount not to exceed, in any one fiscal year of the Issuer, \$50.0 million, net of any return of or on any Investments made pursuant to this clause (9) received by the Issuer or any Restricted Subsidiary during such fiscal year; provided that (i) up to \$50.0 million able to be invested pursuant to this clause (9) in any fiscal year and not so invested may be carried over to the next fiscal year; and (ii) any amount able to be invested in the next succeeding fiscal year may be carried backward to the current fiscal year, which amount carried backward may no longer be used in such future fiscal year;
 - (10) repurchases of the Notes;
 - (11) any Investment of the Issuer or any of its Restricted Subsidiaries existing on the Issue Date, and any extension, modification or renewal of such existing Investments, to the extent not involving any additional Investment other than as the result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to the terms of such Investments as in effect on the Issue Date;

- (12) Guarantees otherwise permitted by the terms of this Indenture;
- (13) receivables owing to the Issuer or any of its Restricted Subsidiaries, prepaid expenses, and lease, utility, workers' compensation, trade and other deposits, if created, acquired or entered into in the ordinary course of business;
- (14) payroll, business-related travel, and similar advances to cover matters that are expected at the time of such advances to be ultimately treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (15) Investments resulting from the acquisition of a Person, otherwise permitted by this Indenture, which Investments at the time of such acquisition were held by the acquired Person;
- (16) reclassification of any Investment initially made in (or reclassified as) one form into another (such as from equity to loan or vice versa); provided in each case that the amount of such Investment is not increased thereby;
- (17) any Investment in any Subsidiary of the Issuer or any joint venture in the ordinary course of business in connection with intercompany cash management arrangements or related activities;
- (18) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (18) that are at the time outstanding not to exceed the greater of (x) \$200.0 million or (y) 5.0% of Total Assets, net of any return of or on such Investments received by the Issuer or any Restricted Subsidiary;
- (19) the acquisition by a Receivables Entity in connection with a Qualified Receivables Transaction of Equity Interests of a trust or other Person established by such Receivables Entity to effect such Qualified Receivables Transaction and any other Investment by the Issuer or a Restricted Subsidiary in a Receivables Entity or any Investment by a Receivables Entity in any other Person in connection with a Qualified Receivables Transaction;
- (20) the pledge of the Equity Interests of an Unrestricted Subsidiary as security for Indebtedness that is permitted by clause (20) of the definition of "Permitted Liens";
- (21) Investments in a Qualified IPO Entity in connection with a Qualified IPO; provided that, to the extent such Qualified IPO occurs, any net cash proceeds received by the Issuer or any of its Restricted Subsidiaries from the sale of equity securities of the Qualified IPO Entity in such Qualified IPO (or any subsequent sale of equity securities in the Qualified IPO Entity) are applied in accordance with this Indenture as if such net cash proceeds arose from an Asset Sale, and in which case, notwithstanding anything else in this Indenture, (i) such Investment shall be governed by the covenant under Section 4.07 and (ii) such sale of equity

securities shall be governed by the covenant under Section 4.10 with respect to the application of the net cash proceeds therefrom, and (in each case) not by Article 5 or Section 4.14;

- (22) Investments in a Person engaged in a Permitted Business, having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (22) that are at the time outstanding not to exceed the greater of (x) \$200.0 million or (y) 5.0% of Total Assets, net of any return of or on such Investments received by the Issuer or any Restricted Subsidiary; and
- (23) Investments in natural resources, energy, fuel, raw materials, emission, pollution, carbon, forest and other environmental permits, rights and credits, manufactured products or related commodities.

“Permitted Liens” means:

- (1) any Lien securing obligations under a Tax Incentive Transaction on the property subject thereto, so long as the related Indebtedness is permitted under clause (26) of the definition of “Permitted Debt”;
- (2) any Lien securing Indebtedness incurred under clause (1) of the definition of “Permitted Debt”;
- (3) Liens in favor of the Issuer or the Guarantors;
- (4) Liens on property or assets of a Person existing at the time such Person becomes a Restricted Subsidiary of the Issuer or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer (and additions, accessions, improvements and replacements and customary deposits in connection therewith and proceeds, distributions and products of the foregoing), whether such Liens were in existence prior to such Person becoming a Restricted Subsidiary or such merger or consolidation or were incurred in contemplation thereof; provided that such Liens do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Issuer or is merged into or consolidated with the Issuer or a Restricted Subsidiary of the Issuer (and additions, accessions, improvements and replacements and customary deposits in connection therewith and proceeds, distributions and products of the foregoing);
- (5) Liens on property or assets (including Capital Stock) existing at the time of acquisition of the property by the Issuer or any Restricted Subsidiary of the Issuer (and additions, accessions, improvements and replacements and customary deposits in connection therewith and proceeds, distributions and products of the foregoing), whether such Liens were in existence prior to such acquisition or were incurred in contemplation of such acquisition; provided that such Liens do not extend to any assets other than those acquired by the Issuer (and additions,

accessions, improvements and replacements and customary deposits in connection therewith and proceeds, distributions and products of the foregoing);

- (6) Liens to secure the performance of tenders, completion guarantees, statutory obligations, surety, environmental or appeal bonds, bids, leases, government contracts, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- (7) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (5) of the definition of "Permitted Debt" covering only the assets acquired with or financed by such Indebtedness (and additions, accessions, improvements and replacements and customary deposits in connection therewith and proceeds, distributions and products of the foregoing);
- (8) Liens existing on the Issue Date;
- (9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with Applicable Accounting Standards has been made therefor;
- (10) Liens consisting of carriers', warehousemen's, landlord's and mechanics', suppliers, materialmen's, repairmen's and similar Liens not securing Indebtedness or in favor of customs or revenue authorities or freight forwarders or handlers to secure payment of customs duties, in each case, incurred in the ordinary course of business;
- (11) any state of facts an accurate survey would disclose, public and private roads, timber cutting and hauling contracts, timber sales contracts, prescriptive easements or adverse possession claims, minor encumbrances, easements or reservations of, or rights of others for, pursuant to any leases, licenses, rights-of-way or other similar agreements or arrangements, development, air or water rights, sewers, electric lines, telegraph and telephone lines and other utility lines, pipelines, service lines, railroad lines, improvements and structures located on, over or under any property, drains, drainage ditches, culverts, electric power or gas generating or co-generation, storage and transmission facilities and other similar purposes, zoning or other restrictions as to the use of real property or minor defects in title, which were not incurred to secure payment of Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (12) Liens on the assets of a Restricted Subsidiary that is not a Guarantor securing Indebtedness or other obligations of such Restricted Subsidiary permitted by this Indenture;

- (13) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture (other than the ABL Credit Agreement or the Farm Credit Agreement); provided, however, that the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (and additions, accessions, improvements and replacements and customary deposits in connection therewith and proceeds, distributions and products of the foregoing);
- (14) Liens on real property consisting of public and private roads, timber cutting and hauling contracts, timber sales contracts, prescriptive easements or adverse possession claims, minor encumbrances, easements or reservations of, or rights of others for, pursuant to any leases, licenses, rights-of-way or other similar agreements or arrangements, development, air or water rights, sewers, electric lines, telegraph and telephone lines and other utility lines, pipelines, service lines, railroad lines, improvements and structures located on, over or under any property, drains, drainage ditches, culverts, electric power or gas generating or co-generation, storage and transmission facilities and other similar purposes, zoning or other restrictions as to the use of real property or minor defects in title, which were not incurred to secure payment of Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;
- (15) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances, tender, bid, judgment, appeal, performance or governmental contract bonds and completion guarantees, surety, standby letters of credit and warranty and contractual service obligations of a like nature, trade letters of credit and documentary letters of credit and similar bonds or guarantees provided by the Issuer or any Subsidiary of the Issuer;
- (16) Liens incurred or pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security and employee health and disability benefits, or casualty-liability insurance or self-insurance or securing letters of credit issued in the ordinary course of business;
- (17) judgment and attachment Liens not giving rise to an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made in conformity with Applicable Accounting Standards;
- (18) Liens on assets securing Permitted Hedging Obligations;
- (19) any interest or title of a lessor, licensor or sublicense under any operating lease, license or sublicense, as applicable;

- (20) Liens on the Equity Interests of an Unrestricted Subsidiary of the Issuer or of a Person that is not a Subsidiary of the Issuer securing Indebtedness of such Unrestricted Subsidiary or other Person if recourse to the Issuer and its Restricted Subsidiaries with respect to such Indebtedness is limited to such Equity Interests;
- (21) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Issuer or any Restricted Subsidiary thereof on deposit with or in possession of such bank;
- (22) any obligations or duties affecting any of the property of the Issuer or any of its Restricted Subsidiaries to any municipality or public authority with respect to any franchise, grant, license, or permit that do not impair the use of such property for the purposes for which it is held;
- (23) Liens on any property in favor of domestic or foreign governmental bodies to secure partial, progress, advance or other payment pursuant to any contract or statute, not yet due and payable;
- (24) Liens with respect to so-called “greenbelt” or “buffer zone” properties;
- (25) leases and ground leases of underutilized or vacant properties of the Issuer or any of its Restricted Subsidiaries to third parties with which the Issuer or such Restricted Subsidiary has a production, co-production, operating or other arrangement or to third party providers of natural resources, energy, fuel, transportation services or raw materials in the ordinary course of business, provided such leases do not materially interfere with the operation of the business of the Issuer or any of its Restricted Subsidiaries or secure any Indebtedness;
- (26) Liens consisting of any law or governmental regulation or permit requiring the Issuer or any of its Restricted Subsidiaries to maintain certain facilities or perform certain acts as a condition of its occupancy of or interference with any public lands or any river or stream or navigable waters;
- (27) Liens on assets of Foreign Subsidiaries securing Indebtedness of such Foreign Subsidiaries that is permitted under Section 4.09;
- (28) Liens securing Indebtedness incurred under clause (2)(ii) of the definition of “Permitted Debt”;
- (29) Liens on the unearned premiums under the insurance policies permitted by clause (16) of the definition of “Permitted Debt” securing Indebtedness incurred pursuant to clause (16) of the definition of “Permitted Debt”;
- (30) any amounts held by a trustee in the funds and accounts under an indenture securing any revenue bonds issued for the benefit of the Issuer or any Restricted Subsidiary;

- (31) Liens incurred to secure cash management services or to implement cash pooling arrangements in the ordinary course of business;
- (32) any netting or set-off arrangements entered into by the Issuer or any Restricted Subsidiary in the ordinary course of its banking arrangements (including, for the avoidance of doubt, cash pooling arrangements) for the purposes of netting debit and credit balances of the Issuer or any Restricted Subsidiary of the Issuer, including pursuant to any cash management agreement;
- (33) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 4.09; provided that such Liens do not extend to any assets other than those that are the subject of such repurchase agreements;
- (34) leases and subleases of real property which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries and other Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries that do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the Issuer's and the Restricted Subsidiaries' business taken as a whole;
- (35) Liens arising from UCC financing statement filings regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business or other precautionary UCC financing statement filings;
- (36) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (37) Liens on assets of the Issuer or a Receivables Entity incurred in connection with a Qualified Receivables Transaction;
- (38) Liens on any claims or refunds with respect to deposits for estimated customs duties (including, but not limited to, countervailing and/or anti-dumping duties), together with any deposit account which is established for holding such refunds (and no other amounts);
- (39) Liens not otherwise permitted hereunder securing Indebtedness in an aggregate principal amount not to exceed the greater of (x) \$75.0 million and (y) 1.75% of Total Assets at any one time outstanding; and
- (40) Liens on Equity Interests of a joint venture securing Indebtedness of such joint venture;

provided, that upon the occurrence of a Covenant Termination Event: (a) clause (13) of the foregoing definition shall be deleted, and Liens incurred to refinance or replace other Permitted Liens, which new Liens do not extend to any assets or properties of the Issuer and its Restricted Subsidiaries other than the assets or properties (and additions, accessions, improvements and replacements and customary deposits in connection therewith and proceeds, distributions and products of the foregoing) that were subject to the Permitted Lien being replaced or refinanced,

shall be Permitted Liens; (b) clauses (7) and (29) of the foregoing definition shall remain in effect as if the limitations in clause (5) and (16) (respectively) of the definition of “Permitted Debt” were still in effect; (c) clause (27) of the foregoing definition shall be deleted, and Liens on the assets of Foreign Subsidiaries securing Indebtedness of Foreign Subsidiaries shall be Permitted Liens; (d) clause (33) of the foregoing definition shall be deleted, and Liens deemed to exist in connection with Investments in repurchase agreements that do not extend to any assets other than those that are the subject of such repurchase agreements shall be Permitted Liens; (e) Liens existing on the date of such Covenant Termination Event shall be Permitted Liens; (f) clause (2) of the foregoing definition shall be deleted, and (g) other Liens securing Indebtedness which, at the time of the incurrence of such Lien, does not exceed 15% of Total Assets as shown on the most recent internal balance sheet of the Issuer prior to the incurrence of such Lien shall be Permitted Liens.

For the avoidance of doubt, where a Permitted Lien secures Indebtedness, Liens on the same assets subject to such Permitted Lien that secure Obligations related to any such Indebtedness shall also be permitted.

“Permitted Refinancing Indebtedness” means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness, any Increased Amount and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) Permitted Refinancing Indebtedness may not be incurred by a Person other than the Issuer or a Guarantor to renew, refund, refinance, replace, defease or discharge any Indebtedness of the Issuer or a Guarantor.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“Private Placement Legend” means the legend set forth in Section 2.06(f)(1) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“QSPEs” means each of the following: (1) Calhoun Note Holdings AT LLC, (2) Calhoun Note Holdings TI LLC and (3) any other qualified special purpose entity created to facilitate the sale and/or the monetization of receivables from the sale of Timberlands.

“Qualified Equity Offering” means (i) a public or private equity offering of Capital Stock (other than Disqualified Stock and other than issuances solely to an Affiliate of the Issuer) of the Issuer or any direct or indirect parent company of the Issuer, of at least \$50.0 million or (ii) a Qualified IPO; provided that, in the case of an offering or sale by a direct or indirect parent company of the Issuer, such parent company contributes to the capital of the Issuer the portion of the net cash proceeds of such offering or sale necessary to pay the aggregate Redemption Price (plus accrued interest to the redemption date) of the Notes to be redeemed pursuant to Section 5(c) of the Notes.

“Qualified IPO” means, with respect to a Qualified IPO Entity, (i) a bona-fide initial public offering, registered under the Securities Act, of at least 15% of the outstanding common equity securities of such Qualified IPO Entity, resulting in the listing of such common equity securities on a U.S. national stock exchange; and/or (ii) a bona-fide initial public offering in Canada of at least 15% of the outstanding common equity securities of such Qualified IPO Entity, resulting in the listing of such common equity securities on the Toronto Stock Exchange, the TSX Venture Exchange or any successor exchange.

“Qualified IPO Entity” means an entity (which shall be designated as an Unrestricted Subsidiary) holding or formed to hold assets and/or businesses of the Issuer and/or its Restricted Subsidiaries.

“Qualified Receivables Assets” means any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by the Issuer or any Restricted Subsidiary or in which the Issuer or any Restricted Subsidiary has any rights or interests, in each case, without regard to where such assets or interests are located: (1) franchise fee payments and other revenues related to franchise agreements, (2) royalty and other similar payments made related to the use of trade names and other intellectual property, business support, training and other services, (3) revenues related to distribution and merchandising of the products of the Issuer and the Restricted Subsidiaries, (4) rents, real estate taxes and other non-royalty amounts due from franchisees, (5) intellectual property rights relating to the generation of any of the foregoing types of assets, (6) parcels of or interests in real property, together with all easements, hereditaments and appurtenances thereto, all improvements and appurtenant fixtures and equipment, incidental to the ownership, lease or operation thereof, (7) any Equity Interests of any Receivables Entity or any Subsidiary of a Receivables Entity and any rights under any limited liability company agreement, trust agreement, shareholders agreement, organization or formation documents or other agreement entered into in furtherance of the organization of such entity, (8) any equipment, contractual rights with unaffiliated third parties, website domains and associated

property and rights necessary for a Receivables Entity to operate in accordance with its stated purposes, (9) any rights and obligations associated with gift card or similar programs and (10) any other assets and property (or proceeds of such assets or property) to the extent customarily included in securitization transactions of the relevant type in the applicable jurisdictions (as determined by the Issuer in good faith).

“Qualified Receivables Transaction” means any transaction or series of transactions entered into by the Issuer, any of its Restricted Subsidiaries, any Receivables Entity or any of their respective Subsidiaries pursuant to which the Issuer, such Restricted Subsidiaries, such Receivables Entity or any of their respective Subsidiaries sells, conveys or otherwise transfers to a Receivables Entity or any other Person, and/or finances, securitizes or grants a security interest in, any accounts receivable (whether now existing or arising or acquired in the future) of the Issuer, its Restricted Subsidiaries or any of their respective Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other Qualified Receivables Assets.

“Québec Credit Agreement” means the credit agreement, dated as of November 6, 2020 (as further amended from time to time) between Resolute FP Canada Inc. and Investissement Québec, together with any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures or credit facilities, receivables securitization facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder, alters the maturity thereof or adds or eliminates Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender, group of lenders or investors. Any agreement or instrument other than the Québec Credit Agreement in effect on the Issue Date must be designated in a writing delivered to the Trustee by the Issuer as a “Québec Credit Agreement” for purposes of this Indenture in order to be a Québec Credit Agreement.

“Rating Agency” means (1) each of Moody’s and S&P and (2) if Moody’s or S&P ceases to rate the Notes for reasons outside of the Issuer’s control, a “nationally recognized statistical rating organization” registered under Section 3(a)(62) the Exchange Act selected by the Issuer as a replacement agency for Moody’s or S&P, as the case may be.

“Receivables Entity” means a Subsidiary of the Issuer or any Restricted Subsidiary that engages in no activities other than in connection with a Qualified Receivables Transaction or the holding of other Receivables Entities and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Entity. Any such designation by the Board of Directors of the Issuer will be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complied with the foregoing conditions.

“Regulation S” means Regulation S promulgated under the Securities Act.

“Regulation S Global Note” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

“Responsible Officer,” when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated

officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Restricted Definitive Note” means a Definitive Note bearing the Private Placement Legend.

“Restricted Global Note” means a Global Note bearing the Private Placement Legend.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Subsidiary” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“Rule 144” means Rule 144 promulgated under the Securities Act.

“Rule 144A” means Rule 144A promulgated under the Securities Act.

“Rule 903” means Rule 903 promulgated under the Securities Act.

“Rule 904” means Rule 904 promulgated under the Securities Act.

“S&P” means Standard & Poor’s Rating Services and its successors.

“Sale and Leaseback Transaction” means any arrangement with any Person providing for the leasing by the Issuer or any Restricted Subsidiary of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to such Person in contemplation of such leasing.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Signature Law” has the meaning assigned to that term in Section 12.11 of this Indenture.

“Significant Subsidiary” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date; provided that in no event will

any Restricted Subsidiary that, together with its consolidated Restricted Subsidiaries, accounts for less than 5.0% of the consolidated revenue of the Issuer, for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available, be considered a Significant Subsidiary.

“SpinCo” has the meaning assigned to that term in Section 5.01(a)(4)(c) of this Indenture.

“Standard Securitization Undertakings” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer that the Issuer has determined in good faith to be customary in a Qualified Receivables Transaction including, without limitation, those relating to the servicing of the assets of a Receivables Entity, it being understood that any receivables repurchase obligation will be deemed to be a Standard Securitization Undertaking.

“Stated Maturity” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subsidiary” means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or Trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof) to the extent such partnership is included in the consolidated financial statements of such Person;

provided, however, that notwithstanding the foregoing, “Subsidiary” shall not include direct or indirect subsidiaries of the Issuer that have a “de minimis” value as described below and are designated by the Board of Directors of the Issuer as having a “de minimis” value. A Subsidiary may be designated as having a “de minimis” value if both the following conditions are met: (i) its market value is less than 0.25% of the consolidated total assets of the Issuer and its subsidiaries (as determined in accordance with Applicable Accounting Standards) as of the most recently completed fiscal quarter for which internal financial statements are available (it being understood that a negative value shall be deemed to comply with the foregoing clause) and (ii) the aggregate market value of subsidiaries which, at the time of such proposed subsidiary designation, have been designated as having and continue to have “de minimis” value, including the subsidiary to be designated, is less than 0.50% of the consolidated total assets of the Issuer and its subsidiaries (as determined in accordance with Applicable Accounting Standards) as of the most recently

completed fiscal quarter for which internal financial statements are available. For purposes of the foregoing sentence, “market value” shall be determined in good faith by the Board of Directors of the Issuer, which determination may be based on the valuation opinion of a reputable investment bank, valuation firm or accounting firm. At any time that a subsidiary that has been designated as having a “de minimis” value is determined to have ceased to satisfy the requirements for such designation, such subsidiary shall, within 20 Business Days of such determination, again be a Subsidiary.

“TIA” means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbb).

“Tax Incentive Transaction” means any arrangement between any Subsidiary of the Issuer and a development authority or other similar governmental authority or entity for the purpose of providing property tax incentives to such Subsidiary structured as a Sale and Leaseback Transaction whereby the development authority (i) acquires property from or on behalf of such Subsidiary, (ii) leases such property back to such Subsidiary, (iii) if and to the extent the development authority issues the bonds to finance such acquisition, 100% of such bonds are purchased and held by the Issuer or a Wholly Owned Subsidiary of the Issuer, (iv) the rental payments on the lease (disregarding any amount that is concurrently repaid to the Issuer or a Subsidiary in the form of debt service on any bonds or otherwise) does not exceed amounts such Subsidiary would have paid in taxes and other amounts had the Sale and Leaseback Transaction not occurred and (v) the Issuer or such Subsidiary has the option to terminate its lease and reacquire the property for nominal consideration (disregarding any additional consideration that is concurrently repaid to the Issuer or a Subsidiary in the form of repayment of any bonds or otherwise) at any time; provided that if at any time any of the foregoing conditions shall cease to be satisfied, such transaction shall cease to be a Tax Incentive Transaction.

“Timberlands” means any real property of the Issuer or any Restricted Subsidiary which contains standing timber which is (or upon completion of a growth cycle then in process is expected to become) of a commercial quantity and of merchantable quality, excluding, however, any such real property which at the time of determination is held primarily for development or sale, and not primarily for the production of any lumber or other timber products.

“Total Assets” means the total assets of the Issuer and its Restricted Subsidiaries, as shown on the most recent internal balance sheet of the Issuer, excluding deferred income tax assets, prepared on a consolidated basis (excluding Unrestricted Subsidiaries) in accordance with Applicable Accounting Standards with such *pro forma* adjustments as are consistent with the *pro forma* adjustment provisions set forth in the definition of “Fixed Charge Coverage Ratio.”

“Total Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated Total Debt on the date of determination to (b) Consolidated Cash Flow of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available, in each case with such *pro forma* adjustments as are consistent with the *pro forma* adjustment provisions set forth in the definition of “Fixed Charge Coverage Ratio.”

“Transactions” means, collectively, the initial issuance of the Notes and the application of the net proceeds thereof in the manner set forth in the Offering Memorandum.

“Treasury Rate” means the rate per annum equal to the yield to maturity at the time of computation of United States Treasury securities with a constant maturity most nearly equal to the period from such date of redemption to the First Call Date; provided that if the period from such date of redemption to the First Call Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such date of redemption to the First Call Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

“Trustee” means Wells Fargo Bank, National Association until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“Unrestricted Definitive Note” means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

“Unrestricted Global Note” means a Global Note that does not bear and is not required to bear the Private Placement Legend.

“Unrestricted Subsidiary” means (a) the QSPEs, (b) Resolute FP Sub 1 Inc., (c) Serres Toundra Inc. (to the extent it is a Subsidiary of the Issuer), and (d) any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to Section 4.17 and (d) any Subsidiary of an Unrestricted Subsidiary.

“U.S. GAAP” means generally accepted accounting principles in the United States of America as in effect from time to time, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession (but excluding the policies, rules and regulations of the SEC applicable only to public companies); provided that the Issuer may at any time elect by written notice to the Trustee to fix U.S. GAAP as in effect on the date specified in such notice and, upon any such notice, references herein to U.S. GAAP will thereafter be construed to mean for all purposes of this Indenture (other than for financial reporting purposes):

(a) for periods beginning on and after the date specified in such notice, U.S. GAAP as in effect on the date specified in such notice; and

(b) for prior periods, U.S. GAAP as in effect from time to time during such periods.

“U.S. Person” means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

“U.S. Reports” has the meaning assigned to that term in Section 4.03(a) of this Indenture.

“U.S. Subsidiary” means, with respect to any Person, any Subsidiary of such Person that is organized or existing under the laws of the United States, any state thereof, or the District of Columbia.

“Voting Stock” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Restricted Subsidiary” of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) will at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person.

“Wholly Owned Subsidiary” of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) will at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person.

“WURA” means the *Wind-Up and Restructuring Act* (Canada).

Section 1.02 Other Definitions

<u>Term</u>	<u>Section</u>
\$	Preamble
Affiliate Transaction	4.11(a)
Aggregate Payments	10.01(e)
Authentication Order	2.02
Change of Control Offer	4.14(a)
Change of Control Payment	4.14(a)
Change of Control Payment Date	4.14(a)(2)
Contributing Guarantors	10.01(e)
Covenant Defeasance	8.03
Covenant Termination Event	4.15
dollars	Preamble
DTC	2.03
Event of Default	6.01

Excess Proceeds	4.10(d)
Fair Share	10.01(e)
Fair Share Contribution Amount	10.01(e)
Funding Guarantor	10.01(e)
incur	4.09(a)
Initial Lien	4.12(a)
Issuer	Preamble
Legal Defeasance	8.02
Net Proceeds Offer	4.10(d)
Notes	Recitals
Offer Amount	4.10(e)
Offer Period	4.10(e)
Pari Passu Indebtedness	4.10(d)
Paying Agent	2.03
Payment Default	6.01(5)(i)
Permitted Debt	4.09(b)
Purchase Date	4.10(e)
Registrar	2.03
Restricted Payments	4.07(a)(4)
Trustee	Preamble

Section 1.03 Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. Unless specifically referred to herein, the TIA shall not apply to this Indenture except to the extent required by law.

The interpretation of terms used in this Indenture that are not otherwise defined and are used or defined in the TIA shall not be influenced by the meanings ascribed to them by the TIA.

Section 1.04 Rules of Construction. Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with U.S. GAAP;
- (3) “or” is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) “will” shall be interpreted to express a command;
- (6) provisions apply to successive events and transactions;

(7) references to sections of or rules or forms under the Securities Act, the Exchange Act, or the TIA will be deemed to include substitute, replacement or successor sections or rules or forms adopted by the SEC from time to time;

(8) references to laws, statutes and accounting standards and interpretations shall be deemed to refer to successor laws, statutes and accounting standards and interpretations thereto; and

(9) For the avoidance of doubt, the term “all or substantially all,” as used herein shall not be read to mean “any” of the assets of the Issuer or the Guarantors due to qualitative factors, including as a result of the Issuer or the relevant Guarantor being in the “zone of insolvency”; and

(10) Indebtedness shall not be deemed to be “subordinated” to other Indebtedness due to such Indebtedness being unsecured or secured by collateral by liens of lower priority to such other Indebtedness.

ARTICLE 2

THE NOTES

Section 2.01 Form and Dating

(a) General. The Notes and the Trustee’s certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture (or any indenture supplemental hereto), expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) Global Notes. Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be

made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06.

Section 2.02 Execution and Authentication. At least one Officer must sign the Notes for the Issuer by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Issuer signed by an Officer (an "Authentication Order"), authenticate Notes for original issue that may be validly issued under this Indenture, including any Additional Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Issuer pursuant to one or more Authentication Orders, except as provided in Section 2.07.

The Trustee may appoint an authenticating agent acceptable to the Issuer to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuer.

Section 2.03 Registrar and Paying Agent. The Issuer will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Issuer may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuer may change any Paying Agent or Registrar without prior notice to any Holder. The Issuer will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any of its Affiliates may not act as Paying Agent or Registrar.

The Issuer initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to the Global Notes.

The Issuer initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes and the Trustee hereby agrees so to initially act.

Section 2.04 Paying Agent to Hold Money in Trust. The Issuer will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal and premium, if any, or interest on the Notes, and will notify the Trustee in writing of any default by the Issuer in making any such payment. While any such default continues, the

Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent will have no further liability for the money.

Section 2.05 Holder Lists. The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Issuer will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.06 Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred except as a whole by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Notes will be exchanged by the Issuer for Definitive Notes if:

(1) the Issuer delivers to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Issuer within 90 days after the date of such notice from the Depository;

(2) the Issuer in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing an Event of Default with respect to the Notes and the Holder so requests.

Upon the occurrence of either of the preceding events in (1) or (2) above, Definitive Notes shall be issued in such names as the Depository shall instruct the Trustee in writing. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) and (c).

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph

(1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(i) both:

(A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(B) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(ii) both:

(A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(B) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h).

(3) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(ii) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(iii) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any Holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and:

(i) the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof, or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (i), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act; and

(ii) the Issuer delivers to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that the transfer of Restricted Notes to Unrestricted Notes complies with the Securities Act.

If any such transfer is effected pursuant to subparagraph (i)(A) or (i)(B) above at a time when an Unrestricted Global Note has not yet been issued, the Issuer shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (i)(A) or (i)(B) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(ii) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(iii) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(iv) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(v) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (ii) through (iv) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(vi) if such beneficial interest is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(vii) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and the Issuer shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2), the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and

the Issuer will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depository and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(1) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(i) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(ii) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(iii) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(iv) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(v) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (ii) through (iv) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(vi) if such Restricted Definitive Note is being transferred to the Issuer or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(vii) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3) (c) thereof, the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (i) above, the appropriate Restricted Global Note, in the case of clause (ii) above, the 144A Global Note, in the case of clause (iii) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(2) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof,

and, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time.

Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to this clause (3) at a time when an Unrestricted Global Note has not yet been issued, the Issuer will issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(i) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof,

(ii) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof, and

(iii) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or (ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

(ii) and if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery

thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) Legends. The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(i) Except as permitted by subparagraph (ii) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN

ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. [IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY IN CANADA BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER DISTRIBUTION DATE].

(ii) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) Global Note Legend. Each Global Note will bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(g) Original Issue Discount Legend. Each Note issued hereunder that has more than a de minimis amount of original issue discount for U.S. federal income tax purposes as determined by the Issuer shall also bear the following legend on the face thereof:

“THE NOTES HAVE BEEN ISSUED WITH “ORIGINAL ISSUE DISCOUNT” (WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON WRITTEN REQUEST ADDRESSED TO SECRETARY, RESOLUTE FOREST PRODUCTS INC., 111 ROBERT-BOURASSA BLVD., SUITE 5000, MONTREAL, QUEBEC, CANADA H3C 2M1, THE ISSUER WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THE NOTES THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND ISSUE DATE OF THE NOTES, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTES AND (3) THE YIELD TO MATURITY OF THE NOTES.”

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such

other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, the Issuer will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Section 2.10, Article 3 and Sections 4.10, 4.14 and 9.04).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Issuer will be required:

(i) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(ii) to register the transfer of or to exchange a Note for a period of fifteen days before a selection of Notes to be redeemed.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

(9) To the extent that any Notes are issued at a discount to their stated redemption price at maturity and bear the legend required by Section 2.06(g), each group of Notes bearing a given amount of original issue discount shall be treated as a separate series only for purposes of the transfer and exchange provisions of this Section 2.06 and may trade under a separate CUSIP number.

(10) The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer.

(11) The transferor of any Security shall provide or cause to be provided to the Trustee all information reasonably requested by the Trustee to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the United States Internal Revenue Code of 1986, as amended (the "Code"). The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(12) In connection with any proposed exchange of Securities in definitive form for a Global Security, the Issuer or the Depository shall be required to provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Code. The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(13) For certain payments made in connection with these Notes, the Trustee may be required to make a "reportable payment" or "withholdable payment" and in such cases the Trustee shall have the duty to act as a payor or withholding agent, respectively, that is responsible for any tax withholding and reporting required under Chapters 3, 4, and 61 of the United States Internal Revenue Code of 1986, as amended (the "Code"). The Trustee shall have the sole right to make the determination as to which payments are "reportable payments" or "withholdable payments." All parties to this transaction shall provide an executed IRS Form W-9 or appropriate IRS Form W-8 (or, in each case, any successor form) to the Trustee prior to closing, and shall promptly update any such form to the extent such form expires or becomes inaccurate in any respect because of a change in circumstances. The Trustee shall have the right to request from any party or any other Person entitled to payment hereunder, any additional forms, documentation or other information as may be reasonably necessary for the Trustee to satisfy its reporting and withholding obligations under the Code. To the extent any such forms required to be delivered are not provided prior to or by the time the related payment is required to be made or are determined by the Trustee to be incomplete and/or inaccurate in any respect, the Trustee shall be entitled to withhold on any such payments hereunder to the extent withholding is required under Chapters 3, 4, or 61 of the Code, and shall have no obligation to gross up any such payment.

Section 2.07 Replacement Notes. If any mutilated Note is surrendered to the Trustee or the Issuer and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Issuer will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee

or the Issuer, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuer to protect the Issuer, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuer may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Issuer and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 Outstanding Notes. The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Issuer, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 Treasury Notes. In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or any of its Subsidiaries, or by any Person directly or indirectly controlled by the Issuer or any of its Subsidiaries, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

Section 2.10 Temporary Notes. Until certificates representing Notes are ready for delivery, the Issuer may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Issuer considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuer will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the

Exchange Act). Certification of the destruction of all canceled Notes will be delivered to the Issuer. The Issuer may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 Defaulted Interest. If the Issuer defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01. The Issuer will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuer will fix or cause to be fixed each such special record date and payment date; provided that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee in the name and at the expense of the Issuer) will send or cause to be sent to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

ARTICLE 3

REDEMPTION

Section 3.01 Optional Redemption. The Notes may be redeemed, in whole, or from time to time in part, subject to the conditions and at the redemption prices set forth in Section 5 of the form of Note set forth in Exhibit A hereto.

Section 3.02 Notices to Trustee. If the Issuer elects to redeem Notes pursuant to Section 3.01, it shall notify the Trustee, Registrar and each Paying Agent in writing of (i) the Section of this Indenture and the Notes pursuant to which the redemption shall occur (including the relevant provision of the Notes), (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price. The Issuer shall give notice to the Trustee provided for in this paragraph at least five Business Days before a redemption notice is required to be provided to each Holder of the Note pursuant to Section 3.04 or in connection with a satisfaction or discharge pursuant to Article 11, unless a shorter period is acceptable to the Trustee. Such notice shall be accompanied by an Officer's Certificate and Opinion of Counsel from the Issuer to the effect that such redemption will comply with the conditions herein, as well as such notice required to be delivered under Section 3.04 below. If fewer than all the Notes are to be redeemed, the record date relating to such redemption shall be selected by the Issuer and given to the Trustee, which record date shall be not fewer than 15 days after the date of notice to the Trustee. Any such notice pursuant to Section 3.01 may be canceled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

Section 3.03 Selection of Notes to Be Redeemed. Selection of Notes for redemption will be made by the Registrar on a *pro rata* basis by lot to the extent practicable; provided that no Notes of \$2,000 principal amount or less shall be redeemed in part.

Notwithstanding anything else contained in this Section 3.03, the parties acknowledge and agree that any partial redemption of a Global Note will be made by the Depository among the Beneficial Owners in accordance with the rules and regulations of the Depository and that the

Trustee shall have no liability in connection with the selection of Beneficial Owners whose interest in the Global Security will be redeemed or any other actions taken by the Depository in connection therewith, and by accepting the Notes, the Holders shall waive and release any and all such liability.

Section 3.04 Notice of Redemption.

(a) At least 15 days but not more than 60 days before a redemption date pursuant to Section 3.01, the Issuer shall mail or cause to be mailed by first-class mail a notice of redemption to each Holder whose Notes are to be redeemed.

Any such notice shall identify the Notes to be redeemed and shall state:

- (b) the redemption date;
- (c) the redemption price and the amount of accrued interest to the redemption date;
- (d) the name and address of the Paying Agent;
- (e) the provision of the Notes or this Indenture pursuant to which the redemption is occurring;
- (f) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(g) if fewer than all the outstanding Notes are to be redeemed, the certificate numbers and principal amounts of the particular Notes to be redeemed, the aggregate principal amount of Notes to be redeemed and the aggregate principal amount of Notes to be outstanding after such partial redemption;

(h) if the redemption is subject to conditions precedent, a description of such conditions precedent and any terms pursuant to Section 3.05(b);

(i) that, unless the Issuer defaults in making such redemption payment or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest on Notes (or portion thereof) called for redemption ceases to accrue on and after the redemption date;

(j) the CUSIP number, ISIN and/or "Common Code" number, if any, printed on the Notes being redeemed; and

(k) that no representation is made as to the correctness or accuracy of the CUSIP number or ISIN and/or "Common Code" number, if any, listed in such notice or printed on the Notes.

At the Issuer's request, the Registrar and each Paying Agent shall give the notice of redemption in the Issuer's name and at the Issuer's expense. In such event, the Issuer shall provide the

Registrar and each Paying Agent with the information required by this Section 3.04 at least two Business Days prior to the date such notice is to be provided to Holders in the final form such notice is to be delivered to Holders.

Section 3.05 Effect of Notice of Redemption.

(a) Once notice of redemption is mailed in accordance with Section 3.04, Notes called for redemption become due and payable on the redemption date and at the redemption price stated in the notice, except as provided in the Section 3.05(b). Upon surrender to the Paying Agent, such Notes shall be paid at the redemption price stated in the notice; provided, however, that if the redemption date is after a regular Record Date and on or prior to the Interest Payment Date, the accrued interest shall be payable to the Holder of the redeemed Notes registered on the relevant Record Date. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

(b) Notwithstanding the foregoing, any notice of redemption may be given prior to the redemption of any Notes, and any such redemption or notice may, at the Issuer's discretion, in whole or in part, be subject to one or more conditions precedent, including, but not limited to, completion of a Qualified Equity Offering, Qualified IPO or other transaction or event. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may, at the option of the Issuer, state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed; provided, however, that the Issuer shall provide written notice to the Trustee no later than 10:00 a.m. New York City time on such redemption date, if any such conditions have not been satisfied or waived at that time, stating that such condition has not been satisfied or waived, the notice of redemption is rescinded or delayed and the redemption shall not occur or shall be delayed.

Section 3.06 Deposit of Redemption Price. Prior to 11:00 a.m. New York City time on each redemption date, the Issuer shall deposit with the Paying Agent funds sufficient to pay the redemption price of all Notes to be redeemed on that date. The Paying Agent shall promptly return to the Issuer any amount so deposited that is not required for that purpose, except with respect to monies owed as obligations to the Trustee pursuant to Article 7.

Unless the Issuer fails to comply with the preceding paragraph and defaults in the payment of such redemption price, interest on the Notes to be redeemed will cease to accrue on and after the applicable redemption date, whether or not such Notes are presented for payment.

Section 3.07 Notes Redeemed in Part. Upon surrender of a Note that is redeemed or purchased in part, the Issuer shall issue and, upon receipt of an Authentication Order, the Trustee shall authenticate for the Holder at the expense of the Issuer a new Note in principal amount equal to the unredeemed portion of the Note being redeemed or purchased in part in the name of the Holder thereof.

ARTICLE 4
COVENANTS

Section 4.01 Payment of Notes. The Issuer will pay or cause to be paid the principal of and premium, if any, and interest on, the Notes on the dates and in the manner provided in the Notes. Principal and premium, if any, will be considered paid on the date due if the Paying Agent, if other than the Issuer or a Subsidiary thereof, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal and premium, if any, and interest then due.

The Issuer will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to the lesser of the then applicable interest rate on the Notes and the maximum rate permitted by applicable law; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02 Maintenance of Office or Agency. The Issuer will maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer in accordance with Section 2.03.

Section 4.03 Reports.

(a) Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, except as otherwise provided under this Section 4.03, the Issuer will furnish to the Trustee the following information under this clause (a) (the "U.S. Reports"):

(1) all annual financial information that would be required to be contained in a filing with the SEC on Form 10-K if the Issuer were required to file such report including (A) "Management's Discussion and Analysis of Financial Condition and Results of Operations," (B) audited financial statements prepared in accordance with Applicable Accounting Standards and (C) a presentation of EBITDA and Adjusted EBITDA consistent with

the presentations thereof in the Offering Memorandum, within the time period required for filing such form as specified in the SEC's rules and regulations assuming the Issuer was a "non-accelerated filer" (as defined under the SEC's rules and regulations, or any successor term that provides an entity with the greatest time period for filing periodic reports with the SEC) plus five business days;

(2) all quarterly financial information that would be required to be contained in a filing with the SEC on Form 10-Q if the Issuer were required to file such report including (A) "Management's Discussion and Analysis of Financial Condition and Results of Operations," (B) unaudited quarterly financial statements prepared in accordance with Applicable Accounting Standards and reviewed pursuant to Statement on Auditing Standards No. 100 of the American Institute of Certified Public Accountants (or similar standard) and (C) a presentation of EBITDA and Adjusted EBITDA consistent with the presentation thereof in the Offering Memorandum, within 15 days after the time period required for filing such form as specified in the SEC's rules and regulations assuming the Issuer were a "non-accelerated filer" (as defined under the SEC's rules and regulations, or any successor term that provides an entity with the greatest time period for filing periodic reports with the SEC) plus five business days; and

(3) within five business days after the occurrence of each event that would have been required to be reported in a current report on Form 8-K under the Exchange Act pursuant to Item 1.01 (Entry into a Material Definitive Agreement), Item 1.02 (Termination of a Material Definitive Agreement), Item 1.03 (Bankruptcy or Receivership), Item 2.01 (Completion of Acquisition or Disposition of Assets), Item 2.03 (Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant), Item 2.04 (Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement), Item 2.05 (Costs Associated with Exit or Disposal Activities), Item 2.06 (Material Impairments), Item 3.03 (Material Modifications to Rights of Security Holders), Item 4.01 (Changes in Registrant's Certifying Accountant), Item 4.02 (Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review), Item 5.01 (Changes in Control of Registrant), Item 5.02 (Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers) (other than pursuant to Item 5.02(e)), Item 5.03 (Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year) and Item 9.01 (Financial Statements and Exhibits, but only with respect to financial statements and pro forma financial information relating to transactions required to be reported pursuant to Item 2.01) if the Issuer had been a reporting company under the Exchange Act, reports containing substantially all of the information that would have been required to be contained in such items if the Issuer had been a reporting company under the Exchange Act; provided, however, that no such current report will be required to be furnished if the chief financial officer or principal financial or accounting officer of the Issuer determines in its good faith judgment that such event is not material to holders of the Notes or the business, assets, operations, financial position or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole; provided further that no such current report will be required to be furnished with respect to any Unrestricted Subsidiary of the Issuer to the extent furnishing such report would violate any law or contractual obligation applicable to such Unrestricted Subsidiary; provided further that no such current report shall be required to include as an exhibit, or to include a summary of the terms of, any employment or compensatory

arrangement agreement, plan or understanding between the Issuer (or any of its Subsidiaries) and any director, manager or executive officer, of the Issuer (or any of its Subsidiaries); provided further that in no event shall such current reports be required to include as an exhibit copies of any agreements, financial statements or other items that would be required to be filed as exhibits to a current report on Form 8-K except for (x) agreements evidencing material Indebtedness and (y) historical and pro forma financial statements to the extent reasonably available and, in any case with respect to pro forma financial statements, to include only pro forma revenues, Consolidated EBITDA and capital expenditures in lieu thereof and only to the extent material to the business, assets, operations, financial position or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole.

Notwithstanding the foregoing, the reports referred to in clauses (1), (2) and (3) above (A) will not be required to comply with Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 and 308 of Regulation S-K promulgated by the SEC, or Item 10(e) of Regulation S-K or Regulation G (with respect to any non-GAAP financial measures contained therein), (B) will not be required to contain the separate financial information for Guarantors or Subsidiaries whose securities are pledged to secure the Notes contemplated by Rule 3-05, Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X, (C) will not be required to contain information required by Item 601 of Regulation S-K, and (D) will not be required to include the schedules identified in Section 5-04 of Regulation S-X under the Securities Act.

If, at any time, the Notes are guaranteed by a direct or indirect parent of the Issuer, and such parent has complied with the reporting requirements of Section 13 or 15(d) of the Exchange Act, if applicable, and has filed with the SEC the reports described above with respect to such direct or indirect parent (including any financial information required by Regulation S-X under the Exchange Act), as applicable, the Issuer shall be deemed to have complied with the provisions of this covenant.

(b) Notwithstanding Section 4.03(a), if the Issuer redomiciles to Canada or a subdivision thereof, the Issuer may elect, in its sole and absolute discretion, to comply with this Section 4.03(b) in lieu of complying with 4.03(a). For so long as any Notes are outstanding, the Issuer will furnish the following information under this clause (b) (the “Canadian Reports”):

(1) on or prior to the later of (A) 90 days after the end of each fiscal year of the Issuer or (B) the date on which the Issuer is required to file (after giving effect to any available extension or exemptive relief) such information pursuant to Canadian Securities Legislation, the annual “Management’s Discussion & Analysis” and audited financial statements in respect of such fiscal year that the Issuer would be required to file as a reporting issuer under Canadian Securities Legislation and a presentation of EBITDA and Adjusted EBITDA consistent with the presentation thereof in the Offering Memorandum;

(2) on or prior to the later of (A) 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Issuer or (B) the date on which the Issuer is required to file (after giving effect to any available extension or exemptive relief) such information pursuant to Canadian Securities Legislation, the quarterly “Management’s Discussion & Analysis” and unaudited quarterly financial statements in respect of the relevant interim period that the Issuer would be required to file as a reporting issuer under Canadian

Securities Legislation and a presentation of EBITDA and Adjusted EBITDA consistent with the presentation thereof in the Offering Memorandum; and

(3) if the Issuer is a reporting issuer under Canadian Securities Legislation, on or prior to the later of the tenth business day (after giving effect to any available extension or exemptive relief) following the events giving rise to the requirements for the Issuer to file a material change report pursuant to Canadian Securities Legislation, such material change report (other than any material change report that the Issuer is permitted to treat as a confidential material change report under Canadian Securities Legislation).

If, at any time, the Notes are guaranteed by a direct or indirect parent of the Issuer, and such parent has complied with the reporting requirements of the Canadian Securities Legislation, and has filed pursuant to the Canadian Securities Legislation the reports described above with respect to such direct or indirect parent (including any financial information required by the Canadian Securities Legislation), as applicable, the Issuer shall be deemed to have complied with the provisions of this covenant.

(c) For so long as any Notes remain outstanding, if at any time they are not required to file with the SEC the reports required by paragraph (a) of this Section 4.03, the Issuer and the Guarantors will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(d) The Issuer shall

(1) furnish U.S. Reports or Canadian Reports (collectively, “Reports”) electronically to the Trustee; and

(2) make the Reports available to any Holder of the Notes by posting such Reports on IntraLinks or a comparable password protected online data system, and, upon request, shall make such information and reports (and any necessary password or other login information, if applicable) readily available to any prospective investor, any securities analyst or any market maker in the Notes by posting such Reports on IntraLinks or a comparable password protected online data system; provided, however, the Issuer may deny access to any competitively-sensitive information otherwise to be provided hereto to any such Holder, prospective investor, security analyst or market maker that is a competitor of the Issuer and its Subsidiaries or to the extent that the Issuer determines in good faith that the provision of such information to such Person would be competitively harmful to the Issuer and its Subsidiaries; provided, further, that Holders, prospective investors, security analysts or market makers shall agree to (i) treat all such reports (and the information contained therein) and information as confidential, (ii) not use such reports and the information contained therein for any purpose other than their investment or potential investment in the Notes and (iii) not publicly disclose any such reports (and the information contained therein).

(e) The Issuer shall, for so long as any Notes remain outstanding, use commercially reasonable efforts to hold and participate in quarterly conference calls with the Holders and securities analysts to discuss such financial information no later than ten business days after distribution of financial information referred to in Sections 4.03(a)(1) and (2) or

Sections 4.03(b)(1) and (2), as the case may be. No fewer than three business days prior to the date of the conference call required to be held in accordance with this paragraph, the Issuer shall make available on the aforementioned IntraLinks or comparable password protected online data system, information announcing the time and date of such conference call and either including all information necessary to access the call or directing holders of the Notes, prospective investors, broker-dealers and securities analysts to contact the appropriate person at the Issuer to obtain such information (collectively, “Quarterly Call Information”). If the Issuer holds and participates in quarterly conference calls to discuss its results of operations pursuant to SEC or Canadian rules and regulations, as the case may be, it shall be deemed to have satisfied the requirements of this clause (e).

(f) The filing or furnishing (as the case may be) by the Issuer of U.S. Reports or related Quarterly Call Information with the SEC on its EDGAR system (or a similar system) or of Canadian Reports or related Quarterly Call Information on SEDAR (or a similar system), in each case, in compliance with the relevant deadlines therefor (including any late filing allowances thereunder) shall be sufficient to comply with the requirements of the foregoing Section 4.03(d) or Section 4.03(e), as the case may be, and the requirement to furnish such Reports and Quarterly Call Information.

(g) At any time that any of the Issuer’s Subsidiaries are Unrestricted Subsidiaries, then the Reports with respect to quarterly and annual fiscal periods will include a reasonably detailed presentation in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” MD&A or other comparable section, of the total assets, net income and Adjusted EBITDA (which presentation may be consistent with that presented by the Issuer or its direct or indirect parent in its earnings press releases) for the Issuer and its Restricted Subsidiaries on one hand, and for the Unrestricted Subsidiaries of the Issuer, on the other hand; provided, however, that such reasonably detailed presentation shall not be required if the Total Assets of all Unrestricted Subsidiaries are less than 15.0% of the Issuer’s Total Assets.

(h) In the event that any parent of the Issuer is or becomes a Guarantor of the Notes, the Issuer may satisfy its obligations under this covenant with respect to financial information relating to the Issuer required in Reports by furnishing financial information relating to such parent, provided that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent and any of its Subsidiaries other than the Issuer and its Subsidiaries, on the one hand, and the information relating to the Issuer, the Guarantors and the other Subsidiaries of the Issuer on a stand-alone basis, on the other hand.

(i) The Trustee shall have no obligation whatsoever to determine whether or not such information, documents, Reports or Quarterly Call Information have been filed or furnished with the EDGAR system (or similar system), SEDAR (or similar system) or whether or not conference calls required by Section 4.03(e) above have occurred.

(j) Notwithstanding anything herein to the contrary, the Issuer will not be deemed to have failed to comply with this Section 4.03 for the purposes of Section 6.01(4) until 120 days after the proper notice under such clause (4) has been provided.

(k) For the avoidance of doubt, a Default or an Event of Default resulting from a failure to provide any report required by this Section 4.03 shall be cured upon the provision of such report prior to the acceleration of the Notes pursuant to Section 6.02.

Section 4.04 Compliance Certificate.

(a) The Issuer shall deliver to the Trustee, within 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2021, an Officer's Certificate stating that a review of the activities of the Issuer and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Issuer has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to such Officer signing such certificate, that to the best of his or her knowledge the Issuer has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Issuer is taking or proposes to take with respect thereto.

(b) So long as any of the Notes are outstanding, the Issuer will deliver to the Trustee, within five Business Days after any Officer becoming aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

Section 4.05 Taxes. The Issuer will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment would not reasonably be expected to have a material adverse effect on the Issuer and its Subsidiaries, taken as a whole.

Section 4.06 Stay, Extension and Usury Laws. The Issuer and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 Restricted Payments.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Equity Interests (including any such payment in connection with any merger or consolidation involving such Person) or to the direct or indirect holders of the Issuer's or any Restricted Subsidiary's Equity Interests, except dividends or distributions payable solely in Equity Interests of the Issuer or such Restricted Subsidiary (other than Disqualified Stock) and except dividends or distributions to the extent payable to the Issuer or a Restricted Subsidiary (and, if such Restricted Subsidiary is not a Wholly Owned Subsidiary, to the other Equity Interest holders of such Restricted Subsidiary on a pro rata basis or on a basis that results in the receipt by the Issuer or a Restricted Subsidiary of dividends or distributions of greater value than it would receive on a pro rata basis);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer (other than any Equity Interests of the Issuer held by a Restricted Subsidiary);

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries), except (a) a payment of interest or principal at the Stated Maturity thereof or (b) the purchase, repurchase or other acquisition or retirement for value of any such Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of such purchase, repurchase or other acquisition or retirement for value; or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(i) no Default or Event of Default has occurred and is continuing or would occur after giving effect to such Restricted Payment;

(ii) the Issuer would, at the time of such Restricted Payment and after giving pro forma effect thereto, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to Section 4.09(a); and

(iii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), (16) and (17) of Section 4.07(b)), is less than the sum, without duplication (the "Available Amount") of:

(A) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from January 1, 2011 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at

the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(B) 100% of the aggregate net cash proceeds (or the Fair Market Value of any property or assets) received by the Issuer since January 1, 2011 as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Issuer or from the issue or sale of convertible or exchangeable Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer, in each case that have been converted into or exchanged for Equity Interests of the Issuer (other than Disqualified Stock, Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Issuer); plus

(C) to the extent that any Restricted Investment that was made after January 1, 2011 is or was sold or otherwise liquidated or repaid, the amount of the cash return of or on capital (or the Fair Market Value of any property or assets) with respect to such Restricted Investment (less the cost of disposition, if any); plus

(D) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after January 1, 2011 is or was redesignated as a Restricted Subsidiary after January 1, 2011, the Fair Market Value of the Issuer's Restricted Investment in such Restricted Subsidiary as of the date of such redesignation; plus

(E) cash dividends received by the Issuer or a Restricted Subsidiary of the Issuer that is a Guarantor after the Issue Date from an Unrestricted Subsidiary of the Issuer, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Issuer for such period.

(b) The provisions of Section 4.07(a) will not prohibit:

(1) the payment of any dividend or distribution on account of Equity Interests or the consummation of any redemption within 60 days after the date of declaration of the dividend or distribution on account of Equity Interests or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions of this Section 4.07 (assuming, in the case of a redemption payment, the giving of the notice of such redemption payment would have been deemed to be a Restricted Payment at such time);

(2) the making of any Restricted Payment in exchange for, or out of or with the net proceeds of the sale (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock) or from the contribution of common equity capital to the Issuer; provided that the amount of any such net proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Equity Interests of the Issuer for purposes of clause (iii)(B) of Section 4.07(a);

(3) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee in exchange for, by conversion into or out of,

or with the net cash proceeds from, an incurrence of Permitted Refinancing Indebtedness, which incurrence occurs within 60 days of such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value;

(4) so long as no Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer held by any current or former officer, director or employee of the Issuer or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed \$20.0 million in any twelve-month period; provided, further, that such amount in any twelve-month period may be increased by an amount not to exceed:

(i) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer as common equity capital, the cash proceeds from the sale of Equity Interests of any of the Issuer's direct or indirect parent companies, in each case to members of management, directors or consultants of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Issue Date to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (iii)(B) of Section 4.07(a) or Section 4.07(b)(2) above; plus

(ii) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries after the Issue Date; and

in addition, cancellation of Indebtedness owing to the Issuer or any Guarantor from any current or former officer, director or employee (or any permitted transferees thereof) of the Issuer or any of its Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any of its Restricted Subsidiaries from such Persons will not be deemed to constitute a Restricted Payment for purposes of this Section 4.07 or any other provisions of this Indenture;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options, warrants or similar rights to the extent such Equity Interests represent a portion of the exercise price of those stock options, warrants or similar rights or the payment of related withholding taxes;

(6) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer issued on or after the Issue Date pursuant to Section 4.09(a);

(7) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, upon the occurrence of a Change of Control and within 60 days after completion of the offer to repurchase Notes pursuant to Section 4.14, any purchase or redemption of Indebtedness of the Issuer that is contractually subordinated to the Notes or any Note Guarantee that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Change of Control, at a purchase price not greater than 101% of the outstanding

principal amount thereof (plus accrued and unpaid interest); provided that, prior to such repayment or repurchase, the Issuer shall have made the Change of Control Offer with respect to the Notes as required by Section 4.14, and the Issuer shall have repurchased all Notes validly tendered for payment and not withdrawn in connection with such Change of Control Offer;

(8) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, after the completion of a Net Proceeds Offer pursuant to Section 4.10, any purchase or redemption of Indebtedness of the Issuer or any Restricted Subsidiary that is contractually subordinated to the Notes or any Note Guarantee that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Asset Sale, at a purchase price not greater than 100% of the outstanding principal amount thereof (plus accrued and unpaid interest) with any Excess Proceeds that remain after consummation of a Net Proceeds Offer; provided that, prior to such repayment or repurchase, the Issuer shall have made the Net Proceeds Offer with respect to the Notes as required by Section 4.10, and the Issuer shall have repurchased all Notes validly tendered for payment and not withdrawn in connection with such Net Proceeds Offer;

(9) the redemption, repurchase or other acquisition for value of any Equity Interests of any Foreign Subsidiary of the Issuer that are held by a Person that is not an Affiliate of the Issuer; provided that the consideration for such redemption, repurchase or other acquisition is not in excess of either (i) the Fair Market Value of such common Equity Interests or (ii) such amount required by applicable laws, rules or regulations;

(10) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, amalgamation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with Section 5.01; provided that, as a result of such consolidation, amalgamation, merger or transfer of assets, the Issuer shall have made a Change of Control Offer (if required by this Indenture) and that all Notes tendered by holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value;

(11) purchases of receivables pursuant to a Qualified Receivables Transaction and the payment or distribution of fees in connection therewith;

(12) Investments in joint ventures and Unrestricted Subsidiaries in an aggregate amount not to exceed the greater of (x) \$200.0 million or (y) 5.0% of Total Assets, net of any return of or on such Investments;

(13) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed the greater of (x) \$100.0 million or (y) 2.25% of Total Assets, net of return of or on any Investments made pursuant to this clause (13);

(14) Restricted Payments under hedge and warrant or other derivative transactions entered into in connection with a Permitted Convertible Notes Offering or any early termination thereof;

(15) the making of cash payments in satisfaction of the conversion obligation upon conversion of convertible Indebtedness issued in a Permitted Convertible Notes Offering since the Issue Date; provided that, to the extent the aggregate amount of such cash payments made since the Issue Date exceeds the sum of (x) the principal amount of such convertible Indebtedness plus (y) the amount of any payments received by the Issuer or any of its Restricted Subsidiaries since the Issue Date pursuant to the exercise, settlement or termination of any Convertible Notes Transactions, such cash payments shall be subtracted from the Available Amount;

(16) Restricted Payments in an amount not to exceed, in any fiscal quarter of the Issuer, \$15.0 million, in order to pay regular quarterly dividends to holders of the equity of the Issuer or a direct or indirect parent of the Issuer, or to engage in share repurchases of the equity of the Issuer or a direct or indirect parent of the Issuer; and

(17) in addition to the Restricted Payments permitted by the preceding clauses (1) through (16), other Restricted Payments so long as, (i) no Default or Event of Default has occurred and is continuing and (ii) at the time of and after giving effect to the making of such Restricted Payment and the consummation of all other related transactions, the Total Leverage Ratio would not exceed 3.00:1.00.

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.07 will be determined by the Issuer or, if such Fair Market Value is in excess of \$50.0 million, by the Board of Directors of the Issuer whose resolution with respect thereto shall be delivered to the Trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the Fair Market Value exceeds \$100.0 million. Notwithstanding the foregoing, the Fair Market Value of any publicly traded securities required to be valued by this covenant will be determined by the Issuer based on the trading price of such securities and no resolution, opinion or appraisal related to such determination shall be required.

(d) For purposes of determining compliance with this Section 4.07, in the event that a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in Sections 4.07(b)(1) through 4.07(b)(17) above or one or more clauses of the definition of "Permitted Investments" (or portions of any of the foregoing), or is entitled to be made pursuant to Section 4.07(a), the Issuer will be entitled to classify or reclassify (based on circumstances existing at the time of such reclassification) such Restricted Payment or portion thereof in any manner that complies with this Section 4.07 and such Restricted Payment or portion thereof will be treated as having been made pursuant to only such clause or clauses (or portions thereof) or Section 4.07(a); provided that the Issuer and its Restricted Subsidiaries may reclassify all or a portion of such Restricted Payment or Permitted Investment in any manner that complies with this covenant (based on circumstances existing at the time of such reclassification), and following such reclassification such Restricted Payment or Permitted Investment shall be treated as having been made pursuant to only the clause or clauses

(or portions thereof) to which such Restricted Payment or Permitted Investment has been reclassified.

(e) In connection with any commitment, definitive agreement or similar event relating to a Restricted Payment or Investment, the Issuer or applicable Restricted Subsidiary may, at its option, designate such Restricted Payment or Investment as having occurred on the date of the commitment, definitive agreement or similar event relating thereto (such date, the “Election Date”) if, after giving pro forma effect to such Restricted Payment or Investment and all related transactions in connection therewith and any related pro forma adjustments, the Issuer or any of its Restricted Subsidiaries would have been permitted to make such Restricted Payment or Investment on the relevant Election Date in compliance with this Indenture, and any related subsequent actual making of such Investment will be deemed for all purposes under this Indenture to have been made on such Election Date, including, without limitation, for purposes of calculating any ratio, compliance with any test, usage of the Available Amount or any exceptions described under this covenant and for purposes of determining whether there exists any Default or Event of Default (and all such calculations on and after the Election Date until the termination, expiration, passing, rescission or retraction of such commitment, definitive agreement or similar event shall be made on a pro forma basis giving effect thereto and all related transactions in connection therewith).

Section 4.08 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Issuer;

(2) make loans or advances to the Issuer; or

(3) sell, lease or transfer any of its properties or assets to the Issuer.

(b) The restrictions in Section 4.08(a) will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness, Credit Facilities and the Québec Credit Agreement, in each case, as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; provided that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not, in the good faith judgment of the Board of Directors of the Issuer, materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) this Indenture, the Notes and the Note Guarantees;

(3) applicable law, rule, regulation, order, approval, license, permit or similar restriction;

(4) (i) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred and (ii) any amendment, modification, replacement or refinancing thereof; provided, however, that such encumbrances or restrictions are not, in the good faith judgment of the Board of Directors of the Issuer, materially more restrictive, taken as a whole, with respect to consensual encumbrances or restrictions set forth in clause (1), (2) or (3) of Section 4.08(a) than on such encumbrances or restrictions prior to such amendment, modification, replacement or refinancing;

(5) customary non-assignment provisions in contracts and licenses entered into in the ordinary course of business;

(6) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in Section 4.08(a)(3);

(7) any agreement for the sale or other disposition of the Capital Stock or assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending such sale or other disposition;

(8) Permitted Refinancing Indebtedness; provided that, the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not, in the good faith judgment of the Board of Directors of the Issuer, materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced, extended, renewed, refunded, replaced, defeased or discharged;

(9) Liens permitted to be incurred under Section 4.12 that limit the right of the debtor to dispose of the assets subject to such Liens;

(10) customary provisions in joint venture agreements or other similar agreements;

(11) customary provisions in Permitted Hedging Obligations;

(12) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Issuer's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

(13) restrictions on cash or other deposits or net worth imposed by customers under contracts or other agreements entered into in the ordinary course of business;

(14) restrictions in other Indebtedness incurred in compliance with Section 4.09; provided that such restrictions in the good faith determination of the Issuer (made at the time of the imposition of such restrictions) do not materially and adversely affect payment on the Notes;

(15) encumbrances on property that exist at the time such property was acquired by the Issuer or any Restricted Subsidiary;

(16) restrictions applicable to Foreign Subsidiaries of the Issuer or of any Guarantor, arising under the documentation governing Indebtedness of Foreign Subsidiaries that is permitted to be incurred by this Indenture;

(17) Indebtedness or other contractual requirements of a Receivables Entity in connection with a Qualified Receivables Transaction; provided that such restrictions apply only to such Receivables Entity;

(18) encumbrances or restrictions consisting of customary non-assignment provisions in leases governing leasehold interests to the extent such provisions restrict the transfer of the lease or the property leased thereunder;

(19) customary guarantees by the Issuer under non-Indebtedness obligations of a Subsidiary set forth in leases, licenses and other agreements entered into by the Subsidiary in the ordinary course of business;

(20) any legislation, regulation, order-in-council or similar enactment, whether in effect on the Issue Date or adopted thereafter, pursuant to which the Issuer or any Subsidiary is eligible for funding relief in respect of its pension deficit funding obligations and any agreements or arrangements entered into (i) for purposes of effecting any such legislation, regulation, order-in-council or similar enactment or (ii) with a view to providing funding relief; and

(21) contractual encumbrances or restrictions in effect on the Issue Date, and any amendments, restatements, modifications, supplements, renewals, extensions, refundings, replacements, or refinancings of those agreements; provided that, the amendments, restatements, modifications, supplements, renewals, extensions, refundings, replacements, or refinancings are not, in the good faith judgment of the Board of Directors of the Issuer, materially more restrictive, taken as a whole, with respect to consensual encumbrances or restrictions set forth in clause (1), (2) or (3) of Section 4.08(a) than those contained in those agreements on the Issue Date.

(c) For purposes of determining compliance with this Section 4.08, (i) the priority of any Capital Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on other Capital Stock shall not be deemed a restriction on the ability to make distributions on Capital Stock, and (ii) the subordination of loans or advances made to the Issuer or a Restricted Subsidiary to other Indebtedness incurred by the Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make or repay loans or advances.

Section 4.09 Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “incur”) any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for the Issuer’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The provisions of Section 4.09(a) will not prohibit the incurrence of any of the following items of Indebtedness or the issuance of any of the following Disqualified Stock (collectively, “Permitted Debt”):

(1) the incurrence by the Issuer and any Restricted Subsidiary and the Guarantee thereof by any Restricted Subsidiary of Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under one or more Credit Facilities (with letters of credit being deemed to have a principal amount equal to the maximum remaining potential liability of the Issuer and its Restricted Subsidiaries thereunder) in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed the sum of:

(i) the greater of (x) \$800.0 million and (y) the Borrowing Base as of the date of such incurrence;

plus

(ii) the greater of (x) \$600.0 million and (y) the amount of Indebtedness that would cause the Consolidated Total Debt incurred under this Section 4.09(b)(1)(ii) to be equal to or less than 2.0 times Consolidated Cash Flow (after giving effect to such pro forma adjustments to Consolidated Cash Flow as are consistent with the pro forma adjustment provisions set forth in the definition of “Fixed Charge Coverage Ratio”) for the period of the most recently completed four consecutive fiscal quarters for which internal financial statements are available;

(2) the incurrence by the Issuer and its Restricted Subsidiaries of

(i) the Existing Indebtedness; and

(ii) Indebtedness under the Québec Credit Agreement not to exceed CDN\$220.0 million at any one time outstanding;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes and the related Note Guarantees issued on the Issue Date;

(4) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(5) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, development, construction, installation, expansion, repair or improvement of property (either real or personal), plant or equipment used in the business of the Issuer or any of its Restricted Subsidiaries (in each case, whether through the direct purchase of such assets or the purchase of Equity Interests of any Person owning such assets), which incurrence occurs within 270 days of such purchase, design, development, construction, installation, expansion, repair or improvement in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (5), not to exceed, outstanding as of any date of incurrence of Indebtedness pursuant to this clause (5), the greater of (x) \$175.0 million or (y) 4.25% of Total Assets;

(6) the incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted to be incurred under Section 4.09(a) or clause (2), (3), (4), (5), (6), (17), (22), or (25) of this Section 4.09(b);

(7) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries; provided, however, that:

(i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer,

will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) the issuance by any of the Issuer's Restricted Subsidiaries to the Issuer or to any of its Restricted Subsidiaries of shares of preferred stock; provided, however, that:

(i) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(ii) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (8);

(9) Hedging Obligations not for speculative purposes;

(10) the Guarantee by the Issuer or any of the Guarantors of Indebtedness of the Issuer or a Restricted Subsidiary that was permitted to be incurred by another provision of this Section 4.09; provided that, if the Indebtedness being Guaranteed is subordinated in right of payment to the Notes, then the Guarantee must be subordinated in right of payment to the same extent as the Indebtedness Guaranteed;

(11) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, unemployment or other insurance or self-insurance obligations, bankers' acceptances, performance, completion and surety bonds, completion guarantees and similar obligations in the ordinary course of business;

(12) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

(13) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from agreements of the Issuer or such Restricted Subsidiary providing for indemnification, earn-out, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with any acquisition of, Investment in or sale or other disposition of any business, assets or Capital Stock, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Capital Stock; provided that such Indebtedness (other than in respect of an earnout) is not reflected in the balance sheet of the Issuer or any of its Restricted Subsidiaries (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on its balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (13));

(14) the incurrence of contingent liabilities arising out of endorsements of checks and other negotiable instruments for deposit or collection in the ordinary course of business;

(15) the incurrence of Indebtedness consisting of Guarantees of loans or other extensions of credit to or on behalf of current or former officers, directors, employees, or consultants of the Issuer, any of its Restricted Subsidiaries, or any direct or indirect parent of the Issuer for the purpose of permitting such Persons to purchase Capital Stock of the Issuer or any direct or indirect parent of the Issuer; provided that, the aggregate amount of such Indebtedness and Investments made pursuant to clause (8) of the definition of "Permitted Investments" may not exceed \$20.0 million at any one time outstanding;

(16) the incurrence by the Issuer and/or any of its Restricted Subsidiaries of Indebtedness solely in respect of premium financing or similar deferred payment obligations with respect to insurance policies purchased in the ordinary course of business;

(17) (a) the incurrence by a wholly owned Foreign Subsidiary (other than a Foreign Subsidiary organized under the laws of Canada or any province thereof) of the Issuer of additional Indebtedness in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (17)(a), not to exceed the greater of (x) \$65.0 million or (y) 1.5% of Total Assets at any time outstanding and (b) the incurrence by a wholly owned Foreign Subsidiary organized under the laws of Canada or any province thereof of the Issuer or of any Guarantor of additional Indebtedness in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (17)(b) not to exceed greater of (x) \$65.0 million or (y) 1.5% of Total Assets at any time outstanding;

(18) the incurrence of Indebtedness under any agreement between the Issuer or any Restricted Subsidiary and any commercial bank or other financial institution relating to treasury, depository and cash management services, employee credit card arrangements or automated clearinghouse transfers of funds;

(19) the incurrence of Indebtedness of the Issuer or any Restricted Subsidiary consisting of take-or-pay obligations entered into in the ordinary course of business;

(20) the incurrence of Indebtedness incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures not to exceed \$150.0 million at any time outstanding;

(21) the incurrence by the Issuer or any Restricted Subsidiaries of Obligations in respect of bankers' acceptances, tender, bid, judgment, appeal, performance or governmental contract bonds and completion guarantees, surety, standby letters of credit and warranty and contractual service obligations of a like nature, trade letters of credit and documentary letters of credit and similar bonds or Guarantees provided by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(22) Indebtedness, Disqualified Stock or preferred stock of Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture; provided that after giving *pro forma* effect to such acquisition or merger, either:

(A) the Issuer would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to Section 4.09(a); or

(B) the Fixed Charge Coverage Ratio would be greater than that immediately prior to such acquisition or merger;

(23) the incurrence by the Issuer or any of its Restricted Subsidiaries of additional Indebtedness or Disqualified Stock in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (23), not to exceed greater of (x) \$200.0 million or (y) 5.0% of Total Assets at any time outstanding;

(24) the incurrence by Foreign Subsidiaries of Indebtedness in the form of letters of credit or bankers' acceptances not to exceed \$100.0 million at any time outstanding;

(25) Indebtedness incurred by a Receivables Entity in a Qualified Receivables Transaction that is not recourse to the Issuer or any Restricted Subsidiary other than a Receivables Entity (except for Standard Securitization Undertakings); and

(26) Indebtedness under a Tax Incentive Transaction.

(c) Any Indebtedness incurred under a Credit Facility pursuant to Section 4.09(b)(1) shall be deemed for purposes of this covenant to have been incurred on the date such Indebtedness was first incurred until such Indebtedness is actually repaid, other than pursuant to "cash sweep" provisions or any similar provisions under any Credit Facility that provide that such Indebtedness is deemed to be repaid daily (or otherwise periodically). For the avoidance of doubt, any Indebtedness incurred to refinance, refund or replace Indebtedness incurred pursuant to any provision in the definition of Permitted Debt that is limited by a percentage of Total Assets or by a multiple of Consolidated Cash Flow may be incurred pursuant to such provision, even if such refinancing, refunding or replacing Indebtedness could not be itself incurred pursuant to such provision at such time.

(d) For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness, Disqualified Stock or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (26) above (or portions thereof), or is entitled to be incurred pursuant to Section 4.09(a), the Issuer shall, in its sole discretion, divide, classify or reclassify, or later divide, classify, or reclassify, such Indebtedness, Disqualified Stock or preferred stock (or any portion thereof) in any manner that complies (as if such Indebtedness were incurred at the time of such reclassification) with this covenant, except that (A) any Indebtedness outstanding under the ABL Credit Agreement and the Farm Credit Agreement on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of "Permitted Debt" until repaid, and (B) any Indebtedness outstanding under the Québec Credit Agreement on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided by clause (2)(ii) of the definition of "Permitted Debt" until repaid. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock or preferred stock in the form of additional shares of the same class of Disqualified Stock or preferred stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock or preferred stock for purposes of this Section 4.09; provided, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of the Issuer as accrued. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness, Disqualified Stock or preferred stock that the Issuer or any Restricted Subsidiary may incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. The amount of any Indebtedness, Disqualified Stock or preferred stock incurred to refinance other Indebtedness, Disqualified Stock or preferred stock, if incurred in a different currency from the Indebtedness, Disqualified Stock or preferred stock being refinanced, shall be calculated based on the currency

exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(e) In connection with the incurrence or issuance, as applicable, of (x) revolving loan Indebtedness under this covenant or (y) any commitment or other transaction relating to the incurrence or issuance of Indebtedness, Disqualified Stock or preferred stock under this covenant and the granting of any Lien to secure such Indebtedness, the Issuer or applicable Restricted Subsidiary may designate such incurrence or issuance and the granting of any Lien therefor as having occurred on the date of first incurrence of such revolving loan Indebtedness or commitment or intention to consummate such transaction (such date, the “Deemed Date”), and any related subsequent actual incurrence or issuance and granting of such Lien therefor will be deemed for all purposes under this Indenture to have been incurred or issued and granted on such Deemed Date, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, usage of any baskets hereunder (if applicable), the Total Leverage Ratio, Consolidated Total Debt and Consolidated Cash Flow (and all such calculations on and after the Deemed Date until the termination or funding of such commitment or until such transaction is consummated or abandoned or such election is rescinded shall be made on a pro forma basis giving effect to the deemed incurrence or issuance, the granting of any Lien therefor and related transactions in connection therewith).

(f) The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (i) the Fair Market Value of such assets at the date of determination; and
 - (ii) the amount of the Indebtedness of the other Person.

Section 4.10 Asset Sales.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) the Issuer (or its Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this clause (2), each of the following shall be deemed to be cash:

(i) any liabilities, as shown on the Issuer's most recent consolidated balance sheet, of the Issuer or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are (A) assumed by the transferee of any such assets pursuant to a customary assumption or similar agreement or (B) retired, cancelled or otherwise terminated in connection with such Asset Sale;

(ii) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days of receipt thereof, to the extent of the cash or Cash Equivalents received in that conversion;

(iii) any Designated Non-cash Consideration received by the Issuer or any Restricted Subsidiary thereof in such Asset Sale having a Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (iii) that is at that time outstanding, not to exceed the greater of (A) \$75.0 million or (B) 2.0% of Total Assets at the time of receipt of such Designated Non-cash Consideration, with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received without giving effect to subsequent changes in value; and

(iv) any stock or assets of the kind referred to in clause (2), (3) or (4) of Section 4.10(b);

provided that (A) clause Section 4.10(a)(2) above shall not apply if the after-tax portion of the proceeds from the Asset Sale that are cash and Cash Equivalents is at least equal to what the after-tax proceeds from such Asset Sale that are cash and Cash Equivalents would have been had Section 4.10(a)(2) been applicable; and (B) with respect to any Asset Sale, the determination of compliance with Sections 4.10(a)(1) and 4.10(a)(2) above may be made, at the Issuer's option, at either (x) the time such Asset Sale is completed or implemented or (y) the time such Asset Sale is approved by the Board of Directors or other appropriate governing authority of the Issuer.

(b) Within 450 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds at its option:

(1) (A) in the case of Net Proceeds from any Asset Sale of assets of any Restricted Subsidiary who is not a Guarantor, to repay Indebtedness or Pension Obligations of a Restricted Subsidiary or the Issuer or (B) in the case of any other Net Proceeds, to repay the Credit Facilities or other Indebtedness of the Issuer or a Guarantor and permanently reduce the related loan commitments or repay Pension Obligations of a Restricted Subsidiary or the Issuer;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Issuer;

- (3) to make a capital expenditure; and/or
- (4) to acquire other assets that are used or useful in a Permitted Business.

(c) Pending the final application of any Net Proceeds, the Issuer or the applicable Restricted Subsidiary, as the case may be, may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture. Any binding commitment to apply Net Proceeds in accordance with clause (1), (2), (3) or (4) of Section 4.10(b) shall be treated as a permitted final application of Net Proceeds from the date of such commitment so long as the Issuer or such Restricted Subsidiary enters into such commitment with the good faith expectation that substantially all of such Net Proceeds will be applied to satisfy such commitment within such 450-day period (an “Acceptable Commitment”); provided that in the event any Acceptable Commitment is later cancelled or terminated for any reason before all or some of the Net Proceeds are so applied in connection therewith, then such Net Proceeds not so applied shall constitute Excess Proceeds (as defined in the next succeeding paragraph) unless the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment prior to the date which is the later of (i) the date which is 180 days after such cancellation or termination (but not later than 630 days after the receipt of any Net Proceeds) and (ii) the date which is 450 days after the receipt of any Net Proceeds (an “Additional Commitment”); provided, further, that to the extent any such remaining Net Proceeds are not applied prior to the later of the date which is 180 days after such Additional Commitment and the date which is 450 days after the receipt of any Net Proceeds or if such Additional Commitment is later cancelled or terminated for any reason before such Net Proceeds are so applied and another Additional Commitment is not entered into in the time period described above, then such Net Proceeds not so applied shall constitute Excess Proceeds. For purposes of the foregoing paragraph, the commencement of the construction or improvement of a facility or site or other long-term capital or engineering project (each, a “Long-Term Capital Project”) shall constitute the application of the Net Proceeds expected in good faith by the Issuer to be used in such Long-Term Capital Project, notwithstanding the fact that such Net Proceeds may not be actually used until after the deadlines set forth in the foregoing paragraph; provided that, to the extent such Net Proceeds are not actually used in such Long-Term Capital Project prior to its completion, they shall constitute Excess Proceeds as of the date such Long-Term Capital Project is complete.

(d) Any Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.10(b) and (c) will constitute “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds \$50.0 million, within 30 days thereof, the Issuer will make an offer (a “Net Proceeds Offer”) to all Holders of Notes and to the holders of any Indebtedness ranking pari passu with the Notes (“Pari Passu Indebtedness”) containing provisions similar to those set forth in this Section 4.10 with respect to asset sales to purchase the maximum principal amount of Notes and such other Pari Passu Indebtedness (plus all accrued interest and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased out of the Excess Proceeds. The offer price in any Net Proceeds Offer will be equal to 100% of the principal amount (or 100% of the accreted value thereof, in the case of Notes or Pari Passu Indebtedness issued with more than de minimis original issue discount for purposes of the Code), plus accrued and unpaid interest, if any, to, but not including, the date of purchase, and will be payable in cash.

(e) The Net Proceeds Offer shall be made to all Holders and, except as provided Section 4.10(b), all holders of Pari Passu Indebtedness containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets. The Net Proceeds Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the “Offer Period”). No later than three Business Days after the termination of the Offer Period (the “Purchase Date”), the Issuer will apply all Excess Proceeds (the “Offer Amount”) to the purchase of Notes and, except as provided above, such other Pari Passu Indebtedness (on a *pro rata* basis, with such adjustments as may be needed so that only Notes in minimum amounts of \$2,000 and integral multiples of \$1,000 in excess thereof will be purchased) or, if less than the Offer Amount has been tendered, all Notes and such other Pari Passu Indebtedness tendered in response to the Net Proceeds Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made.

(f) If the Purchase Date is on or after a Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such Record Date, and no additional interest will be payable to Holders who tender Notes pursuant to the Net Proceeds Offer.

(g) Upon the commencement of a Net Proceeds Offer, the Issuer will send a notice thereof to each of the Holders, with a copy to the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Net Proceeds Offer. The notice, which will govern the terms of the Net Proceeds Offer, will state:

(1) that the Net Proceeds Offer is being made pursuant to this Section 4.10 and the length of time the Net Proceeds Offer will remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Issuer defaults in making such payment, any Note accepted for payment pursuant to the Net Proceeds Offer will cease to accrue interest on and after the Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to any Net Proceeds Offer may elect to have Notes purchased in denominations of \$1,000 or integral multiples of \$1,000 in excess thereof only (except that no Note may be purchased in part to the extent the remaining portion of such Note would be less than \$2,000);

(6) that Holders electing to have Notes purchased pursuant to any Net Proceeds Offer will be required to surrender the Note, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, or transfer by book-entry transfer, to the Issuer, a Depositary, if appointed by the Issuer, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Issuer, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, except as provided above, if the aggregate principal amount of Notes and other Pari Passu Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Issuer will select the Notes and other Pari Passu Indebtedness to be purchased on a *pro rata* basis based on the principal amount of Notes and such other Pari Passu Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Issuer so that only Notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof will remain outstanding); and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

(h) On or before the Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary and consistent with the provisions of this Section 4.10, the Offer Amount of Notes or portions thereof tendered pursuant to the Net Proceeds Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this Section 4.10. The Issuer, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note, and the Trustee, upon written request from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Issuer to the Holder thereof. The Issuer will publicly announce the results of the Net Proceeds Offer on the Purchase Date.

(i) If any Excess Proceeds remain after consummation of a Net Proceeds Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and Pari Passu Indebtedness tendered into such Net Proceeds Offer exceeds the amount of Excess Proceeds, the Issuer will apply the Excess Proceeds to the Notes and Pari Passu Indebtedness on a *pro rata* basis with such adjustments as may be needed so that only Notes in minimum amounts of \$2,000 and integral multiples of \$1,000 in excess thereof will be purchased. Upon completion of each Net Proceeds Offer, the amount of Excess Proceeds will be reset at zero. If the Issuer makes a Net Proceeds Offer prior to the deadline specified in Section 4.10(d), as applicable, with respect to any Net Proceeds, the Issuer's obligations with respect to such Net Proceeds under this covenant shall be deemed satisfied after completion of such Net Proceeds Offer.

(j) The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Net Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.10, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.10 by virtue of such compliance.

(k) For purposes of this Section 4.10, any Additional Notes shall be deemed to be Notes and not Pari Passu Indebtedness.

(l) For the avoidance of doubt, even if a transaction falls into one or more categories of the exceptions to the definition of “Asset Sale,” the Issuer may choose to treat such transaction as an Asset Sale in accordance with this Section 4.10.

(m) Notwithstanding any other provisions of this Section 4.10:

(1) To the extent that the Issuer determines in good faith (as evidenced by an Officer’s Certificate setting forth in reasonable detail the grounds for such determination) that the application of an amount equal to any of or all the Net Proceeds of any Asset Sale by a Foreign Subsidiary (a “Foreign Disposition”) in accordance with the terms of this covenant is (x) prohibited or delayed by applicable local law or (y) would result in the Issuer having to make a tax payment that would be material to the Issuer and its Subsidiaries, taken as a whole (each of (x) and (y) an “Impediment to Net Proceeds Application”), in each case, after the Issuer and the Restricted Subsidiaries have used all commercially reasonable efforts to remove or eliminate such Impediment to Net Proceeds Application, an amount equal to the portion of such Net Proceeds so affected will not be required to be applied in compliance with this covenant (the Issuer hereby agreeing to continue to take and to cause the applicable Foreign Subsidiary to continue to take all commercially reasonable actions available to remove or eliminate such Impediment to Net Proceeds Application), and once such Impediment to Net Proceeds Application is no longer applicable, any affected amounts of Net Proceeds will be promptly (and in any event not later than 10 business days after such application could be made) applied (net of additional taxes payable or reserved against as a result thereof) (whether or not any application or associated repatriation actually occurs) in compliance with this covenant;

(2) To the extent that the Issuer has determined in good faith (as evidenced by an Officer’s Certificate setting forth in reasonable detail the grounds for such determination) that application of any of or all the Net Proceeds of any Foreign Disposition would have an adverse tax consequence that would be material to the Issuer and its Subsidiaries, taken as a whole (which for the avoidance of doubt, includes, but is not limited to, any repatriation whereby doing so the Issuer, any Restricted Subsidiary, or any of their respective affiliates and/or equity owners would incur a tax liability that would be material to the Issuer and its Subsidiaries, taken as a whole, including as a result of a dividend or deemed dividend, or a withholding tax that would be material to the Issuer and its Subsidiaries, taken as a whole, but taking into account any foreign tax credit or benefit received in connection with such application) with respect to such Net Proceeds, an amount equal to the Net Proceeds so affected will not be required to be applied in accordance with this covenant; provided that, in any event,

the Issuer shall take all commercially reasonable actions available to remove or eliminate such tax effects; and

(3) The non-application of any prepayment amounts as a consequence of the foregoing provisions will not, for the avoidance of doubt, constitute a Default or an Event of Default.

Section 4.11 Transactions with Affiliates.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each an "Affiliate Transaction") involving aggregate payments or consideration in excess of \$25.0 million, unless:

(1) the Affiliate Transaction (or series of related Affiliate Transactions, taken together as a whole) is on terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$50.0 million, a resolution of the Board of Directors of the Issuer set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this Section 4.11 and that such Affiliate Transaction has been approved by a majority of the members of the Board of Directors of the Issuer.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a):

(1) any consulting or employment agreement or arrangements, incentive compensation plan, stock option or stock ownership plan, employee benefit plan, severance arrangements, officer or director indemnification agreement or any similar arrangement entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business for the benefit of directors, officers, employees and consultants of the Issuer or a direct or indirect parent of the Issuer and payments and transactions pursuant thereto and payments pursuant thereto;

(2) transactions between or among the Issuer and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable directors' fees;

- (5) any transaction in which the only consideration paid by the Issuer or any Restricted Subsidiary consists of Equity Interests (other than Disqualified Stock) of the Issuer or any contribution of capital to the Issuer;
- (6) Restricted Payments that do not violate Section 4.07 or that are Permitted Investments (other than those described in clauses (4), (5), (10) and (12) of the definition thereof);
- (7) any agreement, instrument or arrangement as in effect on the Issue Date or any amendment thereto (so long as such amendment is not materially more disadvantageous, taken as a whole, than the applicable agreement, instrument or arrangement, as in effect on the Issue Date, as determined in good faith by the Issuer);
- (8) the provision by the Issuer or any of its Restricted Subsidiaries of ordinary-course administrative and other services, including, without limitation, any accounting, legal, treasury, credit and cash management, management, marketing, sales, labor, customer relations, indemnification, logistics, human resources, tax, insurance and procurement services, to joint ventures and Unrestricted Subsidiaries;
- (9) loans or advances to employees in the ordinary course of business not to exceed \$5.0 million in the aggregate at any one time outstanding;
- (10) transactions between the Issuer or any Restricted Subsidiary and any Person that is an Affiliate of the Issuer or any Restricted Subsidiary solely because a director of such Person is also a director of the Issuer or any direct or indirect parent entity of the Issuer; provided that such director abstains from voting as a director of the Issuer or any direct or indirect parent entity of the Issuer, as the case may be, on any matter involving such other Person;
- (11) purchase or sale of goods and/or services in the ordinary course of business on terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person;
- (12) if such Affiliate Transaction is with an Affiliate in its capacity as a holder of Indebtedness of the Issuer or any Restricted Subsidiary, a transaction in which such Affiliate is treated no more favorably than other similarly situated holders of Indebtedness of the Issuer or such Restricted Subsidiary;
- (13) any capital contribution to any Affiliate otherwise permitted by this Indenture;
- (14) transactions with any joint venture engaged in a Permitted Business; provided that all the outstanding ownership interests of such joint venture are owned only by the Issuer, its Restricted Subsidiaries and other wholly owned Subsidiaries and other Persons that are not Affiliates of the Issuer;

(15) any Investment of the Issuer or any of its Restricted Subsidiaries existing on the Issue Date, and any extension, modification or renewal of such existing Investments, to the extent not involving any additional Investment other than as the result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to the terms of such Investments as in effect on the Issue Date;

(16) transactions between a Receivables Entity and any Person in which the Receivables Entity has an Investment;

(17) pledges of Equity Interests of Unrestricted Subsidiaries; and

(18) the formation and maintenance of any consolidated group or subgroup for tax, accounting or cash pooling or management purposes in the ordinary course of business or transactions undertaken in good faith for the purpose of improving the consolidated tax efficiency of the Issuer and its Subsidiaries and not for the purpose of circumventing any provision of this Indenture.

Section 4.12 Liens.

(a) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly create, incur or assume any Lien (each, an “Initial Lien”) of any kind securing Indebtedness on any asset now owned or hereafter acquired, except Permitted Liens, unless;

(1) in the case of Liens securing Indebtedness that is contractually subordinated to the Notes or any Note Guarantee, the Notes and related Note Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(2) in all other cases, the Notes or the Note Guarantees are secured in a senior basis to the Initial Lien or are equally and ratably secured with such Initial Lien, except that the foregoing shall not apply to Liens securing the Notes and the related Note Guarantees.

Any Lien created for the benefit of the holders of the Notes pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

(b) For purposes of determining compliance with this Section 4.12, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to paragraph (a) above or to one category (or portion thereof) of Permitted Liens described in clauses (1) through (40) of the definition of “Permitted Liens” but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of paragraph (a) above or one or more of the categories (or portions thereof) of Permitted Liens described in clauses (1) through (40) of the definition of “Permitted Liens,” the Issuer shall, in its sole discretion, divide, classify or reclassify, or later divide, classify, or reclassify, such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies (as if such Lien were incurred at the time of such reclassification) with this Section 4.12.

(c) With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The “Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms or in the form of common equity of the Issuer or any direct or indirect parent of the Issuer and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rates or currency values or increases in the value of property securing Indebtedness described in the definition of “Indebtedness.”

Section 4.13 Corporate Existence. Subject to Article 5, the Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(a) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents of the Issuer or any such Subsidiary; and

(b) the rights (charter and statutory), licenses and franchises of the Issuer and its Subsidiaries; provided, however, that the Issuer shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries (other than the Issuer), if the Issuer shall determine in good faith that the preservation thereof is no longer desirable in the conduct of the business of the Issuer and its Subsidiaries, taken as a whole, and that the loss thereof would not reasonably be expected to have a material adverse effect on the Issuer and its Subsidiaries, taken as a whole.

Section 4.14 Offer to Repurchase upon Change of Control.

(a) Upon the occurrence of a Change of Control, the Issuer will make an offer (a “Change of Control Offer”) to each Holder to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder’s Notes at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to, but not including, the date of purchase, subject to the rights of Holders on the relevant Record Date to receive interest due on the relevant Interest Payment Date (the “Change of Control Payment”). Within 30 days following any Change of Control, the Issuer will send a notice to each Holder with a copy to the Trustee describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.14 and that all Notes tendered will be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 15 days and no later than 60 days from the date such notice is sent (the “Change of Control Payment Date”);

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on and after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to \$2,000 in principal amount or an integral multiple of \$1,000 in excess thereof.

(b) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly pay to each Holder of Notes properly tendered the Change of Control Payment for such Notes as directed by the Issuer in writing, and the Trustee will promptly authenticate upon an authentication order from the Issuer and deliver (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.14, the Issuer will comply with the applicable

securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.14 by virtue of such compliance.

(d) Notwithstanding anything to the contrary in this Section 4.14, the Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.14 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (2) a notice of redemption has been given for all of the Notes pursuant to this Indenture as described in Article 3, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control or conditional upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(e) For the avoidance of doubt, any dividends or distributions on Capital Stock will not be deemed to be the sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Issuer and its Subsidiaries taken as a whole to a “Person or group” that is subject to this Section 4.14 and will be subject to Section 4.07.

Section 4.15 Termination of Certain Covenants When Notes Rated Investment Grade.

If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from both Rating Agencies, and (ii) no Default has occurred and is continuing under this Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a “Covenant Termination Event”), then, beginning on that day and for all periods thereafter, the following covenants and the related Events of Default pursuant to these specific covenants will cease to apply and will not be later reinstated even if one or both of the Rating Agencies withdraw their Investment Grade Rating or downgrade the rating assigned to the Notes below an Investment Grade Rating:

- (1) Section 4.07;
- (2) Section 4.08;
- (3) Section 4.09;
- (4) Section 4.10;
- (5) Section 4.11;
- (6) Section 4.16;
- (7) Section 4.17; and
- (8) Section 5.01(a)(4).

No Subsidiaries shall be designated as Unrestricted Subsidiaries following a Covenant Termination Event. The Issuer shall send written notice to the Trustee promptly after the occurrence of any Covenant Termination Event; provided that the failure to so notify the Trustee shall not be a default or breach under this Indenture. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if a Covenant Termination Event has occurred.

Section 4.16 Additional Note Guarantees. If (a) the Issuer or any of its Restricted Subsidiaries acquires or creates another Wholly Owned Restricted Subsidiary after the Issue Date and such Wholly Owned Restricted Subsidiary guarantees a Credit Facility of the Issuer or a Guarantor, or (b) any of the Issuer's Restricted Subsidiaries that is not a Guarantor guarantees a Credit Facility of the Issuer or a Guarantor, then that newly acquired or created Wholly Owned Restricted Subsidiary or Restricted Subsidiary, as applicable, will become a Guarantor of the Notes and execute a supplemental indenture, and deliver an opinion of counsel that such supplemental indenture is authorized or permitted under this Indenture and an Officer's Certificate with respect to such supplemental indenture reasonably satisfactory to the Trustee within 20 business days of the date on which it guaranteed a Credit Facility. The preceding sentence shall not apply to (x) a Foreign Subsidiary or (y) a Restricted Subsidiary that, when taken together with each other Restricted Subsidiary that is not a Guarantor solely as a result of this clause (y) accounts for less than 1.0% of the Total Assets of the Issuer and its consolidated Restricted Subsidiaries and less than 1.0% of the consolidated revenue of the Issuer and its Restricted Subsidiaries.

Section 4.17 Designation of Restricted and Unrestricted Subsidiaries. The Board of Directors of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Restricted Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.07 or under one or more clauses of the definition of "Permitted Investments", as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time. The Board of Directors of the Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Issuer; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

ARTICLE 5
SUCCESSORS

Section 5.01 Merger, Consolidation, or Sale of Assets.

(a) The Issuer shall not, directly or indirectly: (i) consolidate, merge or amalgamate with or into another Person (whether or not the Issuer is the surviving corporation); or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(i) the Issuer is the surviving corporation;

(ii) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made is organized or existing under the laws of the United States, any state of the United States or the District of Columbia and is either (A) a corporation or (B) a partnership or limited liability company and is (or has previously been) joined by a corporation as a co-issuer of the Notes; or

(iii) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made is organized or existing under the laws of Canada or a subdivision thereof and is joined as a co-issuer of the Notes by a corporation organized or existing organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes by a supplemental indenture all the obligations of the Issuer under the Notes and this Indenture;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) the Issuer or the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Issuer), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least \$1.00 of additional Indebtedness pursuant to Section 4.09(a) or (ii) have had a Fixed Charge Coverage Ratio equal to or greater than the Fixed Charge Coverage Ratio of the Issuer immediately prior to such transaction.

(b) In addition, the Issuer will not, directly or indirectly, lease all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

(c) In the case of a dividend of the shares of a Person (the “SpinCo”) that constitutes a sale, assignment, transfer, conveyance or disposition of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, Sections 5.01(a)(1), 5.01(a)(2) and 5.01(a)(4) shall be deemed satisfied if the SpinCo satisfies the requirements of Sections 5.01(a)(1), 5.01(a)(2) and 5.01(a)(4) in lieu of the “Person” referred to therein.

(d) This Section 5.01 will not apply to:

(1) a merger, amalgamation or consolidation of the Issuer with an Affiliate solely for the purpose of

(i) reorganizing the Issuer as a different type of entity; provided that in the case where the surviving entity in such merger, amalgamation or consolidation is not a corporation, a corporation becomes (or has previously become) a co-issuer of the Notes; or

(ii) reincorporating or reorganizing the Issuer in another jurisdiction, in each case in a transaction that complies with Sections 5.01(a)(1) and (2); or

(2) any consolidation, amalgamation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Issuer and its Restricted Subsidiaries.

Section 5.02 Successor Corporation Substituted. Upon any consolidation, amalgamation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Issuer in a transaction that is subject to, and that complies with the provisions of, Section 5.01, the successor Person formed by such consolidation or amalgamation or into or with which the Issuer is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, amalgamation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to “the Issuer” shall refer instead to the successor Person and not to previous Issuer), and may exercise every right and power of the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein; provided, however, that the predecessor Issuer shall not be relieved from the obligation to pay the principal of and premium, if any, or interest on the Notes in the case of a lease of all or substantially all of the Issuer’s property and assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01 Events of Default.

Each of the following is an “Event of Default”:

- (1) default for 30 days in the payment when due of interest on the Notes;
- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of and premium, if any, on, the Notes;
- (3) failure by the Issuer or any of its Restricted Subsidiaries for 30 days after notice to the Issuer by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with Sections 4.10, 4.14 or 5.01;
- (4) failure by the Issuer or any of its Restricted Subsidiaries for 60 days after notice to the Issuer by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture;
- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Significant Subsidiaries (or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) (or the payment of which is guaranteed by the Issuer or any of its Significant Subsidiaries (or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary)), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:
 - (i) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “Payment Default”); or
 - (ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$50.0 million or more;

- (6) failure by the Issuer, any Significant Subsidiary of the Issuer or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary to pay final and non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$50.0 million (net of any amounts covered by insurance or pursuant to which the Issuer is indemnified to the extent that the third party under such agreement

acknowledges its obligations thereunder), which judgments are not paid, discharged or stayed for a period of 60 days and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree that is not promptly stayed;

(7) the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law (in each case, with respect to the commencement of such action, but not any actions taken in furtherance of the proceedings so commenced):

- (i) commences a voluntary case, application, petition, compromise, voluntary arrangement, scheme of arrangement, moratorium, liquidation, administration, or receivership or other proceeding,
- (ii) consents to the entry of an order for relief against it in an involuntary case, application, petition or other proceeding,
- (iii) consents to the appointment of a custodian, receiver, receiver-manager, administrative receiver, administrator or liquidator of it or for all or substantially all of its property,
- (iv) makes a general assignment for the benefit of its creditors, begins negotiations with any creditor for the rescheduling or restructuring of any of its debts, a moratorium is declared or instituted, or any step is taken with a view to a moratorium or composition or similar arrangement with its creditors,
- (v) generally is not paying its debts as they become due; or is unable or admits in writing its inability, to pay its debts as such debts become due or is otherwise insolvent or by reason of actual or anticipated financial difficulties, suspends making payments on any of its debts, or announces an intention to do so, or its shareholders, directors or other officers request the appointment of, or give notice of their intention to appoint, a receiver, receiver-manager, administrative receiver, administrator, liquidator or other officer having similar powers over its property, or
- (vi) is deemed for the purposes of any applicable law to be unable to pay its debts as they fall due, or is insolvent.

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (in each case, with respect to the commencement of such action, but not any actions taken in furtherance of the proceedings so commenced):

- (i) is for relief against the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary in an involuntary case, application, petition or other proceeding;

(ii) appoints a custodian, receiver, receiver-manager, administrative receiver, administrator, liquidator, or other similar officer of the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary; or

(iii) orders the liquidation, administration or receivership of the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary; and

(iv) in the case of (i), (ii) or (iii), the order or decree remains unstayed and in effect for 60 consecutive days; or

(9) except as permitted by this Indenture, any Note Guarantee of any Significant Subsidiary (or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect (other than subsequent to the initiation of certain events of bankruptcy or insolvency described in Section 6.01(7) and (8) above), or any Guarantor that is a Significant Subsidiary (or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary), or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Note Guarantee.

Section 6.02 Acceleration. In the case of an Event of Default specified in clause (7) or (8) of Section 6.01, with respect to the Issuer, any Restricted Subsidiary of the Issuer that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Upon any such declaration, the Notes shall become due and payable immediately.

Section 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal and premium if any, and interest on the Notes or to enforce the performance of any provision of this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 Waiver of Past Defaults. Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of

the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of and premium if any, or interest on, the Notes (including in connection with an offer to purchase); provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 Control by Majority. Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to the occurrence and continuation of an Event of Default, or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may subject the Trustee to personal liability or expense. Notwithstanding the foregoing, the Trustee shall have the right to select and retain counsel of its choosing to represent of in any such proceedings.

Section 6.06 Limitation on Suits. A Holder may pursue a remedy with respect to this Indenture or the Notes only if:

- (1) such Holder gives to the Trustee written notice that an Event of Default has occurred and is continuing;
- (2) Holders of at least 30% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer and, if requested, provide to the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and
- (5) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with such request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 Rights of Holders of Notes to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal and premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee. If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuer and Guarantors for the whole amount of principal of and premium, if any, and interest remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Issuer or the Issuer (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

First: to the Trustee, its agents and attorneys for amounts due under this Indenture, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal and premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and premium, if any and interest, respectively; and

Third: to the Issuer or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7

TRUSTEE

Section 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the form required by this Indenture. However, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture. Delivery of reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

(c) The Trustee may not be relieved from liabilities for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee takes, suffers or omits to take any action hereunder, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer will be sufficient if signed by an Officer of the Issuer.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders

have offered to the Trustee indemnity or security satisfactory to the Trustee against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) The Trustee is not required to take notice or deemed to have notice of any Default or Event of Default hereunder with respect to a series of Notes (other than an Event of Default described in subsections (1) or (2) of Section 6.01 with respect to such Notes during any period the Trustee is also serving as a Paying Agent for such Notes), unless a Responsible Officer has received notice in writing of such Event of Default from the Issuer or from the Holders of at least 30% in aggregate principal amount of the outstanding Notes so affected, and in absence of any such notice, the Trustee may conclusively assume that no Default or Event of Default exists.

(h) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(i) The Trustee's rights, powers, indemnities, immunities and protections from liability and its rights to compensation and indemnification in connection with the performance of its duties under this Indenture shall extend to (1) the Trustee, whether serving in any other capacity hereunder, including without limitation, in the capacity of Registrar or Paying Agent, and (2) the Trustee's officers, directors, agents and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and final payment of the Notes.

(j) The Trustee shall have no responsibility for any information in any offering document or other disclosure material distributed with respect to any series of Notes, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Notes, other than the filing of any documents required to be filed by an indenture trustee pursuant to the Trust Indenture Act.

(k) Notwithstanding anything else herein contained, whenever any provision of this Indenture indicates that any confirmation of a condition or event is qualified by the words "to the knowledge of" or "known to" the Trustee or other words of similar meaning, said words shall mean and refer to the current awareness of one or more Responsible Officers who are located at the Corporate Trust Office of the Trustee.

(l) The Trustee shall have no responsibility for any registration, filing, recording, reregistration, refiling or rerecording of this Indenture or any other document or instrument executed in connection with this Indenture and the issuance and sale of the Notes, including without limitation, any financing statements or continuation statements with respect thereto.

(m) The Trustee shall not be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Issuer or any other party, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made.

(n) The Trustee shall not be personally liable for any debts, contractual obligations or other claims by or on behalf of any Person (including, without limitation, any damages to Persons or property or salaries or other employee benefits) arising from the conduct or management of any assets of the Issuer or any of its Subsidiaries.

(o) The Trustee shall have no responsibility or obligation to any Participant or Indirect Participant or to the Persons for whom they act as nominees with respect to the Notes, or to any Beneficial Owner of Notes in respect of the accuracy of any records maintained by the Depositary or its nominee or any Participant or Indirect Participant, the payment by the Depositary, or any Participant or Indirect Participant of any amount in respect of the principal or redemption price of or interest on the Notes, any notice which is permitted or required to be given under this Indenture, the selection by the Depositary or any Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Notes, or any consent given or other action taken by the Depositary or its nominee as Holder.

Section 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (if this Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.06.

Section 7.04 Trustee's Disclaimer. The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, or the value, condition or sufficiency of any assets pledged or assigned as security for the Notes, the right, title or interest of the Issuer, the Guarantor or any other Person therein, or any security provided thereby or by this Indenture. The Trustee shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 Notice of Defaults. If a Default or Event of Default occurs and is continuing and if it is actually known to a Responsible Officer of the Trustee, the Trustee will send to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 Preferential Collection of Claims Against the Issuer. The Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

Section 7.07 Compensation and Indemnity.

(a) The Issuer will pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Issuer will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services in accordance with and subject to the Trustee's standard billing practices. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Issuer and the Guarantors will indemnify, defend and hold the Trustee and its officers, directors, employees and agents harmless against any and all losses, liabilities, claims or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties, or the exercise or failure to exercise any of its rights or remedies, under this Indenture, including the costs and expenses of enforcing this Indenture against the Issuer and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Issuer, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder (or its failure to do so), except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee will notify the Issuer promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer will not relieve the Issuer or any of the Guarantors of its/their obligations hereunder. The Issuer or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Issuer will pay the reasonable fees and expenses of such counsel. Neither the Issuer nor any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Issuer and the Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture.

(d) To secure the Issuer's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Lien (if any) securing the Notes on all money or property held or collected by the Trustee under this Indenture or otherwise, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(7) or (8) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuer. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 will continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, etc. If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.10 Eligibility; Disqualification. There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$50.0 million as set forth in its most recent filed annual or quarterly report of condition.

This Indenture will always have a Trustee who satisfies the requirements of TIA § 310(a)(1), (2) and (5). The Trustee is subject to TIA § 310(b).

ARTICLE 8

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance. The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have either Section 8.02 or 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 Legal Defeasance and Discharge. Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.02, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04, be deemed to have been discharged from its/their obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all its/their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same) and any Liens securing the Notes or the Note Guarantees shall be released, except for the following provisions of this Indenture which will survive until otherwise terminated or discharged hereunder:

- (1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on, such Notes when such payments are due from the trust referred to in Section 8.04;
- (2) the Issuer's obligations with respect to such Notes under Article 2 and Section 4.02;
- (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03.

Section 8.03 Covenant Defeasance. Upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.03, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04, be released from each of their/its obligations under the covenants contained in Sections 4.03, 4.04, 4.05, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.14, 4.15, 4.16 and 4.17 and clause (4) of the first paragraph of Section 5.01 with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "Covenant Defeasance"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that any Liens securing the Notes or the Note Guarantees will be released and with respect to the outstanding Notes and Note Guarantees, the Issuer and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04, Sections 6.01(3) through 6.01(6) and Section 6.01(9) will not constitute Events of Default.

Section 8.04 Conditions to Legal or Covenant Defeasance. In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Obligations, or a combination of cash in U.S. dollars and non-callable Government Obligations, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of an election under Section 8.02, the Issuer must deliver to the Trustee an Opinion of Counsel confirming that:

(i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling; or

(ii) since the Issue Date, there has been a change in the applicable federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.03, the Issuer must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound;

(6) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(7) the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 Deposited Money and Government Obligations to Be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06, all money and non-callable Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal and premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Issuer will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Obligations deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Issuer from time to time upon the request of the Issuer any money or non-callable Government Obligations held by it as provided in Section 8.04 which, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1)), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 Repayment to Issuer. Subject to applicable law, any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of and premium, if any, or interest on, any Note and remaining unclaimed for two years after such principal and premium, if any, or interest has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Issuer for payment thereof, and all liability and other obligations of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, will thereupon cease.

Section 8.07 Reinstatement. If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Obligations in accordance with Section 8.02 or 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's and the Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03, as the case may be; provided, however, that, if the Issuer makes any payment of principal of and premium, if any, or interest on, any Note following the reinstatement of its obligations, the Issuer will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 Without Consent of Holders of Notes. Notwithstanding Section 9.02 of this Indenture, the Issuer, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Note Guarantees without the consent of any Holder of Note:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to the Holders of the Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder;

(5) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA (if the Issuer elects to qualify this Indenture under the TIA);

(6) to conform the text of this Indenture, the Notes or the Note Guarantees to any provision of the "Description of Notes" section of the Offering Memorandum, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Note Guarantees or the Notes, which intent shall be evidenced by an Officer's Certificate of the Issuer to that effect;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture;

(8) to include transfer provisions to comply with any applicable securities laws;

(9) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes or to provide for the release of a Guarantor in accordance with the terms of this Indenture; or

(10) to comply with the rules of the Depositary.

The consent of the Holders of Notes is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02(b), the Trustee will join with the Issuer and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee will not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties, privileges, protections, indemnities, liabilities or immunities under this Indenture or otherwise.

Section 9.02 With Consent of Holders of Notes. Except as provided below in this Section 9.02, the Issuer and the Trustee may amend or supplement this Indenture (including, without limitation, Section 4.10 and Section 4.14) and the Notes and the Note Guarantees with the consent of the Holders of at least a majority in aggregate principal amount of the then

outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of or premium, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes).

Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture or other amendments, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02(b), the Trustee will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties, privileges, protections, indemnities, liabilities or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by the Issuer with any provision of this Indenture or the Notes or the Note Guarantees. However, without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (except as provided above with respect to Sections 4.10 and 4.14);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the

Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by Section 4.10 or 4.14);

(8) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except with the consent of the holders of at least a 75% in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) or otherwise in accordance with the terms of this Indenture; or

(9) make any change in the preceding amendment and waiver provisions.

Section 9.03 Revocation and Effect of Consents. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.04 Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.05 Trustee to Sign Amendments, etc. The Trustee will sign any amended or supplemental indenture or other amendment authorized pursuant to this Article 9 if the amendment or supplement does not, in the opinion of the Trustee, adversely affect the rights, duties, liabilities, privileges, protections, indemnities or immunities of the Trustee. The Issuer may not sign an amended or supplemental indenture until the Board of Directors of the Issuer approves it. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Section 7.01) will be fully protected in relying upon, in addition to the documents required by Section 12.03, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

ARTICLE 10

NOTE GUARANTEES

Section 10.01 Guarantee.

(a) Subject to this Article 10, each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(1) the principal of and premium, if any, and interest on, the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof, and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenant that this Note Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid by either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee.

(e) All Guarantors desire to allocate among themselves (collectively, the “Contributing Guarantors”), in a fair and equitable manner, their obligations arising under this Indenture. Accordingly, in the event any payment or distribution is made on any date by a Guarantor (a “Funding Guarantor”) under its Guarantee of the Notes such that its Aggregate Payments exceed its Fair Share as of such date, such Funding Guarantor shall be entitled to a contribution from each of the other Contributing Guarantors in an amount sufficient to cause each Contributing Guarantor’s Aggregate Payments to equal its Fair Share as of such date. “Fair Share” means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (a) the ratio of (i) the Fair Share Contribution Amount with respect to such Contributing Guarantor, to (ii) the aggregate of the Fair Share Contribution Amounts with respect to all Contributing Guarantors, multiplied by (b) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under its Guarantee of the Notes in respect of the obligations guaranteed. “Fair Share Contribution Amount” means, with respect to a Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Contributing Guarantor under its Guarantee of the Notes that would not render its obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code or any comparable applicable provisions of state law; provided that solely for purposes of calculating the Fair Share Contribution Amount with respect to any Contributing Guarantor for purposes of this Section 10.01, any assets or liabilities of such Contributing Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Contributing Guarantor. “Aggregate Payments” means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (1) the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of its Guarantee of the Notes (including in respect of this Section 10.01), minus (2) the aggregate amount of all payments received on or before such date by such Contributing Guarantor from the other Contributing Guarantors as contributions under this Section 10.01. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. Each Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 10.01.

Section 10.02 Limitation on Guarantor Liability. Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of applicable Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 10, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

Section 10.03 Execution and Delivery of Note Guarantee. To evidence its Note Guarantee set forth in Section 10.01, each Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form attached as Exhibit E hereto will be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of such Guarantor by one of its Officers (but the failure to execute such notation shall not affect the validity of any Note Guarantee).

Each Guarantor hereby agrees that its Note Guarantee set forth in Section 10.01 will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

If an Officer whose signature is on this Indenture or on the Note Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Note Guarantee is endorsed, the Note Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, will be deemed to constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

Section 10.04 Guarantors May Consolidate, etc., on Certain Terms.

(a) No Guarantor (other than any Guarantor whose Note Guarantee is to be released in accordance with the terms of Section 10.05 in connection with any transaction permitted by the provisions of Section 4.10) will, and the Issuer will not cause or permit any Guarantor to, consolidate with or merge with or into any Person other than the Issuer or any other Guarantor, unless:

(1) such entity (if other than a Guarantor) assumes by supplemental indenture or other documentation or instruments, the performance of every covenant and obligation of the Guarantor on the Note Guarantee and this Indenture on the part of such Guarantor to be performed or observed, and such entity (whether or not previously a Guarantor) shall cause such amendments, supplements or other documents to be executed; and

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

(b) In case of any such consolidation, amalgamation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Note Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Note Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Issuer and delivered to the Trustee. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution.

(c) Except as set forth in Articles 4 and 5, and notwithstanding Section 10.04(a) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation, amalgamation or merger of a Guarantor with or into the Issuer or another Guarantor, or will prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Issuer or another Guarantor.

(d) To the extent a Guarantee that would have been imposed under this 10.04 could be immediately released pursuant to Section 10.05, this Section 10.04 shall not require the imposition of such a Guarantee.

Section 10.05 Releases. The Note Guarantee of any Guarantor will be released:

(1) in connection with any sale or other disposition of all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Guarantor if the sale or other disposition does not violate Section 4.10;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer or Guarantor, if the sale or other disposition does not violate Section 4.10;

(3) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary or as having “de minimis” value in accordance with the applicable provisions of this Indenture;

(4) upon Legal Defeasance or Covenant Defeasance in accordance with Article 8 or satisfaction and discharge of this Indenture in accordance with Articles 8 and 11;

(5) to the extent that such Guarantor initially issued a Note Guarantee pursuant to the requirements under Section 4.16, upon the release of the guarantee under such Indebtedness (including due to the permanent repayment and discharge of such Indebtedness) which required

or any Indebtedness which would require the issuance of such Note Guarantee pursuant to such requirements;

(6) if the Guarantor would not be required to issue a Note Guarantee pursuant to clause (x) or (y) of the last sentence of Section 4.16; provided that in the case of a consolidation or merger of a Guarantor with or sale of all or substantially all of the assets of a Guarantor to, a Foreign Subsidiary, in each case, pursuant to Section 10.04 of this Indenture, such Foreign Subsidiary shall be required to issue a Note Guarantee if it remains a guarantor of the obligations of the Issuer under any Secured Facilities after such consolidation, merger or sale of assets;

(7) if the Guarantor ceases to be a Wholly Owned Restricted Subsidiary of the Issuer or upon the liquidation or dissolution of such Guarantor, as a result of an event or a transaction not otherwise prohibited by this Indenture; provided that in the case of a consolidation or merger of a Guarantor with or sale of all or substantially all of the assets of a Guarantor to, a Foreign Subsidiary, in each case, pursuant to Section 10.04 of this Indenture, such Foreign Subsidiary shall be required to issue a Note Guarantee if it remains a guarantor under any Secured Facilities of the Issuer or a Guarantor after such consolidation, merger or sale of assets; or

(8) with the consent of the holders of at least 75% in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Any Guarantor not released from its obligations under its Note Guarantee as provided in this Section 10.05 will remain liable for the full amount of principal of and interest and premium, if any, on the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article 10.

ARTICLE 11

SATISFACTION AND DISCHARGE

Section 11.01 Satisfaction and Discharge. This Indenture and Notes will be discharged and this Indenture will cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(i) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid, have been delivered to the Trustee for cancellation; or

(ii) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the provision of a notice of redemption (or irrevocable instructions by the Issuer to the Trustee to provide such notice of redemption) or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Obligations, or a combination of cash in U.S. dollars and non-callable Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the

entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and accrued interest to the date of maturity or redemption;

(2) in the case of Section 11.01(1)(ii) above, no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(3) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) in the case of Section 11.01(1)(ii) above, the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (ii) of clause (1) of this Section 11.01, the provisions of Sections 11.02 and 8.06 will survive. In addition, nothing in this Section 11.01 will be deemed to discharge those provisions of Section 7.07, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 11.02 Application of Trust Money. Subject to the provisions of Section 8.06, all money deposited with the Trustee pursuant to Section 11.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and premium, if any and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law; provided that, if there is a tender offer by the Issuer (or any party on behalf of the Issuer) for outstanding Notes that is in progress at the time of such deposit, such money deposited with the Trustee pursuant to Section 11.01 hereof may be applied to pay any cash consideration for any Notes validly tendered into such tender offer and not validly withdrawn.

If the Trustee or Paying Agent is unable to apply any money or Government Obligations in accordance with Section 11.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01, provided that if the Issuer has made any payment of principal of and premium, if any, or interest on, any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Obligations held by the Trustee or Paying Agent.

ARTICLE 12

MISCELLANEOUS

Section 12.01 Notices. Any notice or communication by the Issuer, any Guarantor or the Trustee to the others is duly given if in writing and delivered in person or by first class mail (registered or certified, return receipt requested), facsimile transmission or overnight courier guaranteeing next day delivery, to the others' address:

If to the Issuer and/or any Guarantor:

c/o Resolute Forest Products Inc.
111 Robert-Bourassa Blvd., Suite 5000
Montreal, Qc H3C 2M1
Facsimile No.: (514) 875-2160
Attention: Chief Legal Officer

With a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Facsimile No: 212-757-3990
Attention: Lawrence G. Wee, Esq.

If to the Trustee:

Wells Fargo Bank, National Association
CTSO Mail Operations
MAC N9300-070
600 South Fourth Street, Seventh Floor
Minneapolis, MN 55415
Attn: Corporate Trust Services – Raymond Delli Colli

With a copy to:

Wells Fargo Bank, National Association
150 East 42nd Street, 40th Floor
New York, NY 10017
Attn: Corporate Trust Services – Administrator for Resolute Forest
Email: Raymond.dellicolli@wellsfargo.com

The Issuer, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days

after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight courier guaranteeing next day delivery.

Any notice or communication to a Holder will be delivered pursuant to the Applicable Procedures of the Depositary or, with respect to Definitive Notes, mailed by first class mail, certified or registered, return receipt requested, or by overnight courier guaranteeing next day delivery or by electronic means to its address shown on the register kept by the Registrar. Failure to send a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is sent in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuer sends a notice or communication to Holders, it will deliver a copy to the Trustee and each Agent at the same time.

Section 12.02 U.S.A. Patriot Act and Force Majeure.

(a) The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties hereby agree that they shall provide the Trustee with such information as it may request including, but not limited to, each party's name, physical address, tax identification number and other information that will help the Trustee identify and verify each party's identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

(b) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control including, without limitation, any act or provision of any present or future law or regulation or governmental authority, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 12.03 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer to the Trustee to take any action under this Indenture, the Issuer shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.04) stating that, in the

opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.04) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 12.04 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 12.05 Rules by Trustee and Agents. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.06 No Personal Liability of Directors, Officers, Employees and Stockholders. No director, officer, employee, incorporator, stockholder manager or member of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Indenture and the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 12.07 Governing Law. THIS INDENTURE, THE NOTE, AND THE NOTE GUARANTEES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICTS OF LAW PRINCIPLES INsofar AS SUCH PRINCIPLES WOULD DEFER TO THE SUBSTANTIVE LAWS OF SOME OTHER JURISDICTION.

Section 12.08 No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Issuer or its Subsidiaries

or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.09 Successors. All agreements of the Issuer in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 10.05.

Section 12.10 Severability. In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 12.11 Counterpart Originals. The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement. This Indenture shall be valid, binding, and enforceable against a party when executed and delivered by an authorized individual on behalf of the party by means of (i) an original manual signature; (ii) a faxed, scanned, or photocopied manual signature, or (iii) any other electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including any relevant provisions of the Uniform Commercial Code/UCC (collectively, "Signature Law"), in each case to the extent applicable. Each faxed, scanned, or photocopied manual signature, or other electronic signature, shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature. Each party hereto shall be entitled to conclusively rely upon, and shall have no liability with respect to, any faxed, scanned, or photocopied manual signature, or other electronic signature, of any other party and shall have no duty to investigate, confirm or otherwise verify the validity or authenticity thereof. This Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute one and the same instrument. For the avoidance of doubt, original manual signatures shall be used for execution or indorsement of writings when required under the UCC or other Signature Law due to the character or intended character of the writings.

Section 12.12 Table of Contents, Headings, etc. The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 12.13 Jurisdiction; Consent to Service of Process.

(a) Each party hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any U.S. Federal or New York State court sitting in the Borough of Manhattan, New York, New York in any action or proceeding arising out of or relating to this Indenture, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by

suit on the judgment or in any other manner provided by law. Nothing in this Indenture shall affect any right that the Issuer, the Trustee or any Holder of Notes may otherwise have to bring any action or proceeding relating to this Indenture against any party hereto or its properties in the courts of any jurisdiction.

(b) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Indenture in any court referred to in paragraph (a) of this Section 12.13. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

RESOLUTE FOREST PRODUCTS INC.

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Senior Vice President and Chief
Financial Officer

ATLAS SOUTHEAST PAPERS, INC.

ATLAS TISSUE HOLDINGS, INC.

BOWATER NUWAY MID-STATES INC.

CALHOUN NEWSPRINT COMPANY

DONOHUE CORP.

FIBREK RECYCLING U.S. INC.

FIBREK U.S. INC.

RESOLUTE EL DORADO INC.

RESOLUTE FP FLORIDA INC.

RESOLUTE FP US INC.

RESOLUTE US LUMBER INC.

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Vice President and Chief Financial
Officer

[Signature Page to the Indenture]

RESOLUTE CADDO RIVER LLC
RESOLUTE CROSS CITY LLC
RESOLUTE CROSS CITY REAL ESTATE HOLDINGS LLC
RESOLUTE CROSS CITY TIMBER MANAGEMENT LLC
RESOLUTE GLENWOOD LLC
RESOLUTE NAVCOR LLC

By: Resolute US Lumber Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Vice President and Chief Financial
Officer

RESOLUTE TISSUE LLC

By: Resolute Growth US LLC, its Sole Member

By: Resolute Forest Products Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Senior Vice President and Chief
Financial Officer

[Signature Page to the Indenture]

RESOLUTE HAGERSTOWN LLC

By: Resolute FP US Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Vice President and Chief Financial
Officer

ABIBOW RECYCLING LLC

ABITIBI CONSOLIDATED SALES LLC

RESOLUTE GROWTH US LLC

By: Resolute Forest Products Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Senior Vice President and Chief
Financial Officer

RESOLUTE FP AUGUSTA LLC

By: Abitibi Consolidated Sales LLC, its Sole Member

By: Resolute Forest Products Inc., its Sole Member

By: /s/ Remi G. Lalonde

Title: Senior Vice President and Chief
Financial Officer

[Signature Page to the Indenture]

AUGUSTA NEWSPRINT HOLDING LLC

By: Abitibi Consolidated Sales LLC, its Sole Member

By: Resolute Forest Products Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Senior Vice President and Chief
Financial Officer

BOWATER NEWSPRINT SOUTH LLC
FD POWERCO LLC

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Manager

GLPC RESIDUAL MANAGEMENT, LLC

By: Fibrek Recycling U.S. Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Vice President and Chief Financial Officer

[Signature Page to the Indenture]

ACCURATE PAPER HOLDINGS, LLC ATLAS PAPER MILLS, LLC

By: Atlas Tissue Holdings, Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Vice President and Chief Financial
Officer

ACCURATE PAPER FLEET, LLC

By: Accurate Paper Holdings, LLC, its Sole Member

By: Atlas Tissue Holdings, Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Vice President and Chief Financial
Officer

ATLAS PAPER MANAGEMENT, LLC

By: Atlas Paper Mills, LLC its Sole Member

By: Atlas Tissue Holdings, Inc., its Sole Member

By: /s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Vice President and Chief Financial
Officer

[Signature Page to the Indenture]

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Trustee

By: /s/ Stefan Victory

Name: Stefan Victory

Title: Vice President

[Signature Page to the Indenture]

FORM OF NOTE

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

CUSIP: []

ISIN: []

\$()

4.875% Senior Note due 2026

No.

\$()

RESOLUTE FOREST PRODUCTS INC., a Delaware corporation, promises to pay to Cede & Co., or registered assigns, the principal sum set forth on the Schedule of Increases or Decreases in Global Note attached hereto on March 1, 2026.

Interest Payment Dates: March 1 and September 1 of each year.

Record Dates: February 15 and August 15 of each year

Additional provisions of this Note are set forth on the other side of this Note.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

RESOLUTE FOREST PRODUCTS INC.

By: _____

Name:

Title:

Dated: []

This is one of the Notes referred to in the within-mentioned Indenture:

Wells Fargo Bank, National Association, as
Trustee

By: _____
Authorized Signatory

Dated: []

[Back of Note]

4.875% Senior Note Due 2026

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. RESOLUTE FOREST PRODUCTS INC., a Delaware corporation (the “Issuer”), promises to pay interest on the principal amount of this Note at 4.875% per annum from []¹ until maturity. The Issuer will pay interest, if any, semi-annually in arrears on March 1 and September 1 of each year, commencing September 1, 2021,² or if any such day is not a Business Day, on the next succeeding Business Day (each, an “Interest Payment Date”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date. The Issuer will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is equal to the rate per annum then in effect to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods), from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. METHOD OF PAYMENT. The Issuer will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the February 15 and August 15 (whether or not a Business Day), as the case may be, next preceding the Interest Payment Date, even if such Notes are canceled after such Record Date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Payments of principal, premium, if any, and interest on the Notes will be payable at the office or agency of the Issuer maintained for such purpose or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the register of Holders; provided that (1) all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more global notes registered in the name of or held by The Depository Trust Company (“DTC”) or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the registered Holder or Holders thereof and (2) all payments of principal, premium, if any, and interest with respect to certificated notes will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such holder elects payment by wire transfer by giving written notice to the Trustee or the paying agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee or paying agent may accept in its discretion). Until otherwise designated by the Issuer, the Issuer’s office or agency will be the corporate trust office of the Trustee maintained for such purpose. If a payment date is to be made on a day that is not a business day, payment will be made on the next succeeding day that is a business day and no interest will accrue for the intervening period. Such payment shall be in such coin or currency of

¹ The date of issuance.

² The first Interest Payment Date may be different for Additional Notes.

the United States of America as at the time of payment is legal tender for payment of public and private debts.

For certain payments made in connection with these Notes, the Trustee may be required to make a “reportable payment” or “withholdable payment” and in such cases the Trustee shall have the duty to act as a payor or withholding agent, respectively, that is responsible for any tax withholding and reporting required under Chapters 3, 4, and 61 of the Code. The Trustee shall have the sole right to make the determination as to which payments are “reportable payments” or “withholdable payments” with respect to the Trustee. If reasonably requested by the Trustee, all parties to this transaction shall provide an executed IRS Form W-9 or appropriate IRS Form W-8 (or, in each case, any successor form) to the Trustee prior to closing, and shall promptly update any such form to the extent such form expires or becomes inaccurate in any respect because of a change in circumstances. The Trustee shall have the right to request from any party or any other Person entitled to payment hereunder, any additional forms, documentation or other information as may be reasonably necessary for the Trustee to satisfy its reporting and withholding obligations under the Code. To the extent any such forms required to be delivered are not provided prior to or by the time the related payment is required to be made or are determined by the Trustee to be incomplete and/or inaccurate in any respect, the Trustee shall be entitled to withhold on any such payments hereunder to the extent withholding is required under Chapters 3, 4, or 61 of the Code, and shall have no obligation to gross up any such payment.

3. TRUSTEE; PAYING AGENT AND REGISTRAR. Wells Fargo Bank, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar with respect to the Notes. The Issuer may change any Paying Agent or Registrar without notice to any Holder. None of the Issuer or any of its Affiliates may act in any such capacity.

4. INDENTURE. The Issuer issued the Notes under an Indenture, dated as of February 2, 2021 (the “Indenture”), among Resolute Forest Products Inc., the Guarantors party thereto and the Trustee. This Note is one of a duly authorized issue of Notes of the Issuer. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

5. OPTIONAL REDEMPTION.

(a) The Notes are subject to redemption, at the option of the Issuer, in whole or in part, at any time on or after March 1, 2023 (the “First Call Date”) upon not less than 15 nor more than 60 days’ notice at the following Redemption Prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant Record Date to receive interest due on an Interest Payment Date that is on or prior to the redemption date), if redeemed during the 12-month period beginning on March 1 of each of the years indicated below:

Year	Redemption Price
2023	102.438%
2024	101.219%
2025 and thereafter	100.000%

(b) In addition, at any time prior to the First Call Date the Issuer may redeem the Notes, in whole or in part, at a Redemption Price equal to the principal amount of the Notes plus the Applicable Premium plus accrued and unpaid interest, if any, to but not including the date of redemption (subject to the right of Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date that is on or prior to the redemption date).

(c) In addition to the optional redemption provisions in clauses (a) and (b) above, prior to the First Call Date, the Issuer may, from time to time, with the net proceeds of one or more Qualified Equity Offerings, redeem up to an aggregate of 40% of the aggregate principal amount of the outstanding Notes (including any Additional Notes), at a Redemption Price equal to 104.875% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to, but not including, the date of redemption; provided that at least 60% of the principal amount of Notes (including any Additional Notes) that have been issued under the Indenture remain outstanding immediately after the occurrence of any such redemption (excluding Notes held by the Issuer or its Subsidiaries) and that any such redemption occurs within 90 days following the closing of any such Qualified Equity Offering.

(d) Any notice of redemption may be given prior to the redemption of any Notes, and any such redemption or notice may, at the Issuer's discretion, in whole or in part, be subject to one or more conditions precedent, as provided in Section 3.05(b) of the Indenture.

6. OFFERS TO REPURCHASE.

(a) Upon the occurrence of a Change of Control, each Holder shall have the right, subject to certain conditions specified in the Indenture, to cause the Issuer to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of the Holders of record on the relevant Record Date to receive interest due on the relevant Interest Payment Date), as provided in, and subject to the terms of, the Indenture.

(b) In accordance with Sections 4.10 and 4.14 of the Indenture, the Issuer will be required to offer to purchase Notes upon the occurrence of certain events.

7. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in fully registered form only, without coupons, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. A Holder shall register the transfer or exchange of Notes in accordance with the Indenture. The Registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Indenture. The

Registrar need not register the transfer or exchange of any Notes during a period beginning 15 days before any applicable redemption date described under Article 3 of the Indenture.

8. **PERSONS DEEMED OWNERS.** The registered Holder of a Note may be treated as its owner for all purposes.

9. **AMENDMENT, SUPPLEMENT AND WAIVER.** The Indenture, the Note Guarantees or the Notes may be amended or supplemented as provided in Article 9 of the Indenture, and Events of Default may be waived as provided in Article 6 of the Indenture.

10. **DEFAULTS AND REMEDIES.** If an Event of Default occurs (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer) and is continuing, the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes, in each case, by notice to the Issuer, may declare the principal of, premium, if any, and accrued but unpaid interest on all the Notes to be due and payable. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Issuer or certain Restricted Subsidiaries occurs, the principal of, premium, if any, and interest on all the Notes shall become immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

11. **AUTHENTICATION.** This Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of the Trustee or an authenticating agent.

12. **GOVERNING LAW. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THE NOTES AND THE NOTE GUARANTEES.**

13. **CUSIP AND ISIN NUMBERS.** Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP and ISIN numbers to be printed on the Notes and the Trustee may use CUSIP and ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

14. **REFERENCE TO INDENTURE AND OTHER RELATED DOCUMENTS.** Reference is hereby made to the Indenture (a copy of which is on file at the Corporate Trust Office of the Trustee) and all indentures and agreements supplemental thereto for a description of the rights thereunder of the Holders of the Notes, the nature and extent of the security therefor, the rights, duties, protections and immunities of the Trustee and the rights and obligations of the Issuer and the Note Guarantors thereunder, to all the provisions of which the Holder, by acceptance hereof, assents and agrees.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to the Issuer at the following address:

Resolute Forest Products Inc.

111 Robert-Bourassa Blvd., Suite 5000

Montreal, Qc H3C 2M1

Facsimile No.: (514) 394-3644

Attention: Chief Financial Officer

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____

(Insert assignee's legal name)

(Insert assignee's Soc. Sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____

to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: __

Your Signature:

(Sign exactly as your name appears
on the face of this Note)

Signature Guarantee³: __

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 or 4.14 of the Indenture, check the appropriate box below:

Section 4.10

Section 4.14

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 4.10 or Section 4.14 of the Indenture, state the amount you elect to have purchased:

\$

Date: __

Your Signature:

(Sign exactly as your name appears
on the face of this Note)

Signature Guarantee⁴: __

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE⁵

The initial outstanding principal amount of this Global Note is \$. The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized officer of Trustee or Custodian
------------------	--	--	---	---

* This schedule should be included only if the Note is issued in global form.

FORM OF CERTIFICATE OF TRANSFER

Resolute Forest Products Inc.

111 Robert-Bourassa Blvd., Suite 5000
Montreal, Qc H3C 2M1
Attention: Investor Relations

Wells Fargo Bank, National Association, as Trustee and Registrar
Attn: DAPS – Reorg
600 South 4th Street – 7th Floor
Minneapolis, MN 55415
Facsimile: (866) 969-1290
Phone: (800) 344-5128
Email: DAPSReorg@wellsfargo.com

Re: 4.875% Senior Notes due 2026

Reference is hereby made to the Indenture, dated as of February 2, 2021 (the “Indenture”), among Resolute Forest Products Inc., as issuer (the “Issuer”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “Transferor”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of \$ in such Note[s] or interests (the “Transfer”), to (the “Transferee”), as further specified in Annex A hereto. In connection with the transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Restricted Definitive Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act and, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. Check and complete if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) such Transfer is being effected to the Issuer or a subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

or

(d) such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144, Rule 903 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted

Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than \$250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Note and/or the Restricted Definitive Notes and in the Indenture and the Securities Act.

4. Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.

(a) Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) Check if Transfer is Pursuant to Regulation S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer

enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

5. Check if Transferor is an Affiliate of Issuer.

6. Check if Transferor received the Note within the last year from either an Affiliate of Issuer or from a party who checked box 5 or this box 6.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: __

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) a beneficial interest in the:

(i) 144A Global Note (CUSIP), or

(ii) Regulation S Global Note (CUSIP), or

(iii) IAI Global Note (CUSIP); or

(b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) a beneficial interest in the:

(i) 144A Global Note (CUSIP), or

(ii) Regulation S Global Note (CUSIP), or

(iii) IAI Global Note (CUSIP); or

(iv) Unrestricted Global Note (CUSIP); or

(b) a Restricted Definitive Note; or

(c) an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

FORM OF CERTIFICATE OF EXCHANGE

Resolute Forest Products Inc.
111 Robert-Bourassa Blvd., Suite 5000
Montreal, Qc H3C 2M1
Attention: Investor Relations

Wells Fargo Bank, National Association, as Trustee and Registrar
Attn: DAPS – Reorg
600 South 4th Street – 7th Floor
Minneapolis, MN 55415
Facsimile: (866) 969-1290
Phone: (800) 344-5128
Email: DAPSReorg@wellsfargo.com

Re: 4.875% Senior Notes due 2026

(CUSIP)

Reference is hereby made to the Indenture, dated as of February 2, 2021 (the “Indenture”), among Resolute Forest Products Inc., as issuer (the “Issuer”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “Owner”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of \$ in such Note[s] or interests (the “Exchange”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the “Securities Act”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] 144A Global Note, Regulation S

Global Note, IAI Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: __

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Resolute Forest Products Inc.
111 Robert-Bourassa Blvd., Suite 5000
Montreal, Qc H3C 2M1
Facsimile No.: [()]
Attention: Investor Relations

Wells Fargo Bank, National Association, as Trustee and Registrar
Attn: DAPS – Reorg
600 South 4th Street – 7th Floor
Minneapolis, MN 55415
Facsimile: (866) 969-1290
Phone: (800) 344-5128
Email: DAPSReorg@wellsfargo.com

Re: 4.875% Senior Notes due 2026

Reference is hereby made to the Indenture, dated as of February 2, 2021 (the “Indenture”), among Resolute Forest Products Inc., as issuer (the “Issuer”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of \$ aggregate principal amount of:

- (a) a beneficial interest in a Global Note, or
- (b) a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the “Securities Act”).

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (A) to the Issuer or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a “qualified institutional buyer” (as defined therein), (C) to an institutional “accredited investor” (as defined below) that, prior to such transfer,

furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Issuer a signed letter substantially in the form of this letter and, if such transfer is in respect of a principal amount of Notes, at the time of transfer of less than \$250,000, an Opinion of Counsel in form reasonably acceptable to the Issuer to the effect that such transfer is in compliance with the Securities Act, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144(k) under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any Person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of

clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Issuer such certifications, legal opinions and other information as you and the Issuer may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Issuer are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[Insert Name of Accredited Investor]

By: _____
Name:
Title:

Dated: __

FORM OF NOTATION OF NOTE GUARANTEE

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of February 2, 2021 (the “Indenture”) among Resolute Forest Products Inc. (the “Issuer”), the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (the “Trustee”), (a) the due and punctual payment of the principal of and premium, if any, and interest on, the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of and interest on the Notes, if any, if lawful, and the due and punctual performance of all other obligations of the Issuer to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Note Guarantee and the Indenture are expressly set forth in Article 10 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Note Guarantee.

Capitalized terms used but not defined herein have the meanings given to them in the Indenture.

[NAME OF GUARANTOR(S)]

By: _____
Name:
Title:

LOAN OFFER

File: D158665 Company: E119933

BY: **INVESTISSEMENT QUÉBEC**, a corporation duly constituted under the Act respecting Investissement Québec (CQLR, chapter I-16.0.1), having its head office at 1195 avenue Lavigerie, suite 060, Québec, Quebec G1V 4N3 ("**IQ**").

TO: **RESOLUTE FP CANADA INC.**, a duly incorporated legal person having its principal place of business at 111 Robert-Bourassa boulevard, suite 5000, Montréal, Quebec H3C 2M1 (the "**Company**").

1. LOAN

- 1.1 IQ is granting the Company a loan for a maximum amount of two hundred and nineteen million six hundred and fifty thousand dollars (\$219,650,000) (the "**Loan**"), representing 75% of eligible and paid deposits by Resolute FP US Inc. ("**RFP US**") in connection with the Tariffs, upon the terms and conditions set forth herein.
- 1.2 The capitalized words and expressions used herein have the meaning given to them in Schedule A hereto, unless the context or a specific provision requires another meaning.

2. PROJECT

- 2.1 The Loan is offered solely for the project which aims to partially fund liquidities pursuant to part 2 of the Eссор program, and in the context of the countervailing and antidumping duties, hereinafter referred to as "**Tariffs**," imposed by the United States on softwood lumber imports from Quebec (the "**Project**"), as set out below:

Deposits for the Project			FINANCING	
Description	Amount		Source of Funds	Amount
	Total Deposits	Eligible Deposits		
Estimated countervailing and antidumping duties (2020-2022)	\$149,640,000	\$149,640,000	IQ term loan (75% financing of countervailing and antidumping duties)	\$219,650,000
Countervailing and antidumping duties (2017-2019)	\$143,234,458	\$143,234,458	RFP US working capital	\$73,224,458
Total:	\$292,874,458	\$292,874,458	Total:	\$292,874,458

- 2.2 The Company declares that the payment of Deposits in connection with the Project started on or about April 28, 2017 and that such Deposits could continue until December 31, 2022 (the "**Completion Date of the Project**"). If RFP US stops making payments of Deposits in connection with the Project prior to this date, the Company shall notify IQ in writing of the actual end date of such payment and, for the purposes of this Offer, the Completion Date of the Project shall be the latter date or, if the Company fails to notify IQ of the actual end date of the payment of Deposits in connection with the Project, the date of the end of the period covered by the last independent auditors' report delivered to IQ. For greater certainty, Deposits on imports made after December 31, 2022 shall automatically be excluded from the Project.

3. INTEREST RATE

- 3.1 The Loan shall bear interest from each disbursement, at the 30-day banker's acceptance rate plus 1.45 % calculated monthly. The 30-day banker's acceptance rate prior to being increased is currently, for reference purposes only, at 0.48%.

IQ initials

LOAN OFFER

File: D158665 Company: E119933

4. INTEREST PAYMENTS

4.1 The Company shall pay interest calculated at the rate and in the manner provided in title 3 "INTEREST RATE" on the last day of each month starting on the last day of the month following the first Loan disbursement.

5. LOAN REPAYMENT

5.1 The Company shall benefit from a 24-month moratorium period on the repayment of the principal amount of the Loan as of the date of the first disbursement of the Loan.

5.2 Following the moratorium period provided in the previous paragraph, the Company shall repay the principal amount of the Loan in 96 consecutive monthly instalments, payable on the last day of each month starting on the last day of the first month following the end of the moratorium period as shown in the example below in the case of a disbursement of the maximum Loan amount:

Number of instalments	Amount
95	\$2,290,000.00
1	\$2,100,000.00

Subsequent to the final disbursement, should the total disbursements made under the Loan be less than the maximum amount of the Loan, the monthly instalment amount shall be adjusted accordingly.

5.3 In the event of an agreement between the Canadian and American governments (or a unilateral decision by the American government) on softwood lumber Tariffs, or a final decision of a court or an international organization having jurisdiction on this matter, the Company undertakes, up to the amounts then owing, to repay IQ the entire amount received, directly or indirectly, from any competent authority as reimbursement of Tariffs paid by RFP US on Quebec imports, as soon as possible, upon receipt of all such amounts.

5.4 The Company may, at its discretion, at any time, prepay the Loan in whole or in part, without penalty. Further to prepayment, under this section 5.4, section 5.3 or otherwise, the monthly instalment amount shall be adjusted accordingly based on the number of instalments remaining, if applicable.

6. DISBURSEMENT

6.1 The Loan disbursements shall be made directly in the Company's account.

6.2 The Loan disbursement shall be made in a maximum of 10 instalments, each corresponding to a maximum of 75% of the eligible deposits paid by RFP US for which the Company requested the disbursement. Should the Company request a payment that is less than the authorized limit of 75% of eligible deposits, it may use all or part of the balance of the 75% maximum of eligible deposits it did not use in the past for a future disbursement request, but without going over 75% of the eligible deposits paid by RFP US up to the date of such subsequent disbursement.

7. COMMITMENTS TO BE FULFILLED BEFORE THE LOAN DISBURSEMENT

7.1 The first disbursement of the Loan shall be made only once IQ has obtained, to its satisfaction:

7.1.1 An external auditors' report confirming the amount of Tariffs paid by RFP US for the period from January 1, 2017 to September 30, 2020 and imposed by the United States on softwood lumber imports from Quebec;

7.1.2 Putting in place, to IQ's satisfaction, the security required under section 8 hereof;

7.1.3 One or more opinions from the Company's and/or RFP US' outside legal counsels must be obtained, at the Company's expense, in favour of IQ, confirming, among other things, i) the Company's corporate status and its borrowing capacity, the validity and enforceability on the Company of: x) this Offer (once accepted by the Company), y) the Canadian account control agreement; and z) the hypothec on the Company's Canadian accounts covered by this control agreement; ii) the validity and enforceability of RFP US' intervention hereunder.

IQ initials

LOAN OFFER

File: D158665 Company: E119933

7.1.4 A duly completed and signed copy of the form entitled "Automatic payment plan and disbursement authorization – Company" together with, if applicable, an original personalized cheque specimen in the Company's name or the form entitled "Confirmation of bank account information for electronic disbursement."

7.2 Prior to each Loan disbursement, the Company shall have submitted to IQ in a form satisfactory to IQ:

7.2.1 An external auditors' report confirming the amount of Tariffs imposed by the United States and paid by RFP US on softwood lumber imports from Quebec;

7.2.2 The most recent consolidated financial statements of Resolute Forest Products Inc. ("**RFP Inc.**").

8. SECURITY

8.1 In order to provide a specific continuing guarantee of the fulfillment of all of the obligations of the Company towards IQ pursuant hereto, the Company must:

8.1.1 consent to granting IQ a first ranking principal hypothec of two hundred and nineteen million six hundred and fifty thousand dollars (\$219,650,000), and an additional hypothec of forty-three million nine hundred and thirty thousand dollars (\$43,930,000) pursuant to Canadian laws on two bank accounts to be created by the Company (the "Dedicated Account"). The Dedicated Account must be targeted as the recipient of all amounts received from RFP US in accordance with section 9.2.1 hereof.

8.1.2 enter into an account control agreement with respect to the hypothec mentioned in section 8.1.1 above on the Dedicated Account.

9. SPECIAL UNDERTAKINGS OF THE COMPANY

9.1 In addition to the general undertakings stipulated hereunder, the Company undertakes, from the date of acceptance of this Offer and until repayment of the Loan in full, to:

9.1.1 Provide the following financial statements:

Entity	Type	Frequency	Deadline (days) (from the end of each fiscal year)
Resolute Forest Products Inc.	Consolidated audited	Annually	120
Resolute Forest Products Inc.	Forecasted with working hypotheses	Annually	120
Resolute Forest Products Inc.	10Q Quarterly reports	Quarterly (Q1/Q2/Q3)	120

9.1.2 Use the funds disbursed from the Loan exclusively for expenses, operations and obligations relating to activities of Quebec plants and Quebec activities of entities of the RFP Inc. group. For greater certainty, in no event shall the Company use the funds disbursed by IQ to pay or repay Tariffs of RFP US;

9.1.3 The Company shall notify IQ, a) in advance if it intends to be liquidated or to wind-up, and b) within a reasonable timeframe of becoming aware, (i) of any change of control of RFP Inc. or voluntary merger, liquidation or winding-up of RFP Inc.; or (ii) if RFP Inc. ceases to hold direct or indirect control of the Company. In the event that IQ notifies the Company that these transactions are not in IQ's interest, acting reasonably, IQ can then, within sixty (60) days of the notice to the Company, claim from the Company full repayment of the principal amount of this Loan plus any interest accrued. For purposes of this clause, "control" means the direct or indirect holding of a number of voting shares carrying more than 50% of the voting rights of the relevant entity;

9.1.4 An undertaking from the Company not to use the funds disbursed to grant loans or advances to shareholders of RFP Inc., directors or officers of the Company or of RFP Inc. or to associated or affiliated companies not controlled by RFP Inc., if applicable, except in the normal course of business and in compliance with the terms of clause 9.1.2 hereinabove;

IQ initials

LOAN OFFER

File: D158665 Company: E119933

- 9.2 RFP US intervenes herein and undertakes in favour of IQ, from the date of acceptance of this Offer and until repayment of the Loan in full, to:
- 9.2.1 transfer to the Company and deposit as soon as possible in the Company's Dedicated Account any amount received from any competent authority as reimbursement for Tariffs paid by RFP US on Quebec imports, up to the amounts then owing to IQ hereunder;
 - 9.2.2 The Company undertakes in favour of IQ to apply, as soon as possible, any amount received from RFP US in accordance with section 9.2.1 hereof exclusively in reduction of the Loan.

10. EXAMINATION FEES

- 10.1 This Offer is subject to examination-related fees ("**Examination Fees**") equal to 0.5% of the amount of the Loan, i.e., up to one million ninety-eight thousand two hundred and fifty dollars (\$1,098,250).
- 10.2 The examination fee instalments shall be made gradually at each Loan disbursement, in an amount equal to 0.5 % of the amount of each disbursement. After the final disbursement, should the total disbursements made under the Loan be less than the maximum Loan amount, the total Examination Fee amount provided in paragraph 10.1 shall be adjusted accordingly.
- 10.3 The fact that the Examination Fees have been cashed shall not confer any rights on the Company and shall not impose any obligations on IQ to make any disbursement of the Loan; such rights and obligations shall only arise where the terms and conditions referred to herein have been fulfilled.

11. OTHER PROVISIONS

- 11.1 Only the French version of this Offer shall be considered official and, in all cases, the French version shall prevail over any accompanying translation.
- 11.2 The Company acknowledges that the provisions contained in this Offer and in its schedules have been freely discussed with IQ and that it has received adequate explanations as to their nature and scope.
- 11.3 This Offer shall be deemed to have been executed by all parties in **QUÉBEC**.

IQ initials

LOAN OFFER

File: D158665 Company: E119933

INVESTISSEMENT QUÉBEC

By: _____ /S/ Michel Tremblay
Signature
Michel Tremblay
Senior Account Manager, Specialized Financing

Print the Name of the Authorized Signatory

Date: _____ 2020-11-03

By: _____ /S/ Luc Jacob
Signature
Luc Jacob, CPA, CA, M. Sc.
Director, Specialized Financing - Québec

Print the Name of the Authorized Signatory

Date: _____ 2020-11-03

IQ initials

Page 5 of 9

1. DEFINITIONS

For the purposes of this Offer, the following terms have the meaning set forth hereinafter unless the context indicates otherwise:

"Event of Default" shall mean any of the defaults under section 5 "Events of Default";

"Eligible Deposits" shall mean Deposits in connection with the Project to the extent they were incurred and paid by RFP US on Quebec imports;

2. INTEREST

- 2.1. Any amount not paid when due hereunder shall bear interest from such date at the annual rate stipulated in section 3.1 hereunder calculated over a period of three hundred and sixty-five (365) days every time it is referred to herein.
- 2.2. Any interest not paid when due shall bear interest itself from such date at the rate stipulated in this Offer without demand or notice.

3. ELECTRONIC TRANSFERS

- 3.1 IQ may disburse the Loan directly into the Company's bank account if IQ has obtained the original copy of the form entitled "Automatic payment plan and disbursement authorization – Company" and, if applicable, an original personalized cheque specimen in the Company's name or the form entitled "Confirmation of bank account information for electronic disbursement." However, IQ reserves the right to disburse the Loan by issuing a cheque where it deems that method of disbursement preferable in the circumstances.
- 3.2 The Company hereby authorizes IQ to use manual or electronic debits on its bank account to make any payment that the Company is required to make to IQ hereunder as well as any subsequent amendments thereto. To this effect, the Company hereby authorizes the bank or the financial institution with which it deals to honour the debits made by IQ and undertakes to complete and sign the form entitled "Automatic payment plan and disbursement authorization – Company." In the event of prepayment, the automatic payment amounts will have to be adjusted.
- 3.3 Every month, IQ shall send the Company, in advance, a debit note setting forth all the information regarding payments to be made by the Company.
- 3.4 The Company undertakes to renew the above authorization if it changes its bank or financial institution while any balance of the Loan is outstanding and to inform IQ of this change by providing a new duly completed and signed schedule entitled "Automatic payment plan and disbursement authorization – Company", together with a cheque specimen from its new bank or financial institution marked "VOID" and containing all the necessary information.
- 3.5 The Company agrees that repayment of any amount owed hereunder as well as any subsequent amendments shall be made by cheque where IQ deems that method of payment preferable in the circumstances.

4 GENERAL UNDERTAKINGS OF THE COMPANY

- 4.1 From the date of acceptance of this Offer and for as long as the Company is liable to IQ in any capacity hereunder, it undertakes to:
 - 4.1.1 provide the financial statements mentioned in the Offer within the time limit prescribed therein;
 - 4.1.2 comply with its disclosure requirements in accordance with the securities laws applicable to related party transactions;
 - 4.1.3 not to move a substantial portion of its assets outside the Province of Quebec without first obtaining IQ's written authorization;
 - 4.1.4 take out and maintain reasonable insurance policies, in particular all risk insurance, and, upon request, provide IQ with the certificate(s) of insurance confirming the policies taken out and any renewals thereof;
 - 4.1.5 not encumber the sums deposited in the Dedicated Account referred to in the Offer, or dispose in any way whatsoever of the sums deposited in the said Dedicated Account other than in accordance with this Offer while any balance of the Loan is outstanding;
 - 4.1.6 disclose in the quarterly reports given to IQ in accordance with section 9.1.1 of the Offer Letter, any material litigation or proceeding before any court of justice or tribunal, board or government agency to which it is party in accordance with the applicable securities legislation;
 - 4.1.7 comply at all times in all material respect, with the laws to which it is subject in Quebec and, more specifically, but without limiting the generality of the foregoing, the standards relating to environmental protection, labour and employment, and human rights, except for any non-compliance that does not have a material adverse effect on the RFP Inc. group;
 - 4.1.8 maintain at all times internal ethics policies;
 - 4.1.9 provide, upon IQ's request, the certificates or documents required pursuant to the laws of the Province of Quebec;
 - 4.1.10 without limiting the scope of section 9.1.3 of the Offer Letter that only requires notice upon the occurrence of certain outlined changes, not to assign this Offer Letter without IQ's prior written consent, except to a Canadian entity controlled by RFP Inc. with operations in Quebec;
 - 4.1.11 pay all expenses relating to the preparation and registration, if required, of the documents necessary to give legal effect to this Offer and any amendment thereto;
 - 4.1.12 In the Event of Default, pay all reasonable costs incurred by IQ to exercise its rights pursuant to this Offer, including IQ's right to obtain performance of all the Company's obligations to protect, enforce or preserve all security granted in guarantee of the Loan or to enable a valuation of the Company's assets to be made, upon IQ's request, including but not limited to all legal costs, fees, charges or other legal expenses, agent's fees, trustee's fees or other fees or charges;
 - 4.1.13 in the Event of Default, pay all reasonable costs that are billed by an external consultant, selected by IQ, to advise IQ on all questions related to the Loan; specifically, the mandate assigned to the external consultant may extend to the preparation and financial and operational analyses of

IQ initials

the Company, the evaluation of the security offered and the elements of intellectual property related to the Project as well as any other matter related to the protection of IQ's rights;

4.1.14 Upon at least 48 hours prior notice to the Company, allow IQ to enter the Company's premises during normal business hours to conduct audits that are deemed necessary for the Project and obtain a copy of any document required to this end. Before exercising this right, IQ shall request in advance a copy of the requested documents from the Company and should the documents not be received within a period of 10 days after the request was received, IQ may exercise its right to enter, such right to be exercised in accordance with the applicable laws and regulations;

4.1.15 Not grant other hypothecs or security interest, or for its own benefit, ranking prior to those granted to IQ on the Tariffs as security for the Loan; unless prior written consent of IQ has been obtained.

5. EVENTS OF DEFAULT

Notwithstanding any provision to the contrary in this Offer and even where the other conditions have been fulfilled, IQ reserves the right, at its discretion, to terminate the Loan or any undisbursed portion thereof or to defer disbursement thereof, and the Company undertakes to repay, on demand, all or part of the sums disbursed on account of the Loan together with any interest accrued, in the following cases unless this Event of Default is remedied within 45 days following a request to this effect by IQ to the Company :

5.1 if the Company makes an assignment of its property, is subject to a receiving order pursuant to the *Bankruptcy and Insolvency Act*, makes a proposal to its creditors or commits an act of bankruptcy pursuant to the aforesaid Act, claims the benefit of the provisions of the *Companies' Creditors Arrangement Act* or if it is subject to a winding-up order pursuant to the winding-up rules provided in the *Business Corporations Act* or any other similar law, or if it fails to maintain a legal existence;

5.2 if the Company is in default under the terms of an agreement or a security instrument relating to its borrowings in a principal amount over \$50,000,000 and such default has not been remedied within the time prescribed;

5.3 in the event of misrepresentation, fraud or falsification of documents prepared by the Company and submitted to IQ in connection with the Project;

5.4 if the Company fails to fulfill a material covenant stipulated in the terms, conditions and clauses of this Offer.

6. GENERAL PROVISIONS

6.1 This contract shall be governed by the laws of the Province of Quebec and, in the event of dispute, the courts of Quebec in the judicial district of Quebec alone shall have jurisdiction. In addition, this Offer is subject to the terms and conditions set forth in the *Act respecting Investissement Québec*.

6.2 By accepting this Offer, the Company declares that all information of a technical, financial or economic nature that it has prepared and provided to IQ on a historical basis is true, to the best of its knowledge.

6.3 For the purposes of this Offer, all notices shall be in writing and sent by certified or registered mail or delivered by hand or by fax. Notices from IQ shall be sent to the Company's head office, to the attention of the authorized representative who shall execute the acceptance of this Offer for and on behalf of the Company. All notices from the Company or its shareholders shall be sent to Investissement Québec, at its place of business at 600, de La Gauchetière Ouest, Suite 1500, Montréal, Quebec, H3B 4L8, to the attention of the Secretary. All notices shall be deemed to have been received on the day they are delivered, where hand-delivered, the day of transmittal, if sent by fax, and if such day is a business day, during normal office hours or the following business day, or on the third business day after they are mailed by the sender, where sent by certified or registered mail.

7. CANCELLATION

7.1 If the Company does not request the disbursement of any amount of the Loan which the Company is entitled to receive within 6 months following the Project Completion Date, IQ may cancel all or part of the Loan.

8. PUBLIC ANNOUNCEMENT

8.1 By accepting this Offer, the Company agrees that IQ can publicly disclose the principal parameters of the Loan granted to the Company including but not limited to the name of the Company, its type of operations, its location, the nature and amount of the Loan provided hereunder as well as the number of employees working for the Company.

8.2 Except in the case of any disclosure required by law, the terms of any public announcement relating to the contractual relationship between IQ and the Company shall be determined by mutual agreement of the parties, both with respect to the timing and the content. Neither party may use the name of the other party or refer to the business relationship arising hereunder in any promotional material or advertising, without the prior written consent of the other party.

IQ initials

RESOLUTE FOREST PRODUCTS 2019 EQUITY INCENTIVE PLAN**STOCK SETTLED PERFORMANCE STOCK UNIT AGREEMENT**

THIS PERFORMANCE STOCK UNIT AGREEMENT, dated as of November 16, 2020, (the “Date of Grant”) is made by and between Resolute Forest Products Inc., a Delaware corporation (the “Company”), and «**FIRST**» «**LAST**» (“Participant”).

WHEREAS, the Company has adopted the Resolute Forest Products 2019 Equity Incentive Plan (the “Plan”), pursuant to which performance stock units may be granted in respect of shares of the Company’s common stock, par value \$0.001 per share (“Stock”); and

WHEREAS, the Human Resources and Compensation and Nominating and Governance Committee of the Company (the “Committee”) has determined that it is in the best interests of the Company and its stockholders to grant the performance stock unit award provided for herein to Participant subject to the terms set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Performance Stock Unit.

(a) Grant. The Company hereby grants to Participant «**PSUs**» performance stock units (the “PSUs”), on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan (the “Initial Grant”). Each PSU represents the right to receive one share of Stock as of the Settlement Date (defined in Section 2(c)), to the extent the Participant is vested in such PSUs as of the Settlement Date, subject to the terms of this Agreement and the Plan.

(b) Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon Participant and his legal representative in respect of any questions arising under the Plan or this Agreement.

(c) Acceptance of Agreement. Unless Participant notifies the Company in writing within 14 days after the Date of Grant that Participant does not wish to accept this Agreement, Participant will be deemed to have accepted this Agreement and will be bound by the terms of the Agreement and the Plan. Any such notice may be given to the Corporate Compensation at the Company’s principal executive office.

2. Terms and Conditions.

(a) Calculation of Earned Performance Stock Units. The period over which the PSUs earned by the Participant will be measured is the three calendar years beginning with the calendar year that immediately follows the Date of Grant (“Performance Period”). If the Participant is otherwise vested as provided in Section 2(b), the Participant will receive a number of PSUs based on actual achievement of performance measures during the Performance Period, as set forth on Exhibit 1 attached hereto.

(b) Vesting. Subject to Section 3, a Participant will be 100% vested if he remains employed with the Company or any Affiliate or Subsidiary on February 28, 2024 (the “Vesting Date”). For purposes of the Agreement, the “Vesting Period” is the period beginning on December 1 following the Date of Grant through the Vesting Date. Notwithstanding the foregoing, a Participant who meets the criteria to terminate employment due to Retirement (as provided in Section 3(a)) shall be 100% vested as of the date the Participant meets such criteria (irrespective of whether the Participant terminates employment due to Retirement).

(c) Settlement. The obligation to make payments and distributions with respect to PSUs shall only be satisfied through the issuance of one share of Stock for each earned and vested PSU (the “settlement”) and the settlement of the PSUs may be subject to such conditions, restrictions and contingencies as the Committee shall determine. Subject to Section 4(c), the Company undertakes and agrees not to exercise its right under the Plan to settle the PSUs in any other means other than shares of Stock. PSUs shall be settled as soon as practicable after the Vesting Date. However, in the event (i) the Participant dies on or after the Date of Grant and before the Performance Period, the PSUs shall be settled no later than March 15 of the calendar year following the end of the first calendar year of the Performance Period, and (ii) the Participant dies during the Performance Period, the PSUs shall be settled no later than March 15 of the calendar year following the calendar year in which the Participant dies. For purposes of this Agreement, the date on which PSUs are settled pursuant to the preceding sentence shall be a “Settlement Date.”

(d) Dividend Equivalents. Participant will from time to time be credited with additional PSUs (rounded to the nearest whole share), the number of which will be determined by dividing:

(i) The product obtained by multiplying the amount of each dividend (including extraordinary dividend if so determined by the Company) declared and paid by the Company on the Stock on a per share basis during the Vesting Period by the number of PSUs recorded in the Participant’s account on the record date for payment of any such dividend, by

(ii) The Fair Market Value (as defined in the Plan) of one (1) share of Stock on the dividend payment date for such dividend.

Subject to continued employment with the Company or any Affiliate or Subsidiary or as otherwise provided in Section 3, the additional PSUs shall vest and be settled at the same time and in the same proportion as the Initial Grant. No additional PSUs shall be

accrued for the benefit of Participant with respect to record dates occurring before, or with respect to record dates occurring on or after the date, if any, on which Participant has forfeited the PSUs.

3. Termination of Employment with the Company. For purposes of this Agreement and to the extent applicable to the Participant, the term “termination of employment” shall mean “separation from service” as defined in Section 409A of the Internal Revenue Code (“Section 409A”). To the extent payments are made during the periods permitted under Section 409A (including any applicable periods before or after the specified payment dates set forth in Section 2(c)), the Company shall be deemed to have satisfied its obligations under the Plan and shall be deemed not to be in breach of its payments obligations hereunder.

(a) Retirement. If the Participant’s employment with the Company, Affiliates and Subsidiaries terminates as a result of “Retirement” at any time on or after six months from the Date of Grant, then the Participant shall be entitled to receive 100% of the PSUs he would have earned had he remained employed with the Company, Affiliates and Subsidiaries for the entire Vesting Period, based on actual performance as provided in and determined pursuant to Section 2(a). For purposes of the Agreement, “Retirement” means the Participant terminates employment with the Company, all Affiliates and Subsidiaries under circumstances that do not entitle the Participant to severance either pursuant to an agreement or policy, plan or program and such termination occurs on or after: (i) attaining age 58, (ii) completing at least two years of service, and (iii) having a combined age and years of service (counting partial years) equal to at least 62.5 points.

(b) Involuntary Termination and Certain Voluntary Terminations. The Participant shall become vested in a prorata number of PSUs and entitled to receive a number of PSUs based on actual performance, as provided in and determined pursuant to Section 2(a), in the following circumstances: (1) the Participant’s employment with the Company or any Affiliate or Subsidiary terminates as a result of Retirement within six months after the Date of Grant, (2) the Participant voluntarily terminates his employment with the Company, Affiliates and Subsidiaries on or after age 55 and the termination does not constitute a Retirement, or (3) the Participant is involuntarily terminated by the Company or any Affiliate or Subsidiary without Cause (whether or not the Participant is eligible for Retirement, regardless of his age at termination and other than due to Disability or death). For purposes of the preceding, the prorata number of the PSUs shall be equal to (A) the total number of granted PSUs under Section 1(a) plus any dividend equivalents multiplied by (B) a fraction, the numerator of which shall be the number of full calendar months elapsed from December 1 following the Date of Grant through the Participant’s retirement date or last day worked (in the case of termination) and the denominator of which shall be 39 (the number of calendar months in the Vesting Period, treating the month of December following the Date of Grant as the first calendar month).

(c) Death. If the Participant’s employment with the Company or any Affiliate or Subsidiary terminates due to the Participant’s death, the Participant shall become vested in a prorata number of PSUs and entitled to receive a number of PSUs based on estimated actual

performance as of December 31 of the calendar year that contains the Participant's date of death, as approved by the Committee.

(i)Death During Performance Period. If the Participant's death while employed occurs during the Performance Period, the prorata number of the PSUs shall be equal to (A) the total number of granted PSUs under Section 1(a) plus any dividend equivalents multiplied by (B) a fraction, the numerator of which shall be the number of full calendar months elapsed from December 1 following the Date of Grant through the end of the calendar year that contains the Participant's date of death and the denominator of which shall be 39 (*i.e.*, the number of calendar months in the Vesting Period, treating the month of December following the Date of Grant as the first calendar month).

(ii)Death On/After Date of Grant and Before Performance Period. If the Participant's death while employed occurs on or after the Date of Grant, but before the Performance Period begins, the prorata number of the PSUs shall be equal to (A) the total number of granted PSUs under Section 1(a) plus any dividend equivalents multiplied by (B) a fraction, the numerator of which shall be the number of full calendar months elapsed from December 1 following the Date of Grant through the end of the first calendar year of the Performance Period and the denominator of which shall be 39 (*i.e.*, the number of calendar months in the Vesting Period, treating the month of December following the Date of Grant as the first calendar month).

(d) Disability. If the Participant becomes eligible for long-term disability benefits under a plan sponsored by the Company, an Affiliate or a Subsidiary ("Disabled"), the Participant shall become vested in a prorata number of PSUs and entitled to receive a number of PSUs based on actual performance as provided in and determined pursuant to Section 2(a).

(i)Disability During Performance Period. If the Participant becomes Disabled during the Performance Period, the prorata number of the PSUs shall be equal to (A) the total number of granted PSUs under Section 1(a) plus any dividend equivalents multiplied by (B) a fraction, the numerator of which shall be the number of full calendar months elapsed from December 1 following the Date of Grant through the end of the calendar year during the Performance Period that includes the date on which the Participant becomes Disabled plus the number of additional full calendar months, if any, elapsed from the date of the Participant's return to active employment with the Company through the end of the Vesting Period, and the denominator of which shall be 39 (*i.e.*, the number of calendar months in the Vesting Period, treating the month of December following the Date of Grant as the first calendar month).

(ii)Disabled On/After Date of Grant and Before Performance Period. If the Participant becomes Disabled on or after the Date of Grant, but before the Performance Period begins, the prorata number of the PSUs shall be equal to (A) the total number of granted PSUs under Section 1(a) plus any dividend equivalents multiplied by (B) a fraction, the numerator of which shall be the number of full calendar months elapsed from December 1 following the Date of Grant through the end of the first calendar year of the Performance Period plus the number of additional full calendar months, if any, elapsed from the date of the Participant's return to active employment with the Company after the end of the first calendar year of the Performance Period

through the end of the Vesting Period, and the denominator of which shall be 39 (*i.e.*, the number of calendar months in the Vesting Period, treating the month of December following the Date of Grant as the first calendar month).

(iii) Disabled On/After the End of the Performance Period. If the Participant becomes Disabled after the Performance Period ends, but before the Vesting Date, the Participant shall be entitled to receive 100% of the PSUs he would have earned had he remained in active employment with the Company, Affiliates and Subsidiaries for the entire Vesting Period, based on actual performance as provided in and determined pursuant to Section 2(a).

(e) Other Termination. If the Participant's employment with the Company, all Affiliates and Subsidiaries terminates (i) by the Company for Cause at any time or (ii) by resignation before attainment of age 55, then all outstanding PSUs, whether vested but unsettled or unvested, shall immediately terminate.

In no event shall any PSUs be settled before the Vesting Date except as provided above in the event of death or as otherwise determined by the Company.

4. Compliance with Legal Requirements. The granting and settlement of the PSUs, and any other obligations of the Company under this Agreement, shall be subject to all applicable federal, provincial, state, local and foreign laws, rules and regulations and to such approvals by any regulatory or governmental agency as may be required.

(a) Transferability. Unless otherwise provided by the Committee in writing, the PSUs shall not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant by Participant other than by will or the laws of descent and distribution. Any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company, an Affiliate or a Subsidiary; *provided that* the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(b) No Rights as Stockholder. The Participant shall not be deemed for any purpose to be the owner of any shares of Stock subject to PSUs and shall have no voting rights with respect to the PSUs.

(c) Tax Withholding. All distributions under the Plan are subject to withholding of all applicable federal, state, provincial, local and foreign income taxes and social contributions (the "Withholding Obligation"). The Company may satisfy such Withholding Obligation by any means whatsoever, including withholding cash from any other payment or amounts due to the Participant. Unless otherwise determined by the Committee, the Company will satisfy its Withholding Obligation by issuing, upon the settlement of the PSUs, a net number of shares of Stock to the Participant equal to the number of shares of Stock that the Participant would otherwise be entitled to receive on the Settlement Date minus such number of shares of Stock with a value determined on that date equal to any amount required to satisfy the Withholding Obligation.

5. Forfeiture and Recoupment. For the avoidance of doubt, the Plan's provisions on forfeiture and recoupment in Section 15 of the Plan apply to the PSUs awarded hereunder. The Company's Recoupment Policy, as may be amended from time to time, shall apply to the PSUs, any shares of Stock delivered hereunder and any profits realized on the sale of such Shares to the extent that the Participant is covered by such policy. If the Participant is covered by such policy, the policy may apply to recoup PSUs awarded, any shares of Stock delivered hereunder or profits realized on the sale of such shares either before, on or after the date on which the Participant becomes subject to such policy.

6. Miscellaneous.

(a) Waiver. Any right of the Company contained in this Agreement may be waived in writing by the Committee. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(b) Notices. Any written notices provided for in this Agreement or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, to the attention of the Director, Corporate Compensation at the Company's principal executive office.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(d) No Rights to Employment. Nothing contained in this Agreement shall be construed as giving Participant any right to be retained, in any position, as an employee, consultant or director of the Company or its Affiliates or shall interfere with or restrict in any way the right of the Company or its Affiliates, which are hereby expressly reserved, to remove, terminate or discharge Participant at any time for any reason whatsoever.

(e) Beneficiary. The Participant other than a Participant residing in the Province of Québec, may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. Any notice should be made to the attention of the Corporate Secretary of the Company at the Company's principal executive office. If no designated beneficiary survives the Participant, the Participant's estate shall be deemed to be Participant's beneficiary.

(f) Québec Participant. The Participant residing in the Province of Québec may only designate a beneficiary by will. Upon the death of the Participant residing in the Province of

Québec, the Company shall settle the PSUs pursuant to Section 2(c) of this Agreement to the liquidator, administrator or executor of the estate of the Participant.

(g) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(h) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto, except for any changes permitted without consent under Section 9 of the Plan.

(i) Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

(j) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

IN WITNESS WHEREOF, the Company has executed this Agreement as of the day first written above.

RESOLUTE FOREST PRODUCTS INC.

By: _____
Yves Laflamme
President and Chief Executive Officer

Exhibit 1

Performance Measures

For the Performance Period that begins January 1, 2021 and ends December 31, 2023, there are two performance measures, each with different weighting and possible payout levels.

Performance Weighting

The actual results of each performance measure, described below, will be adjusted to reflect each measure’s weighting.

Performance Measure	Weighting
Total Shareholder Return	50%
Return on Capital	50%

Performance Measures

Total Shareholder Return (“TSR”)

Subject to adjustments, for the TSR measure, the Participant will earn between 0% and 200% (share amounts being straight-line interpolated) of the number of PSUs covered by the Initial Grant.

TSR vs. Peers During the Performance Period	20 percentage points below median	10 percentage points below median	Median	10 percentage points above median	20 percentage points above median
Payout	0%	50%	100%	150%	200%

Notwithstanding anything in the Agreement to the contrary, payouts for the TSR measure that otherwise would have been more than 100% of target will be capped at 100% of target if the Company’s TSR is negative over the Performance Period.

TSR shall be calculated as follows:

$$\left(\begin{array}{l} \text{15-trading-day} \\ \text{weighted} \\ \text{average prior} \\ \text{to January 1} \\ \text{of end point} \end{array} \right) + \begin{array}{l} \text{Dividends} \\ \text{(treated as} \\ \text{reinvested on} \\ \text{ex-dividend} \\ \text{date)} \end{array} \left) \div \begin{array}{l} \text{15-trading-day} \\ \text{weighted} \\ \text{average prior} \\ \text{to January 1} \\ \text{of beginning} \\ \text{point} \end{array} = 1 = \text{TSR}$$

Relative TSR shall be measured each calendar year in the Performance Period. For example, TSR for 2021 shall be determined using January 1, 2022 as the end point and January 1, 2021 as the beginning point. Interim payout levels shall be determined based on relative TSR for each calendar year. The payout levels for each calendar year shall be added and their sum shall be divided by 3 to determine final payout of the TSR measure.

The peer group includes the following companies:

Canfor Corp	Mercer International Inc.
Clearwater Paper Corp	Rayonier Advanced Materials
Western Forest Products Inc.*	Verso Corp - A
Domtar Corp	West Fraser Timber Co. LTD
Interfor Corp	

*Note that the peer group included Conifex Timber Inc. until December 31, 2019 and Western Forest Products Inc. since January 1, 2020.

The Committee may, in its sole discretion, make adjustments to the peer group as appropriate.

Return on Capital

Subject to adjustments, for the return on capital measure, the Participant will earn between 0% and 200% (payouts being straight-line interpolated) of the number of PSUs covered by the Initial Grant.

Original internal rate of return ("IRR") vs. Actual IRR	≤ 80% of original IRR	90% of original IRR	100% of original IRR	110% of original IRR	≥ 120% of original IRR
Payout	0%	50%	100%	150%	200%

For each capital project approved after January 1, 2018 and assessed during the Performance Period, the actual IRR will be compared to the original IRR set forth in the project's appropriation of funds request in accordance with Policy FP-500, Capital Expenditures. Total payout will be calculated using a weighted average. Capital projects included for this performance measure include all wood projects with an appropriation of funds greater than \$500,000, pulp and paper projects with an appropriation of funds greater than \$1,000,000, and corporate projects with an appropriation of funds greater than \$1,000,000 with an assigned IRR.



February 8, 2021

Mr. Yves Laflamme

Re: Agreement between Yves Laflamme and Resolute Forest Products Inc.

Dear Mr. Laflamme:

This letter agreement confirms that your position as president and chief executive officer of Resolute Forest Products Inc. (Company) will terminate, and you will resign from the board of directors and all other positions with the Company and its subsidiaries, effective February 28, 2021 at 11:59 p.m. The terms and conditions of your termination are described below.

Severance Payments

Upon your termination, you will be entitled to receive the severance payments and all other benefits pursuant to section 5.8(c) of your Executive Employment Agreement with the Company, dated February 1, 2018 (Employment Agreement). In addition, you will be eligible to receive a prorata payment under the 2021 Short Term Incentive Plan (STIP) representing your two months of employment in 2021. Any STIP payments made for 2021 will be determined pursuant to the terms of the STIP and paid at the same time as other STIP participants.

Outstanding Equity Awards

Notwithstanding anything in the Executive Employment Agreement, this letter agreement and your performance stock unit and restricted stock unit award agreements to the contrary, any performance stock unit (PSUs) and restricted stock unit (RSUs) awards that remain outstanding as of your termination date will be fully vested on February 28, 2021 at 11:59 p.m. The PSUs to be earned will be determined and settled pursuant to the terms of your respective award agreements. The RSUs will be settled as soon as practicable following February 28, 2021 at 11:59 p.m. and execution of any release agreement. This paragraph amends the following award agreements accordingly: November 13, 2017; November 12, 2018; November 11, 2019; and November 16, 2020.

Indemnification

You will continue to be eligible for indemnification to the extent permitted under the Company's certificate of incorporation, its by-laws, applicable law and pursuant to the indemnification agreement entered into between you and the Company and on December 6, 2012 and amended on April 11, 2017 and on February 28, 2018, and will receive director and officer liability insurance coverage with full post-termination/post-board service tail coverage, as provided for in such governing documents and indemnification agreement.

Restrictive Covenants

In exchange for the right to the severance pay described above, you agree that you remain subject to the covenants set forth in article 6 of your Employment Agreement.



All other provisions in your Employment Agreement that survive the termination of your employment shall continue in effect in accordance with section 5.10 of the Employment Agreement.

If you have any questions about this agreement, please let us know. I look forward to your formal acceptance of this agreement.

/s/ Alain Rhéaume

Alain Rhéaume,
Chair of the Human Resources, Compensation & Nominating and Governance Committee
of the Board of Directors

I have read the herein letter and hereby accept these terms and conditions.

/s/ Yves Laflamme

Yves Laflamme Date 02/16/2021



January 15, 2021

Sylvain A. Girard

Subject:
Terms and Conditions of Employment between Sylvain A. Girard and Resolute Forest Products Inc.

Dear Sylvain,

I am pleased to confirm our offer of employment regarding the position of Special Advisor reporting directly to me. This position is based in Montreal and requires you to reside in the Montreal area. The terms and conditions of this offer are described below.

Effective Date

Your appointment to the position of Special Advisor will be effective on February 15, 2021. Effective March 2, 2021, or such other earlier date as agreed with the Company, you will be appointed to the position of Senior Vice President and Chief Financial Officer, reporting to Resolute's president and chief executive officer. No terms of the enclosed offer will be modified once you are appointed to the position of Senior Vice President and Chief Financial Officer.

Annual Base Salary

As of the effective date, your base salary will be at an annual rate of \$500,000, less applicable deductions and payable semi-monthly by direct deposit. Your base salary will be subject to the Company's currency policy for executive pay. For 2021, 63.5% of your base salary will be denominated in Canadian dollars and 36.5% will be denominated in US dollars.

Position Classification

The positions of Special Advisor and Senior Vice President and Chief Financial Officer are classified Grade 46 of our Job/Salary Structure.

Short Term Incentive Plan

As of the effective date, you will be eligible to participate to the short term incentive plan adopted by the Company from time to time.

For 2021, the target incentive for your salary grade will be 100 % of your annual base salary, subject to the currency policy of the Company.

The Company has not yet adopted a short term incentive plan for 2021, but I invite you to consult the 2020 Short Term Incentive Plan enclosed as an indication. Please note that 100% of the total payout to the Executive Team members cannot exceed 5% of Resolute Forest Products' generated free cash flow in the relevant performance year.



Long Term Incentive Plan

As of the effective date, you will be eligible to participate to the Company's Long Term Incentive Plan applicable to key personnel. Grants are generally approved in November. For 2021, you will be eligible to an annual grant equivalent to 125% of your annual base salary, subject to the currency policy of the Company.

Under our Stock Ownership Guidelines, you will be required to hold the equivalent of 2.5 times your annual salary in shares or Restricted Stock Units ("RSUs") of the Company. Please refer to the attached document.

Parking

As of the effective date, you will be eligible to a monthly parking paid by the Company. The fee for the parking is a taxable benefit.

Health and Insurance Benefits

As of the effective date, you will be eligible to participate in the Company's Health and Insurance Benefits program applicable to permanent employees of the Company. Please refer to the enclosed documentation.

Please note that you must be eligible and registered with the provincial health insurance plan to be eligible for the Company's Health and Insurance Benefits program.

Retirement Plan

As of the effective date, you will be eligible to participate in the Company's Defined Contribution Pension Plan applicable to employees of the Company and to the DC Make-Up program applicable to key personnel. Please refer to the enclosed documentations.

Vacation and Holidays

As of the effective date, you will be entitled to 3 floating holidays and 5 weeks of annual paid vacation, to be taken at times mutually convenient to the Company and yourself in accordance with the vacation policy. Vacation is earned progressively and must be used during the calendar year.

If your employment is terminated for any reason other than involuntary termination without cause (i.e. because you resigned, you are dismissed or you retire), the Company will require reimbursement of any portion of vacation taken in advance, that is to say before it is acquired under the policy in effect. By accepting this offer, you authorize the Company to recover overpayments in the form of vacation taken in advance by making a deduction from your earnings.

Annual Medical Examination

You and your spouse will be eligible to an annual medical examination with Medisys Health Group Inc. This is considered a taxable benefit.

As a member of the Executive Team, you will benefit from MedisysOne, a 24-hour On Demand Healthcare service that combines comprehensive annual health assessment, round-the-clock support and personalized, proactive healthcare management.



Annual Lump Sum

For 2021, you will be eligible to an annual lump sum of \$12,000, which can be used for various expenses such as preparing your taxes, club memberships, etc. This lump sum is a taxable benefit and is paid annually in April.

Severance Policy

As of the effective date, you will be subject to the Severance Policy for executive employees, unless you resign or we terminate your employment for cause.

Indemnification

As of the effective date, you will benefit from an indemnification contract in the form attached hereto and be covered by the indemnification policy for the executive officers and chief accounting officer of Resolute Forest Products Inc. in effect from time to time.

Others

By accepting this offer, you authorize the Company to recover any overpayment from the Company by making a deduction from your regular pay, your vacation pay or any other amount that is owed to you. An overpayment is an amount to which you are not entitled under this employment contract, the policies of the Company or employment laws.

If you have any questions about this offer, please contact Daniel Ouellet, Senior Vice President, Human Resources at 514 914-8941. We look forward to your formal acceptance of this offer and ask that you sign and return a copy to confirm your acceptance by January 19, 2021.

Sincerely,

/s/ Rémi G. Lalonde

Rémi Lalonde

Senior Vice President and Chief Financial Officer

I have read the herein letter and hereby accept these terms and conditions.
I have read the herein letter and hereby refuse these terms and conditions.

/s/ Sylvain A. Girard

_____ January 16, 2021 _____
Sylvain A. Girard Date

**RESOLUTE FOREST PRODUCTS INC.
SUBSIDIARY LISTING
As of December 31, 2020**

Name Jurisdiction of Incorporation

9192-8515 Quebec Inc. ⁽¹⁾ Quebec
3284649 Nova Scotia Company Nova Scotia
9340939 Canada Inc. Canada
AbiBow Recycling LLC Delaware
Abitibi Consolidated Europe Belgium
Abitibi Consolidated Sales LLC Delaware
AbitibiBowater Canada Inc. Canada
Accurate Paper Fleet, LLC Delaware
Accurate Paper Holdings, LLC Delaware
Atlas Paper Management, LLC Delaware
Atlas Paper Mills, LLC Delaware
Atlas Southeast Papers, Inc. Delaware
Atlas Tissue Holdings, Inc. Delaware
Augusta Newsprint Holding LLC Delaware
Bowater Asia Pte. Ltd. Singapore
Bowater Canadian Holdings Incorporated Nova Scotia
Bowater Canadian Limited Canada
Bowater LaHave Corporation Nova Scotia
Bowater Newsprint South LLC Delaware
Bowater Nuway Mid-States Inc. Delaware
Bowater S. America Ltda. Brazil
Bowater South American Holdings Incorporated Delaware
Calhoun Newsprint Company Delaware
Calhoun Note Holdings AT LLC Delaware
Calhoun Note Holdings TI LLC Delaware
Donohue Corp. Delaware
FD Powerco LLC West Virginia
FibreK General Partnership Quebec
FibreK International Inc. Canada
FibreK Recycling U.S. Inc. Delaware
FibreK U.S. Inc. Delaware
Forest Products Mauricie L.P. ⁽¹⁾ Quebec
GLPC Residual Management, LLC Delaware
Lake Superior Forest Products Inc. Delaware
Resolute Caddo River, LLC Delaware
Resolute Cross City LLC Delaware
Resolute Cross City Real Estate Holdings LLC Delaware
Resolute Cross City Timber Management LLC Delaware
Resolute El Dorado Inc. Delaware
Resolute FP Augusta LLC Delaware
Resolute FP Canada Inc. Canada
Resolute FP Florida Inc. Delaware
Resolute FP Sub 1 Inc. Delaware
Resolute FP US Inc. Delaware
Resolute Glenwood LLC Delaware
Resolute Growth US LLC Delaware
Resolute Hagerstown LLC Delaware
Resolute Navcor LLC Delaware
Resolute Tissue LLC Delaware
Resolute US Lumber Inc. Delaware
SFK Pulp Finco Inc. Canada
The International Bridge and Terminal Company Canada

Note: Except as otherwise indicated, each of the above entities is a wholly-owned direct or indirect subsidiary of Resolute Forest Products Inc. (“RFP”). The names of certain other direct and indirect subsidiaries of RFP have been omitted from the list above because such unnamed subsidiaries in the aggregate as a single subsidiary would not constitute a significant subsidiary.

⁽¹⁾ 93.2 percent owned.

**RESOLUTE FOREST PRODUCTS INC.
GUARANTOR SUBSIDIARIES OF THE REGISTRANT
As of December 31, 2020**

AbiBow Recycling LLC
Abitibi Consolidated Sales LLC
Accurate Paper Fleet, LLC
Accurate Paper Holdings, LLC
Atlas Paper Management, LLC
Atlas Paper Mills, LLC
Atlas Southeast Papers, Inc.
Atlas Tissue Holdings, Inc.
Augusta Newsprint Holding LLC
Bowater Newsprint South LLC
Bowater Nuway Mid-States Inc.
Calhoun Newsprint Company
Donohue Corp.
FD Powerco LLC
FibreK Recycling U.S. Inc.
FibreK U.S. Inc.
GLPC Residual Management, LLC
Resolute Caddo River LLC
Resolute Cross City Real Estate Holdings LLC
Resolute Cross City LLC
Resolute Cross City Timber Management LLC
Resolute El Dorado Inc.
Resolute FP Augusta LLC
Resolute FP Florida Inc.
Resolute FP US Inc.
Resolute Glenwood LLC
Resolute Growth US LLC
Resolute Hagerstown LLC
Resolute Navcor LLC
Resolute Tissue LLC
Resolute US Lumber Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-171602, No. 333-173361 and No. 333-173362) of Resolute Forest Products Inc. of our report dated March 1, 2021 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Montréal, Canada
March 1, 2021

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS

WHEREAS, RESOLUTE FOREST PRODUCTS INC., a Delaware corporation (the "Company"), proposes shortly to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended (the "Act"), the Annual Report on Form 10-K pursuant to Section 13 or 15(d) of the Act.

WHEREAS, each of the undersigned is a Director of the Company.

NOW, THEREFORE, each of the undersigned hereby constitutes and appoints Rémi G. Lalonde and Jacques P. Vachon and each of them, as true and lawful attorneys-in-fact and agents, and each of them with full power to act without the others, for him or her and in his or her name, place and stead, in any and all capacities, to sign said Annual Report and any and all amendments thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand this 25th day of February 2021.

/s/ Bradley P. Martin
Bradley P. Martin
Chairman of the Board

/s/ Jennifer C. Dolan
Jennifer C. Dolan
Director

/s/ Randall C. Benson
Randall C. Benson
Director

/s/ Alain Rhéaume
Alain Rhéaume
Director

/s/ Suzanne Blanchet
Suzanne Blanchet
Director

/s/ Michael S. Rousseau
Michael S. Rousseau
Director

Certification

I, Remi G. Lalonde, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2020 of RESOLUTE FOREST PRODUCTS INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - i. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - ii. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - iii. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - iv. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - i. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - ii. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

/s/ Remi G. Lalonde

Remi G. Lalonde

President and Chief Executive Officer

Certification

I, Remi G. Lalonde, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2020 of RESOLUTE FOREST PRODUCTS INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - i. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - ii. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - iii. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - iv. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - i. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - ii. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

/s/ Remi G. Lalonde

Remi G. Lalonde

Chief Financial Officer

Certification

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of RESOLUTE FOREST PRODUCTS INC. (the "Company"), hereby certifies, to such officer's knowledge, that the Company's annual report on Form 10-K for the year ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2021

/s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Resolute Forest Products Inc. and will be retained by Resolute Forest Products Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed as part of the Report or as a separate disclosure document.

Certification

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of RESOLUTE FOREST PRODUCTS INC. (the “Company”), hereby certifies, to such officer’s knowledge, that the Company’s annual report on Form 10-K for the year ended December 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2021

/s/ Remi G. Lalonde

Name: Remi G. Lalonde

Title: Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Resolute Forest Products Inc. and will be retained by Resolute Forest Products Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed as part of the Report or as a separate disclosure document.