

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2020

OR

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 001-33164

DOMTAR CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

20-5901152
(I.R.S. Employer
Identification No.)

234 Kingsley Park Drive, Fort Mill, SC 29715
(Address of principal executive offices)
(zip code)

(803) 802-7500
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act: Common Stock, Par Value \$0.01 Per Share; Common stock traded on the New York Stock Exchange; trading symbol UFS.

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 ST (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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Small reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

At April 30, 2020, 55,191,705 shares of the issuer's common stock were outstanding.

DOMTAR CORPORATION
FORM 10-Q
For the Quarterly Period Ended March 31, 2020
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DOMTAR CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE (LOSS) INCOME
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)

	<i>For the three months ended</i>	
	March 31, 2020	March 31, 2019
	(Unaudited)	
	\$	\$
Sales	1,278	1,376
Operating expenses		
Cost of sales, excluding depreciation and amortization	1,083	1,052
Depreciation and amortization	72	73
Selling, general and administrative	102	123
Impairment of long-lived assets (NOTE 11)	—	10
Closure and restructuring costs (NOTE 11)	—	4
Other operating loss (income), net (NOTE 6)	2	(1)
	<u>1,259</u>	<u>1,261</u>
Operating income	19	115
Interest expense, net	14	13
Non-service components of net periodic benefit cost (NOTE 5)	(4)	(3)
Earnings before income taxes and equity loss	9	105
Income tax expense (NOTE 7)	3	24
Equity loss, net of taxes	1	1
Net earnings	5	80
Per common share (in dollars) (NOTE 4)		
Net earnings		
Basic	0.09	1.27
Diluted	0.09	1.27
Weighted average number of common shares outstanding (millions)		
Basic	56.1	63.0
Diluted	56.2	63.2
Cash dividends per common share	0.46	0.44
Net earnings	5	80
Other comprehensive (loss) income (NOTE 12):		
Net derivative (losses) gains on cash flow hedges:		
Net (losses) gains arising during the period, net of tax of \$16 (2019 – \$(4))	(49)	11
Less: Reclassification adjustment for losses included in net earnings, net of tax of \$(2) (2019 – nil)	7	1
Foreign currency translation adjustments	(74)	2
Change in unrecognized gains and prior service cost related to pension and post-retirement benefit plans, net of tax of \$(1) (2019 – \$(1))	1	3
Other comprehensive (loss) income	(115)	17
Comprehensive (loss) income	(110)	97

The accompanying notes are an integral part of the consolidated financial statements.

DOMTAR CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)

	At	
	March 31, 2020 (Unaudited)	December 31, 2019
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	152	61
Receivables, less allowances of \$10 and \$6	600	577
Inventories (NOTE 8)	740	786
Prepaid expenses	32	33
Income and other taxes receivable	27	61
Total current assets	1,551	1,518
Property, plant and equipment, net	2,493	2,567
Operating lease right-of-use assets (NOTE 9)	77	81
Intangible assets, net (NOTE 10)	561	573
Other assets	151	164
Total assets	4,833	4,903
Liabilities and shareholders' equity		
Current liabilities		
Bank indebtedness	—	9
Trade and other payables	700	705
Income and other taxes payable	26	23
Operating lease liabilities due within one year (NOTE 9)	27	28
Long-term debt due within one year	1	1
Total current liabilities	754	766
Long-term debt	1,102	938
Operating lease liabilities (NOTE 9)	65	69
Deferred income taxes and other	457	479
Other liabilities and deferred credits	274	275
Commitments and contingencies (NOTE 14)		
Shareholders' equity (NOTE 13)		
Common stock \$0.01 par value; authorized 2,000,000,000 shares; issued 65,001,104 and 65,001,104 shares	1	1
Treasury stock \$0.01 par value; 9,810,777 and 8,120,194 shares	—	—
Additional paid-in capital	1,710	1,770
Retained earnings	978	998
Accumulated other comprehensive loss	(508)	(393)
Total shareholders' equity	2,181	2,376
Total liabilities and shareholders' equity	4,833	4,903

The accompanying notes are an integral part of the consolidated financial statements.

DOMTAR CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)

For the three months ended
March 31, 2020

	Issued and outstanding common shares (millions of shares)	Common stock, at par	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
	(Unaudited)					
		\$	\$	\$	\$	\$
Balance at December 31, 2019	56.9	1	1,770	998	(393)	2,376
Stock-based compensation, net of tax	0.1	—	(1)	—	—	(1)
Net earnings	—	—	—	5	—	5
Net derivative losses on cash flow hedges:						
Net losses arising during the period, net of tax of \$16	—	—	—	—	(49)	(49)
Less: Reclassification adjustment for losses included in net earnings, net of tax of \$(2)	—	—	—	—	7	7
Foreign currency translation adjustments	—	—	—	—	(74)	(74)
Change in unrecognized gains and prior service cost related to pension and post-retirement benefit plans, net of tax of \$(1)	—	—	—	—	1	1
Stock repurchase	(1.8)	—	(59)	—	—	(59)
Cash dividends declared	—	—	—	(25)	—	(25)
Balance at March 31, 2020	55.2	1	1,710	978	(508)	2,181

For the three months ended
March 31, 2019

	Issued and outstanding common shares (millions of shares)	Common stock, at par	Additional paid- in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
	(Unaudited)					
		\$	\$	\$	\$	\$
Balance at December 31, 2018	62.9	1	1,981	1,023	(467)	2,538
Stock-based compensation, net of tax	0.2	—	1	—	—	1
Net earnings	—	—	—	80	—	80
Net derivative gains on cash flow hedges:						
Net gains arising during the period, net of tax of \$(4)	—	—	—	—	11	11
Less: Reclassification adjustment for losses included in net earnings, net of tax of nil	—	—	—	—	1	1
Foreign currency translation adjustments	—	—	—	—	2	2
Change in unrecognized gains and prior service cost related to pension and post-retirement benefit plans, net of tax of \$(1)	—	—	—	—	3	3
Cash dividends declared	—	—	—	(28)	—	(28)
Balance at March 31, 2019	63.1	1	1,982	1,075	(450)	2,608

The accompanying notes are an integral part of the consolidated financial statements.

DOMTAR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS OF DOLLARS)

	<i>For the three months ended</i>	
	March 31, 2020	March 31, 2019
	(Unaudited)	
	\$	\$
Operating activities		
Net earnings	5	80
Adjustments to reconcile net earnings to cash flows from operating activities		
Depreciation and amortization	72	73
Deferred income taxes and tax uncertainties	1	(3)
Impairment of long-lived assets	—	10
Stock-based compensation expense	1	2
Equity loss, net	1	1
Changes in assets and liabilities		
Receivables	(28)	(30)
Inventories	28	(49)
Prepaid expenses	(5)	—
Trade and other payables	(16)	(69)
Income and other taxes	39	26
Difference between employer pension and other post-retirement contributions and pension and other post-retirement expense	(1)	1
Other assets and other liabilities	(9)	13
Cash flows from operating activities	<u>88</u>	<u>55</u>
Investing activities		
Additions to property, plant and equipment	(62)	(46)
Cash flows used for investing activities	<u>(62)</u>	<u>(46)</u>
Financing activities		
Dividend payments	(26)	(27)
Stock repurchase	(59)	—
Net change in bank indebtedness	(10)	3
Change in revolving credit facility	140	—
Proceeds from receivables securitization facility	25	20
Repayments of receivables securitization facility	—	(20)
Other	(3)	(1)
Cash flows provided from (used for) financing activities	<u>67</u>	<u>(25)</u>
Net increase (decrease) in cash and cash equivalents	93	(16)
Impact of foreign exchange on cash	(2)	(1)
Cash and cash equivalents at beginning of period	61	111
Cash and cash equivalents at end of period	<u>152</u>	<u>94</u>
Supplemental cash flow information		
Net cash payments (refund) for:		
Interest	17	16
Income taxes	<u>(25)</u>	<u>6</u>

The accompanying notes are an integral part of the consolidated financial statements.

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DOMTAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)
(UNAUDITED)

NOTE 1.

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of Management, include all adjustments that are necessary for the fair statement of Domtar Corporation's ("the Company") financial position, results of operations, and cash flows for the interim periods presented. Results for the first three months of the year may not necessarily be indicative of full year results. It is suggested that these consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Domtar Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed with the Securities and Exchange Commission. The December 31, 2019 Consolidated Balance Sheet, presented for comparative purposes in this interim report, was derived from audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

DOMTAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)
(UNAUDITED)

NOTE 2.

RECENT ACCOUNTING PRONOUNCEMENTS

ACCOUNTING CHANGES IMPLEMENTED

IMPLEMENTATION COSTS FOR CLOUD COMPUTING ARRANGEMENTS

In August 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-15, “*Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*”. Under the guidance, implementation costs for cloud computing arrangements should be evaluated for capitalization using the same approach as implementation costs associated with internal-use software and expensed over the term of the hosting arrangement. The ASU also provides guidance on presentation and disclosure.

The Company adopted the new guidance on January 1, 2020 with no significant impact on the consolidated financial statements.

RECEIVABLES

In June 2016, the FASB issued ASU 2016-13, “*Financial Instruments - Credit Losses*”. This ASU added a new impairment model (known as the current expected credit loss (“CECL”) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes an allowance for its estimate of expected credit losses and applies to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss.

The Company adopted the new guidance on January 1, 2020 with no significant impact on the consolidated financial statements.

FUTURE ACCOUNTING CHANGES

TRANSITION AWAY FROM INTERBANK OFFERED RATES

On March 12, 2020, the FASB issued ASU 2020-04, “*Facilitation of the Effects of Reference Rate Reform on Financial Reporting*”. The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued.

The amendments in the ASU are elective and apply to entities that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. An entity may elect to apply the amendments prospectively through December 31, 2022.

The Company has begun its impact assessment and while its evaluation of this guidance is in the early stages, the Company does not expect the adoption of this guidance to have a material impact on the consolidated financial statements.

DOMTAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)
(UNAUDITED)

NOTE 3.

DERIVATIVES AND HEDGING ACTIVITIES AND FAIR VALUE MEASUREMENT

HEDGING PROGRAMS

The Company is exposed to market risk, such as changes in currency exchange rates, commodity prices, interest rates and prices of the Company's common stock with regard to the Company's stock-based compensation program. To the extent the Company decides to manage the volatility related to these exposures, the Company may enter into various financial derivatives that are accounted for under the derivatives and hedging guidance. These transactions are governed by the Company's hedging policies which provide direction on acceptable hedging activities, including instrument type and acceptable counterparty exposure.

Upon inception, the Company formally documents the relationship between hedging instruments and hedged items. At inception and quarterly thereafter, the Company formally assesses whether the financial instruments used in hedging transactions are effective at offsetting changes in either the cash flow or the fair value of the underlying exposures. The Company does not hold derivative financial instruments for trading purposes.

CREDIT RISK

The Company is exposed to credit risk on accounts receivable from its customers. In order to reduce this risk, the Company reviews new customers' credit history before granting credit and conducts regular reviews of existing customers' credit performance. As of March 31, 2020, one Pulp and Paper segment customer located in the U.S. represented 13% or \$81 million of the Company's receivables (December 31, 2019 – two Pulp and Paper segment customers located in the U.S. represented 11% or \$66 million, and 11% or \$65 million, respectively).

The Company is exposed to credit risk in the event of non-performance by counterparties to its financial instruments. The Company attempts to minimize this exposure by entering into contracts with counterparties that are believed to be of high credit quality. Collateral or other security to support financial instruments subject to credit risk is usually not obtained. The credit standing of counterparties is regularly monitored.

INTEREST RATE RISK

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its cash and cash equivalents, bank indebtedness, revolving credit facility and securitization, term loan and long-term debt. The Company's objective in managing exposure to interest rate changes is to minimize the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. The Company may manage this interest rate exposure through the use of derivative instruments such as interest rate swap contracts, whereby it agrees to exchange the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal amount.

EQUITY RISK

The Company is exposed to changes in share prices with regard to its stock-based compensation program. The Company manages its exposure through the use of derivative instruments such as equity swap contracts. In March 2020, the Company entered into a total return swap agreement covering 500,000 common shares maturing on March 4, 2022.

COST RISK

Cash flow hedges:

The Company is exposed to price volatility for raw materials and energy used in its manufacturing process. The Company manages its exposure to cost risk primarily through the use of supplier contracts. The Company purchases natural gas at the prevailing market price at the time of delivery. To reduce the impact on cash flow and earnings due to pricing volatility, the Company may utilize derivatives to fix the price of forecasted natural gas purchases. The changes in the fair value on qualifying instruments are included in Accumulated other comprehensive loss to the extent effective, and reclassified into Cost of sales in the period during which the hedged transaction affects earnings. Current contracts are used to hedge a portion of forecasted purchases over the next 45 months.

DOMTAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)
(UNAUDITED)

NOTE 3. DERIVATIVES AND HEDGING ACTIVITIES AND FAIR VALUE MEASUREMENT (CONTINUED)

The following table presents the volumes under derivative financial instruments for natural gas contracts outstanding as of March 31, 2020 to hedge forecasted purchases:

Commodity	Notional contractual quantity under derivative contracts MMBtu(2)	Notional contractual value under derivative contracts (in millions of dollars)	Percentage of forecasted purchases under derivative contracts
Natural gas			
2020 (1)	6,265,000	\$ 19	34%
2021	9,270,000	\$ 27	36%
2022	9,270,000	\$ 25	36%
2023	4,210,000	\$ 12	16%

- (1) Represents the remaining nine months of 2020
(2) MMBtu: Millions of British thermal units

The natural gas derivative contracts were effective as of March 31, 2020.

FOREIGN CURRENCY RISK

Cash flow hedges:

The Company has manufacturing operations in the United States, Canada and Europe. As a result, it is exposed to movements in foreign currency exchange rates in Canada and Europe. Moreover, certain assets and liabilities are denominated in currencies other than the U.S. dollar and are exposed to foreign currency movements. Accordingly, the Company's earnings are affected by increases or decreases in the value of the Canadian dollar and European currencies. The Company's European subsidiaries are also exposed to movements in foreign currency exchange rates on transactions denominated in a currency other than their Euro functional currency. The Company's risk management policy allows it to hedge a significant portion of its exposure to fluctuations in foreign currency exchange rates for periods up to three years. The Company may use derivative financial instruments (currency options and foreign exchange forward contracts) to mitigate its exposure to fluctuations in foreign currency exchange rates.

Derivatives are used to hedge forecasted purchases in Canadian dollars by the Company's Canadian subsidiary over the next 24 months. Such derivatives are designated as cash flow hedges. The changes in the fair value on qualifying instruments are included in Accumulated other comprehensive loss to the extent effective, and reclassified into Sales or Cost of sales in the period during which the hedged transaction affects earnings.

The following table presents the currency values under significant currency positions pursuant to currency derivatives outstanding as of March 31, 2020 to hedge forecasted purchases and sales:

Currency exposure hedged	Business Segment	Year of maturity	Notional contractual value	Percentage of forecasted net exposures under contracts	Average Protection rate	Average Obligation rate
CAD/USD	Pulp and Paper	2020 (1)	659 CAD	95%	1 USD = 1.3211	1 USD = 1.3379
CAD/USD	Pulp and Paper	2021	565 CAD	60%	1 USD = 1.3417	1 USD = 1.3479
CAD/USD	Pulp and Paper	2022	112 CAD	12%	1 USD = 1.3591	1 USD = 1.3591

- (1) Represents the remaining nine months of 2020

The foreign exchange derivative contracts were effective as of March 31, 2020.

DOMTAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)
(UNAUDITED)

NOTE 3. DERIVATIVES AND HEDGING ACTIVITIES AND FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE MEASUREMENT

The accounting standards for fair value measurements and disclosures, establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement.

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following tables present information about the Company's financial assets and financial liabilities measured at fair value on a recurring basis (except Long-term debt, see (b) below) at March 31, 2020 and December 31, 2019, in accordance with the accounting standards for fair value measurements and disclosures and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value.

Fair Value of financial instruments at:	March 31, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance sheet classification
	\$	\$	\$	\$	
Derivatives designated as hedging instruments:					
Asset derivatives					
Currency derivatives	1	—	1	—	(a) Prepaid expenses
Currency derivatives	1	—	1	—	(a) Other assets
Total Assets	2	—	2	—	
Liabilities derivatives					
Currency derivatives	37	—	37	—	(a) Trade and other payables
Natural gas swap contracts	7	—	7	—	(a) Trade and other payables
Currency derivatives	17	—	17	—	(a) Other liabilities and deferred credits
Natural gas swap contracts	7	—	7	—	(a) Other liabilities and deferred credits
Total Liabilities	68	—	68	—	
Other instruments:					
Stock-based compensation - liability awards	2	2	—	—	Trade and other payables
Stock-based compensation - liability awards	9	9	—	—	Other liabilities and deferred credits
Equity swap contracts	3	3	—	—	Other liabilities and deferred credits
Long-term debt	1,082	—	1,082	—	(b) Long-term debt

The net cumulative loss recorded in Accumulated other comprehensive loss relating to natural gas contracts is \$14 million at March 31, 2020, of which a loss of \$7 million will be recognized in Cost of sales upon maturity of the derivatives over the next 12 months at the then prevailing values, which may be different from those at March 31, 2020.

DOMTAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)
(UNAUDITED)

NOTE 3. DERIVATIVES AND HEDGING ACTIVITIES AND FAIR VALUE MEASUREMENT (CONTINUED)

The net cumulative loss recorded in Accumulated other comprehensive loss relating to currency options and forwards hedging forecasted purchases is \$52 million at March 31, 2020, of which a loss of \$36 million will be recognized in Cost of sales or Sales upon maturity of the derivatives over the next 12 months at the then prevailing values, which may be different from those at March 31, 2020.

Fair Value of financial instruments at:	December 31, 2019	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance sheet classification
	\$	\$	\$	\$	
Derivatives designated as hedging instruments:					
Asset derivatives					
Currency derivatives	4	—	4	—	(a) Prepaid expenses
Currency derivatives	4	—	4	—	(a) Other assets
Total Assets	8	—	8	—	
Liabilities derivatives					
Currency derivatives	2	—	2	—	(a) Trade and other payables
Natural gas swap contracts	9	—	9	—	(a) Trade and other payables
Natural gas swap contracts	8	—	8	—	(a) Other liabilities and deferred credits
Total Liabilities	19	—	19	—	
Other Instruments:					
Stock-based compensation - liability awards	7	7	—	—	Trade and other payables
Stock-based compensation - liability awards	18	18	—	—	Other liabilities and deferred credits
Long-term debt	1,030	—	1,030	—	(b) Long-term debt

- (a) Fair value of the Company's derivatives are classified under Level 2 (inputs that are observable; directly or indirectly) as it is measured as follows:
- For currency derivatives: Fair value is measured using techniques derived from the Black-Scholes pricing model. Interest rates, forward market rates and volatility are used as inputs for such valuation techniques.
 - For natural gas contracts: Fair value is measured using the discounted difference between contractual rates and quoted market future rates.
- (b) Fair value of the Company's long-term debt is measured by comparison to market prices of its debt. The Company's long-term debt is not carried at fair value on the Consolidated Balance Sheets at March 31, 2020 and December 31, 2019. The carrying value of the Company's long-term debt is \$1,103 million and \$939 million at March 31, 2020 and December 31, 2019, respectively.

Due to their short-term maturity, the carrying amounts of cash and cash equivalents, receivables, bank indebtedness, trade and other payables and income and other taxes approximate their fair values.

DOMTAR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020
(IN MILLIONS OF DOLLARS, UNLESS OTHERWISE NOTED)
(UNAUDITED)

NOTE 4.

EARNINGS PER COMMON SHARE

The following table provides the reconciliation between basic and diluted earnings per common share:

	<i>For the three months ended</i>	
	March 31, 2020	March 31, 2019
Net earnings	\$ 5	\$ 80
Weighted average number of common shares outstanding (millions)	56.1	63.0
Effect of dilutive securities (millions)	0.1	0.2
Weighted average number of diluted common shares outstanding (millions)	56.2	63.2
Basic net earnings per common share (in dollars)	\$ 0.09	\$ 1.27
Diluted net earnings per common share (in dollars)	\$ 0.09	\$ 1.27

The following table provides the securities that could potentially dilute basic earnings per common share in the future, but were not included in the computation of diluted earnings per common share because to do so would have been anti-dilutive:

	<i>For the three months ended</i>	
	March 31, 2020	March 31, 2019
Options to purchase common shares	410,547	198,219

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NOTE 5.

PENSION PLANS AND OTHER POST-RETIREMENT BENEFIT PLANS

DEFINED CONTRIBUTION PLANS

The Company has several defined contribution plans and multiemployer plans. The pension expense under these plans is equal to the Company's contribution. For the three months ended March 31, 2020, the pension expense was \$12 million (2019 – \$14 million).

DEFINED BENEFIT PLANS AND OTHER POST-RETIREMENT BENEFIT PLANS

The Company sponsors both contributory and non-contributory U.S. and non-U.S. defined benefit pension plans. Non-unionized employees in Canada joining the Company after January 1, 1998 participate in a defined contribution pension plan. Salaried employees in the U.S. joining the Company after January 1, 2008 participate in a defined contribution pension plan. Unionized and non-union hourly employees in the U.S. that are not grandfathered under the existing defined benefit pension plans, participate in a defined contribution pension plan for future service. The Company also sponsors a number of other post-retirement benefit plans for eligible U.S. and non-U.S. employees; the plans are unfunded and include life insurance programs and medical and dental benefits. The Company also provides supplemental unfunded defined benefit pension plans and supplemental unfunded defined contribution pension plans to certain senior management employees.

Components of net periodic benefit cost for pension plans and other post-retirement benefit plans:

	<i>For the three months ended</i>	
	March 31, 2020	
	Pension plans	Other post-retirement benefit plans
	\$	\$
Service cost	7	—
Interest expense	11	—
Expected return on plan assets	(17)	—
Amortization of net actuarial loss	2	—
Net periodic benefit cost	3	—

Components of net periodic benefit cost for pension plans and other post-retirement benefit plans:

	<i>For the three months ended</i>	
	March 31, 2019	
	Pension plans	Other post-retirement benefit plans
	\$	\$
Service cost	8	—
Interest expense	13	—
Expected return on plan assets	(20)	—
Amortization of net actuarial loss	3	—
Amortization of prior year service costs	1	—
Net periodic benefit cost	5	—

The components of net periodic benefit cost for pension plans and other post-retirement benefits plans, other than the service cost, are presented in Non-service components of net periodic benefit cost on the Consolidated Statements of Earnings and Comprehensive (Loss) Income.

For the three months ended March 31, 2020, the Company contributed \$2 million (2019 – \$3 million) to the pension plans and \$1 million (2019 – \$1 million) to the other post-retirement benefit plans.

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NOTE 6.

OTHER OPERATING LOSS (INCOME), NET

Other operating loss (income), net is an aggregate of both recurring and occasional loss or income items and, as a result, can fluctuate from period to period. The Company's other operating loss (income), net includes the following:

	<i>For the three months ended</i>	
	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>
	\$	\$
Bad debt expense	4	—
Environmental provision	1	1
Foreign exchange (gain) loss	(2)	1
Other	(1)	(3)
Other operating loss (income), net	<u>2</u>	<u>(1)</u>

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NOTE 7.

INCOME TAXES

For the first quarter of 2020, the Company's income tax expense was \$3 million, consisting of \$2 million of current income tax expense and a deferred income tax expense of \$1 million. This compares to an income tax expense of \$24 million in the first quarter of 2019, consisting of \$27 million of current income tax expense and a deferred income tax benefit of \$3 million. The Company received refunds, net of income tax payments, of \$25 million during the first quarter of 2020. The effective tax rate was 33% compared with an effective tax rate of 23% in the first quarter of 2019. The effective tax rate for 2020 was impacted by an increase in the valuation allowance related to the expected realization of certain U.S. state tax credits. The effective tax rate for the first quarter of 2019 was impacted by the inclusion of additional forecasted tax expense for 2019 related to Global Intangible Low-Taxed Income and for forecasted withholding tax on unremitted foreign earnings. The effective tax rate for the first quarter of 2019 was also favorably impacted by the recognition of a \$1 million research and development credit in a U.S. state.

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NOTE 8.

INVENTORIES

The following table presents the components of inventories:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	\$	\$
Work in process and finished goods	372	401
Raw materials	142	153
Operating and maintenance supplies	226	232
	<u>740</u>	<u>786</u>

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NOTE 9.

LEASES

In the normal course of business, the Company enters into operating and finance leases mainly for manufacturing and warehousing facilities, corporate offices, motor vehicles, mobile equipment and manufacturing equipment.

While the Company's lease payments are generally fixed over the lease term, some leases may include price escalation terms that are fixed at the lease commencement date.

The Company has remaining lease terms ranging from 1 year to 13 years, some of which may include options to extend the leases for up to 10 years, and some of which may include options to terminate the leases within 1 year.

The components of lease expense were as follows:

	<i>For the three months ended</i>	
	March 31, 2020	March 31, 2019
Operating lease expense	\$ 8	\$ 7
Finance lease expense:		
Amortization of right-of-use assets	—	—
Interest on lease liabilities	—	—
Total finance lease expense	—	—

Supplemental cash flow information related to leases was as follows:

	<i>For the three months ended</i>	
	March 31, 2020	March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	\$	\$
Operating cash flows from operating leases	8	7
Operating cash flows from finance leases	—	—
Financing cash flows from finance leases	—	—
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	3	8
Finance leases	—	—

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NOTE 9. LEASES (CONTINUED)

Supplemental balance sheet information related to leases was as follows:

	March 31, 2020	December 31, 2019
	\$	\$
Operating leases		
Operating leases right-of-use assets	77	81
Lease liabilities due within one year	27	28
Operating lease liabilities	65	69
	<u>92</u>	<u>97</u>
Finance leases		
Property, plant and equipment	13	15
Accumulated depreciation	(6)	(7)
	<u>7</u>	<u>8</u>
Long-term debt due within one year	1	1
Long-term debt	8	9
	<u>9</u>	<u>10</u>
Weighted-average remaining lease term		
Operating leases	4.8 years	4.9 years
Finance leases	9.8 years	10 years
Weighted-average discount rate		
Operating leases	4.5%	4.6%
Finance leases	6.7%	6.7%

Maturities of lease liabilities at March 31, 2020 were as follows:

	<u>Operating leases</u>	<u>Finance leases</u>
	March 31, 2020	March 31, 2020
	\$	\$
2020 (1)	21	1
2021	25	2
2022	20	1
2023	14	1
2024	9	1
Thereafter	14	6
Total lease payments	<u>103</u>	<u>12</u>
Less: Imputed interest	11	3
Total lease liabilities	<u>92</u>	<u>9</u>

(1) Represents the remaining nine months of 2020.

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NOTE 10.

INTANGIBLE ASSETS

The following table presents the components of intangible assets:

	Estimated useful lives (in years)	March 31, 2020			December 31, 2019		
		Gross carrying amount \$	Accumulated amortization \$	Net \$	Gross carrying amount \$	Accumulated amortization \$	Net \$
Definite-lived intangible assets subject to amortization							
Water rights	40	3	(1)	2	3	(1)	2
Customer relationships	10 – 40	376	(111)	265	380	(108)	272
Technology	7 – 20	8	(5)	3	8	(5)	3
Non-Compete	9	1	(1)	—	1	(1)	—
License rights	12	28	(16)	12	29	(16)	13
		416	(134)	282	421	(131)	290
Indefinite-lived intangible assets not subject to amortization							
Water rights		4	—	4	4	—	4
Trade names		231	—	231	235	—	235
License rights		6	—	6	6	—	6
Catalog rights		38	—	38	38	—	38
Total		695	(134)	561	704	(131)	573

Amortization expense related to intangible assets for the three months ended March 31, 2020 was \$5 million (2019 – \$5 million).

Amortization expense for the next five years related to intangible assets is expected to be as follows:

	2020	2021	2022	2023	2024
Amortization expense related to intangible assets	\$ 21 (1)	\$ 21	\$ 20	\$ 20	\$ 20

(1) Represents twelve months of amortization

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NOTE 11.

CLOSURE AND RESTRUCTURING COSTS AND IMPAIRMENT OF LONG-LIVED ASSETS

Waco, Texas facility

On November 1, 2018, the Company announced a margin improvement plan within the Personal Care Division. As part of this plan, the Board of Directors approved the permanent closure of its Waco, Texas Personal Care manufacturing and distribution facility, the relocation of certain of its manufacturing assets and a workforce reduction across the division. The Waco, Texas facility ceased operations during the second quarter of 2019.

For the three months ended March 31, 2019, the Company recorded \$10 million of accelerated depreciation under Impairment of long-lived assets on the Consolidated Statement of Earnings and Comprehensive (Loss) Income. The Company also recorded \$3 million of severance and termination costs and a \$1 million write-down of inventory under Closure and restructuring costs.

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NOTE 12.

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS BY COMPONENT

The following table presents the changes in Accumulated other comprehensive loss by component⁽¹⁾ for the three months ended March 31, 2020 and the year ended December 31, 2019:

	Net derivative gains (losses) on cash flow hedges \$	Pension items ⁽²⁾ \$	Post-retirement benefit items ⁽²⁾ \$	Foreign currency items \$	Total \$
Balance at December 31, 2018	(24)	(231)	11	(223)	(467)
Natural gas swap contracts	(10)	N/A	N/A	N/A	(10)
Currency options	5	N/A	N/A	N/A	5
Foreign exchange forward contracts	16	N/A	N/A	N/A	16
Net gain	N/A	1	1	N/A	2
Foreign currency items	N/A	N/A	N/A	21	21
Other comprehensive income before reclassifications	11	1	1	21	34
Amounts reclassified from Accumulated other comprehensive loss	8	33	(1)	—	40
Net current period other comprehensive income	19	34	—	21	74
Balance at December 31, 2019	(5)	(197)	11	(202)	(393)
Natural gas swap contracts	(2)	N/A	N/A	N/A	(2)
Currency options	(8)	N/A	N/A	N/A	(8)
Foreign exchange forward contracts	(39)	N/A	N/A	N/A	(39)
Foreign currency items	N/A	N/A	N/A	(74)	(74)
Other comprehensive loss before reclassifications	(49)	—	—	(74)	(123)
Amounts reclassified from Accumulated other comprehensive loss	7	1	—	—	8
Net current period other comprehensive (loss) income	(42)	1	—	(74)	(115)
Balance at March 31, 2020	(47)	(196)	11	(276)	(508)

(1) All amounts are after tax. Amounts in parentheses indicate losses.

(2) The projected benefit obligation is actuarially determined on an annual basis as of December 31.

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NOTE 12. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS BY COMPONENT (CONTINUED)

The following table presents reclassifications out of Accumulated other comprehensive loss:

<u>Details about Accumulated other comprehensive loss components</u>	<u>Amounts reclassified from</u> <u>Accumulated other</u> <u>comprehensive loss</u>	
	<i>For the three months ended</i>	
	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	\$	\$
Net derivative losses on cash flow hedge		
Natural gas swap contracts (1)	(5)	—
Currency options and forwards (1)	(4)	(1)
Total before tax	(9)	(1)
Tax benefit	2	—
Net of tax	<u>(7)</u>	<u>(1)</u>
Amortization of defined benefit pension items		
Amortization of net actuarial loss (2)	(2)	(3)
Amortization of prior year service cost (2)	—	(1)
Total before tax	(2)	(4)
Tax benefit	1	1
Net of tax	<u>(1)</u>	<u>(3)</u>

(1) These amounts are included in Cost of sales in the Consolidated Statements of Earnings and Comprehensive (Loss) Income.

(2) These amounts are included in the computation of net periodic benefit cost (see Note 5 "Pension Plans and Other Post-Retirement Benefit Plans" for more details).

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NOTE 13.

SHAREHOLDERS' EQUITY

DIVIDENDS

On February 18, 2020, the Company's Board of Directors approved a quarterly dividend of \$0.455 per share, to be paid to holders of the Company's common stock. Total dividends of approximately \$25 million were paid on April 15, 2020 to shareholders of record on April 2, 2020.

STOCK REPURCHASE PROGRAM

The Company's Board of Directors has authorized a stock repurchase program ("the Program") of up to \$1.3 billion. On November 5, 2019, the Company's Board of Directors approved an increase to the Program from \$1.3 billion to \$1.6 billion. Under the Program, the Company is authorized to repurchase, from time to time, shares of its outstanding common stock on the open market or in privately negotiated transactions. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. The Program may be suspended, modified or discontinued at any time, and the Company has no obligation to repurchase any amount of its common stock under the Program. The Program has no set expiration date. The Company repurchases its common stock in part to reduce the dilutive effects of stock options and awards, and to improve shareholders' returns.

The Company makes open market purchases of its common stock using general corporate funds. Additionally, the Company may enter into structured stock repurchase agreements with large financial institutions using general corporate funds in order to lower the average cost to acquire shares. The agreements would require the Company to make up-front payments to the counterparty financial institutions, which would result in either the receipt of stock at the beginning of the term of the agreements followed by a share adjustment at the maturity of the agreements, or the receipt of either stock or cash at the maturity of the agreements, depending upon the price of the stock.

During the first quarter of 2020, the Company repurchased 1,798,306 shares at an average price of \$33.05 for a total cost of \$59 million.

During the first quarter of 2019, there were no shares repurchased under the Program.

SUSPENSION OF CAPITAL RETURN PROGRAM

Due to the unprecedented market conditions and uncertainty caused by COVID-19, the Company has suspended the payment of its regular quarterly dividend and stock repurchase program in order to preserve cash and provide additional flexibility in the current environment. The Board of Directors will continue to evaluate the Company's capital return program based upon customary considerations, including market conditions.

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NOTE 14.

COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL MATTERS

The Company is subject to environmental laws and regulations enacted by federal, provincial, state and local authorities. The Company may also incur substantial costs in relation to enforcement actions (including orders requiring corrective measures, installation of pollution control equipment or other remedial actions) as a result of violations of, or liabilities under, environmental laws and regulations applicable to its past and present properties. The Company's ongoing efforts to identify potential environmental concerns that may be associated with such properties may result in additional environmental costs and liabilities which cannot be reasonably estimated at this time.

In connection with contamination of a site bordering Burrard Inlet in North Vancouver, on February 16, 2010, the government of British Columbia issued a Remediation Order to Seaspans International Ltd. and the Company, in order to define and implement an action plan to address soil, sediment and groundwater issues. Construction began in January 2017 and was completed in the first quarter of 2019. The Company previously recorded an environmental reserve to address its estimated exposure.

A former owner of the Company's Dryden, Ontario manufacturing site (the "Dryden Property") operated a chlor-alkali plant during the 1960s and 1970s, during which time, mercury and other pollutants were used or generated and discharged into the environment. In conjunction with the sale and redevelopment of the Dryden Property, the Province of Ontario (the "Province") provided a broad indemnity (the "Indemnity") in 1985 to the then purchaser of the Dryden Property and its successors and assigns with respect to the discharge of any pollutants, including mercury, by the historical operators of the Dryden Property. This Indemnity subsequently was assigned to Domtar in connection with its 2007 purchase of the Dryden Property.

As the current owner of the Dryden Property, Domtar is actively engaged with the Province with respect to the management of the historical contamination.

The Province issued a Director's order under environmental laws to certain prior owners of the Dryden Property in connection with a nearby waste disposal site that never has been owned by Domtar. The Director's order required certain work to be conducted by those prior owners. The prior owners asserted that the Indemnity covered the work required by the Director's order. Following extensive litigation, the Supreme Court of Canada found, among other things, that the Indemnity covered third-party claims, but not first-party claims, such as the Director's order.

In the future, the Province may challenge whether Domtar has the benefit of the Indemnity. In addition to the Indemnity, Domtar has other recourses relating to the historical contamination.

The situation involving the historical contamination is continuing to develop, and Domtar cannot predict its outcome. While Domtar currently does not believe that it will be required to incur costs that would have a material impact on its results of operations or financial condition, there is no certainty that this is in fact the case.

The following table reflects changes in the reserve for environmental remediation and asset retirement obligations:

	<u>March 31, 2020</u>
Balance at beginning of year	\$ 35
Additions and other changes	1
Environmental spending	(1)
Effect of foreign currency exchange rate change	(2)
Balance at end of period	<u>33</u>

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NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The U.S. Environmental Protection Agency (the “EPA”) and/or various state agencies have notified the Company that it may be a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act, commonly known as “Superfund,” and similar state laws with respect to other hazardous waste sites as to which no proceedings have been instituted against the Company. The Company continues to take remedial action under its Care and Control Program at its former wood preserving sites, and at a number of former operating sites due to possible soil, sediment or groundwater contamination.

Climate change regulation

Various national and local laws and regulations relating to climate change have been established or are emerging in jurisdictions where the Company currently has, or may have in the future, manufacturing facilities or investments.

The EPA has repealed the Clean Power Plan and replaced it with the “Affordable Clean Energy” (“ACE”) rule. Unlike the Clean Power Plan, which would have required significant changes across the entire power sector, ACE only requires states to develop plans for efficiency improvements at coal-fired electric utility generating units. The rule has been challenged in the U.S. Court of Appeals for the D.C. Circuit. Regardless of the outcome for the ACE rule, the Company does not expect to be disproportionately affected compared with other pulp and paper producers located in the states where the Company operates.

The province of Quebec has a greenhouse gases (“GHG”) cap-and-trade system with reduction targets. British Columbia has a carbon tax that applies to the purchase of fossil fuels within the province. The Company does not expect its facilities to be disproportionately affected by these measures compared to the other pulp and paper producers located in these provinces.

The Government of Canada has established a federal carbon pricing system in provinces that do not already impose a cost on carbon emissions. The Government of Canada has imposed its carbon pricing program for regulating GHG emissions in Ontario which took effect on January 1, 2019. To reduce GHG emissions and recognize the unique circumstances of the province’s diverse economy, Ontario finalized its own GHG Emission Performance Standards regulation. The Ontario Government is in discussions with the Canadian Government to replace the federal program in Ontario with its provincial program. Additional environmental costs may result from this effort which cannot be reasonably estimated at this time.

CONTINGENCIES

In the normal course of operations, the Company becomes involved in various legal actions mostly related to contract disputes, patent infringements, environmental and product warranty claims, and labor issues. While the final outcome with respect to actions outstanding or pending at March 31, 2020, cannot be predicted with certainty, it is management’s opinion that their resolution will not have a material adverse effect on the Company’s financial position, results of operations or cash flows.

INDEMNIFICATIONS

In the normal course of business, the Company offers indemnifications relating to the sale of its businesses and real estate. In general, these indemnifications may relate to claims from past business operations, the failure to abide by covenants and the breach of representations and warranties included in the sales agreements. Typically, such representations and warranties relate to taxation, environmental, product and employee matters. The terms of these indemnification agreements are generally for an unlimited period of time. At March 31, 2020, the Company is unable to estimate the potential maximum liabilities for these types of indemnification guarantees as the amounts are contingent upon the outcome of future events, the nature and likelihood of which cannot be reasonably estimated at this time. Accordingly, no provision has been recorded. These indemnifications have not yielded a significant expense in the past.

Pension Plans

The Company has indemnified and held harmless the trustees of its pension funds, and the respective officers, directors, employees and agents of such trustees, from any and all costs and expenses arising out of the performance of their obligations under the relevant trust agreements, including in respect of their reliance on authorized instructions from the Company or for failing to act in the absence of authorized instructions. These indemnifications survive the termination of such agreements. At March 31, 2020 the Company has not recorded a liability associated with these indemnifications, as it does not expect to make any payments pertaining to these indemnifications.

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NOTE 15.

SEGMENT DISCLOSURES

The Company's two reportable segments described below also represent its two operating segments. Each reportable segment offers different products and services and requires different manufacturing processes, technology and/or marketing strategies. The following summary briefly describes the operations included in each of the Company's reportable segments:

- **Pulp and Paper** – consists of the design, manufacturing, marketing and distribution of communication, specialty and packaging papers, as well as softwood, fluff and hardwood market pulp.
- **Personal Care** – consists of the design, manufacturing, marketing and distribution of absorbent hygiene products.

As a result of changes in Domtar's organization structure, the Company has changed its segment reporting. Starting January 1, 2020, Domtar's materials business, EAM Corporation, a manufacturer of high quality airlaid and ultrathin laminated cores, previously reported under its Personal Care segment is now presented under its Pulp and Paper segment. Prior period segment results have been restated to the new segment presentation with no significant impact on segment results. There were no changes to the Company's consolidated sales or operating income.

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NOTE 15. SEGMENT DISCLOSURES (CONTINUED)

An analysis and reconciliation of the Company's business segment information to the respective information in the financial statements is as follows:

SEGMENT DATA	<i>For the three months ended</i>	
	March 31, 2020	March 31, 2019
	\$	\$
Sales by segment		
Pulp and Paper	1,031	1,157
Personal Care	266	239
Total for reportable segments	1,297	1,396
Intersegment sales	(19)	(20)
Consolidated sales	<u>1,278</u>	<u>1,376</u>
Sales by product group		
Communication papers	623	685
Specialty and packaging papers	150	169
Market pulp	231	275
Absorbent hygiene products	274	247
Consolidated sales	<u>1,278</u>	<u>1,376</u>
Depreciation and amortization		
Pulp and Paper	58	58
Personal Care	14	15
Total for reportable segments	72	73
Impairment of long-lived assets - Personal Care	—	10
Consolidated depreciation and amortization and impairment of long-lived assets	<u>72</u>	<u>83</u>
Operating income (loss)		
Pulp and Paper	4	144
Personal Care	20	(8)
Corporate	(5)	(21)
Consolidated operating income	19	115
Interest expense, net	14	13
Non-service components of net periodic benefit cost	(4)	(3)
Earnings before income taxes and equity loss	9	105
Income tax expense	3	24
Equity loss, net of taxes	1	1
Net earnings	<u>5</u>	<u>80</u>

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NOTE 16.

SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION

The following information is presented as required under Rule 3-10 of Regulation S-X, in connection with the Company's issuance of debt securities that are fully and unconditionally guaranteed by Domtar's significant 100% owned domestic subsidiaries, including Domtar Paper Company, LLC, Domtar Industries LLC (and subsidiaries, excluding Domtar Funding LLC), Domtar A.W. LLC, Attends Healthcare Products Inc., EAM Corporation, Associated Hygienic Products LLC and Home Delivery Incontinent Supplies Co., ("Guarantor Subsidiaries"), on a joint and several basis. The Guaranteed Debt is not guaranteed by certain of Domtar's foreign and non-significant domestic subsidiaries, all 100% owned, (collectively the "Non-Guarantor Subsidiaries"). A subsidiary's guarantee may be released in certain customary circumstances, such as if the subsidiary is sold or sells all of its assets, if the subsidiary's guarantee of the Credit Agreement is terminated or released and if the requirements for legal defeasance to discharge the indenture have been satisfied.

The following supplemental condensed consolidating financial information sets forth, on an unconsolidated basis, the Balance Sheets at March 31, 2020 and December 31, 2019, the Statements of Earnings and Comprehensive (Loss) Income and Cash Flows for the three months ended March 31, 2020 and 2019 for Domtar Corporation (the "Parent"), and on a combined basis for the Guarantor Subsidiaries and, on a combined basis, the Non-Guarantor Subsidiaries. The supplemental condensed consolidating financial information reflects the investments of the Parent in the Guarantor Subsidiaries, as well as the investments of the Guarantor Subsidiaries in the Non-Guarantor Subsidiaries, using the equity method.

CONDENSED CONSOLIDATING STATEMENT OF EARNINGS AND COMPREHENSIVE LOSS	For the three months ended March 31, 2020				
	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
	\$	\$	\$	\$	\$
Sales	—	1,045	465	(232)	1,278
Operating expenses					
Cost of sales, excluding depreciation and amortization	—	947	368	(232)	1,083
Depreciation and amortization	—	51	21	—	72
Selling, general and administrative	2	26	74	—	102
Other operating loss (income), net	—	4	(2)	—	2
	<u>2</u>	<u>1,028</u>	<u>461</u>	<u>(232)</u>	<u>1,259</u>
Operating (loss) income	(2)	17	4	—	19
Interest expense (income), net	16	19	(21)	—	14
Non-service components of net periodic benefit cost	—	(1)	(3)	—	(4)
(Loss) earnings before income taxes	(18)	(1)	28	—	9
Income tax (benefit) expense	(2)	3	2	—	3
Equity loss, net of taxes	—	1	—	—	1
Share in earnings of equity accounted investees	21	26	—	(47)	—
Net earnings	5	21	26	(47)	5
Other comprehensive loss	(115)	(117)	(73)	190	(115)
Comprehensive loss	<u>(110)</u>	<u>(96)</u>	<u>(47)</u>	<u>143</u>	<u>(110)</u>

DOMTAR CORPORATION
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NOTE 16. SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF EARNINGS AND COMPREHENSIVE INCOME	For the three months ended March 31, 2019				
	Parent \$	Guarantor Subsidiaries \$	Non- Guarantor Subsidiaries \$	Consolidating Adjustments \$	Consolidated \$
Sales	—	1,126	531	(281)	1,376
Operating expenses					
Cost of sales, excluding depreciation and amortization	—	930	403	(281)	1,052
Depreciation and amortization	—	51	22	—	73
Selling, general and administrative	6	56	61	—	123
Impairment of long-lived assets	—	10	—	—	10
Closure and restructuring costs	—	2	2	—	4
Other operating (income) loss, net	—	(4)	3	—	(1)
	6	1,045	491	(281)	1,261
Operating (loss) income	(6)	81	40	—	115
Interest expense (income), net	17	20	(24)	—	13
Non-service components of net periodic benefit cost	—	—	(3)	—	(3)
(Loss) earnings before income taxes	(23)	61	67	—	105
Income tax (benefit) expense	(6)	14	16	—	24
Equity loss, net of taxes	—	—	1	—	1
Share in earnings of equity accounted investees	97	50	—	(147)	—
Net earnings	80	97	50	(147)	80
Other comprehensive income	17	17	4	(21)	17
Comprehensive income	97	114	54	(168)	97

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NOTE 16. SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING BALANCE SHEET	March 31, 2020				
	Parent \$	Guarantor Subsidiaries \$	Non- Guarantor Subsidiaries \$	Consolidating Adjustments \$	Consolidated \$
Assets					
Current assets					
Cash and cash equivalents	87	2	63	—	152
Receivables	—	157	443	—	600
Inventories	—	503	237	—	740
Prepaid expenses	3	18	11	—	32
Income and other taxes receivable	36	2	18	(29)	27
Intercompany accounts	652	671	300	(1,623)	—
Total current assets	778	1,353	1,072	(1,652)	1,551
Property, plant and equipment, net	—	1,684	809	—	2,493
Operating lease right-of-use assets	—	62	15	—	77
Intangible assets, net	—	242	319	—	561
Investments in affiliates	3,532	2,441	—	(5,973)	—
Intercompany long-term advances	5	1	1,517	(1,523)	—
Other assets	14	24	126	(13)	151
Total assets	4,329	5,807	3,858	(9,161)	4,833
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	46	437	217	—	700
Intercompany accounts	473	361	789	(1,623)	—
Income and other taxes payable	27	14	14	(29)	26
Operating lease liabilities due within one year	—	21	6	—	27
Long-term debt due within one year	—	—	1	—	1
Total current liabilities	546	833	1,027	(1,652)	754
Long-term debt	1,013	—	89	—	1,102
Operating lease liabilities	—	56	9	—	65
Intercompany long-term loans	561	961	1	(1,523)	—
Deferred income taxes and other	1	311	158	(13)	457
Other liabilities and deferred credits	27	114	133	—	274
Shareholders' equity	2,181	3,532	2,441	(5,973)	2,181
Total liabilities and shareholders' equity	4,329	5,807	3,858	(9,161)	4,833

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NOTE 16. SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING BALANCE SHEET	December 31, 2019				
	Parent \$	Guarantor Subsidiaries \$	Non- Guarantor Subsidiaries \$	Consolidating Adjustments \$	Consolidated \$
Assets					
Current assets					
Cash and cash equivalents	1	11	49	—	61
Receivables	—	146	431	—	577
Inventories	—	543	243	—	786
Prepaid expenses	5	17	11	—	33
Income and other taxes receivable	34	—	27	—	61
Intercompany accounts	538	547	237	(1,322)	—
Total current assets	578	1,264	998	(1,322)	1,518
Property, plant and equipment, net	—	1,689	878	—	2,567
Operating lease right-of-use assets	—	63	18	—	81
Intangible assets, net	—	245	328	—	573
Investments in affiliates	3,627	2,493	—	(6,120)	—
Intercompany long-term advances	5	1	1,482	(1,488)	—
Other assets	14	30	131	(11)	164
Total assets	4,224	5,785	3,835	(8,941)	4,903
Liabilities and shareholders' equity					
Current liabilities					
Bank indebtedness	—	9	—	—	9
Trade and other payables	57	390	258	—	705
Intercompany accounts	344	299	679	(1,322)	—
Income and other taxes payable	1	12	10	—	23
Operating lease liabilities due within one year	—	21	7	—	28
Long-term debt due within one year	—	—	1	—	1
Total current liabilities	402	731	955	(1,322)	766
Long-term debt	873	—	65	—	938
Operating lease liabilities	—	58	11	—	69
Intercompany long-term loans	541	946	1	(1,488)	—
Deferred income taxes and other	—	324	166	(11)	479
Other liabilities and deferred credits	32	99	144	—	275
Shareholders' equity	2,376	3,627	2,493	(6,120)	2,376
Total liabilities and shareholders' equity	4,224	5,785	3,835	(8,941)	4,903

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NOTE 16. SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS	For the three months ended March 31, 2020				
	Parent \$	Guarantor Subsidiaries \$	Non- Guarantor Subsidiaries \$	Consolidating Adjustments \$	Consolidated \$
Operating activities					
Net earnings	5	21	26	(47)	5
Changes in operating and intercompany assets and liabilities and non-cash items, included in net earnings	7	40	(11)	47	83
Cash flows from operating activities	<u>12</u>	<u>61</u>	<u>15</u>	<u>—</u>	<u>88</u>
Investing activities					
Additions to property, plant and equipment	—	(38)	(24)	—	(62)
Cash flows used for investing activities	<u>—</u>	<u>(38)</u>	<u>(24)</u>	<u>—</u>	<u>(62)</u>
Financing activities					
Dividend payments	(26)	—	—	—	(26)
Stock repurchase	(59)	—	—	—	(59)
Net change in bank indebtedness	—	(10)	—	—	(10)
Change in revolving credit facility	140	—	—	—	140
Proceeds from receivables securitization facility	—	—	25	—	25
Increase in long-term advances to related parties	—	(22)	—	22	—
Decrease in long-term advances to related parties	22	—	—	(22)	—
Other	(3)	—	—	—	(3)
Cash flows provided from (used for) financing activities	<u>74</u>	<u>(32)</u>	<u>25</u>	<u>—</u>	<u>67</u>
Net increase (decrease) in cash and cash equivalents	86	(9)	16	—	93
Impact of foreign exchange on cash	—	—	(2)	—	(2)
Cash and cash equivalents at beginning of period	1	11	49	—	61
Cash and cash equivalents at end of period	<u>87</u>	<u>2</u>	<u>63</u>	<u>—</u>	<u>152</u>

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NOTE 16. SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION (CONTINUED)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS	For the three months ended March 31, 2019				
	Parent \$	Guarantor Subsidiaries \$	Non- Guarantor Subsidiaries \$	Consolidating Adjustments \$	Consolidated \$
Operating activities					
Net earnings	80	97	50	(147)	80
Changes in operating and intercompany assets and liabilities and non-cash items, included in net earnings	(86)	(86)	—	147	(25)
Cash flows (used for) provided from operating activities	(6)	11	50	—	55
Investing activities					
Additions to property, plant and equipment	—	(25)	(21)	—	(46)
Cash flows used for investing activities	—	(25)	(21)	—	(46)
Financing activities					
Dividend payments	(27)	—	—	—	(27)
Net change in bank indebtedness	—	3	—	—	3
Proceeds from receivables securitization facility	—	—	20	—	20
Repayments of receivables securitization facility	—	—	(20)	—	(20)
Increase in long-term advances to related parties	—	—	(53)	53	—
Decrease in long-term advances to related parties	36	17	—	(53)	—
Other	(1)	—	—	—	(1)
Cash flows provided from (used for) financing activities	8	20	(53)	—	(25)
Net increase (decrease) in cash and cash equivalents	2	6	(24)	—	(16)
Impact of foreign exchange on cash	—	—	(1)	—	(1)
Cash and cash equivalents at beginning of period	—	—	111	—	111
Cash and cash equivalents at end of period	2	6	86	—	94

DOMTAR CORPORATION
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NOTE 17.

SUBSEQUENT EVENTS

TEMPORARY IDLING OF PAPER CAPACITY TO ADDRESS COVID-19 RELATED BUSINESS IMPACT

On April 6, 2020, Domtar announced the temporary idling of the operations of its Kingsport, Tennessee mill and the A62 paper machine at its Ashdown, Arkansas mill for three months in response to the unforeseeable business conditions created by the COVID-19 pandemic.

On April 27, 2020, Domtar further announced the temporary idling of the operations of its Hawesville, Kentucky mill beginning May 5th, 2020. The Company expects to restart the H1 paper machine in June 2020, while the H2 paper machine will remain idle until July 2020.

The temporary shutdowns will reduce Domtar's uncoated freesheet paper production capacity by approximately 227,000 short tons. As a result, the Company laid off approximately 304 employees at its Kingsport mill, 142 employees at its Ashdown mill and 400 employees at its Hawesville mill.

PURCHASE OF APPVION POINT OF SALE BUSINESS

On February 14, 2020, Domtar entered into a purchase agreement with Appvion Operations, Inc. to acquire Appvion's Point of Sale paper business. The transaction was completed on April 27, 2020. The asset purchase agreement includes the coater and related equipment located only at the West Carrollton, Ohio, facility as well as a license for all corresponding intellectual property.

TERM LOAN

On May 5, 2020, the Company entered into a \$300 million Term Loan Agreement (the "Term Loan Agreement") that matures on May 5, 2025. The Term Loan Agreement was fully drawn down at closing. The Company is using borrowings under the Term Loan Agreement to repay other debt, to pay related fees and expenses and to add to cash reserves. Borrowings under the Term Loan Agreement bear interest at LIBOR plus a margin of 2.5% and require principal repayments of \$3 million each quarter. The Term Loan Agreement contains customary covenants, including two financial covenants: (i) an interest coverage ratio, as defined in the Term Loan Agreement, that must be maintained at a level of not less than 3 to 1 and (ii) a leverage ratio, as defined in the Term Loan Agreement that must be maintained at a level of not greater than 3.75 to 1. All borrowings under the Term Loan are unsecured. Certain domestic subsidiaries of the Company unconditionally guarantee any obligations from time to time arising under the Term Loan Agreement.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) should be read in conjunction with Domtar Corporation’s unaudited interim financial statements and notes thereto included in this Quarterly Report on Form 10-Q. This MD&A should also be read in conjunction with the historical financial information contained in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission (“SEC”) on February 25, 2020. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in forward-looking statements. Factors that might cause a difference include, but are not limited to, those discussed below under “Forward-looking statements”, as well as in item 1A, risk factors, in this report. Throughout this MD&A, unless otherwise specified, “Domtar Corporation,” “the Company,” “Domtar,” “we,” “us” and “our” refers to Domtar Corporation and its subsidiaries. Domtar Corporation’s common stock is listed on the New York Stock Exchange and the Toronto Stock Exchange. Except where otherwise indicated, all financial information reflected herein is determined on the basis of accounting principles generally accepted in the United States.

The information contained on our website, www.domtar.com, is not incorporated by reference into this Form 10-Q and should in no way be construed as a part of this or any other report that we file with or furnish to the SEC.

In accordance with industry practice, in this report, the term “ton” or the symbol “ST” refers to a short ton, an imperial unit of measurement equal to 0.9072 metric tons. The term “metric ton” or the symbol “ADMT” refers to an air dry metric ton. In this report, unless otherwise indicated, all dollar amounts are expressed in U.S. dollars, and the term “dollars” and the symbol “\$” refer to U.S. dollars. In the following discussion, unless otherwise noted, references to increases or decreases in income and expense items, prices, contribution to net earnings, and shipment volumes are based on the three month periods ended March 31, 2020 and 2019. The three month periods are also referred to as the first quarter of 2020 and 2019. Reference to notes refers to footnotes to the consolidated financial statements and notes thereto included in Item 1 of this Form 10-Q.

This MD&A is intended to provide investors with an understanding of our recent performance, financial condition and outlook. Topics discussed and analyzed include:

- Overview
- Highlights for the three month period ended March 31, 2020
- Impact of the COVID-19 pandemic and Outlook
- Consolidated Results of Operations and Segment Review
- Liquidity and Capital Resources

As a result of changes in our organizational structure, we have changed our segment reporting. Starting January 1, 2020, our materials business, EAM Corporation, a manufacturer of high quality airlaid and ultrathin laminated cores, previously reported under our Personal Care segment is now presented under our Pulp and Paper segment. There were no changes to our consolidated sales or operating income. Prior period segment results have been restated to the new segment presentation with no significant impact on segment results.

OVERVIEW

We design, manufacture, market and distribute a wide variety of fiber-based products including communication papers, specialty and packaging papers and absorbent hygiene products. The foundation of our business is a network of wood fiber converting assets that produce paper grade, fluff and specialty pulp. More than 50% of our pulp production is consumed internally to manufacture paper and other consumer products, with the balance sold as market pulp. We are the largest integrated marketer of uncoated freesheet paper in North America serving a variety of customers, including merchants, retail outlets, stationers, printers, publishers, converters and end-users. We are also a marketer and producer of a broad line of incontinence care products as well as infant diapers. To learn more, visit www.domtar.com.

We have two reportable segments as described below, which also represent our two operating segments. Each reportable segment offers different products and services and requires different manufacturing processes, technology and/or marketing strategies. The following summary briefly describes the operations included in each of our reportable segments.

Pulp and Paper: Our Pulp and Paper segment consists of the design, manufacturing, marketing and distribution of communication, specialty and packaging papers, as well as softwood, fluff and hardwood market pulp.

Personal Care: Our Personal Care segment consists of the design, manufacturing, marketing and distribution of absorbent hygiene products.

HIGHLIGHTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020

- Operating income and net earnings decreased by 83% and 94%, respectively, from the first quarter of 2019
- Sales decreased by 7% from the first quarter of 2019. Net average selling prices for pulp and paper were down from the first quarter of 2019. Our manufactured paper volumes were down while our pulp volumes were up and our Personal Care business had higher volume and favorable mix when compared to the first quarter of 2019
- We repurchased \$59 million of our common stock and paid \$26 million in dividends

FINANCIAL HIGHLIGHTS <i>(In millions of dollars, unless otherwise noted)</i>	Three months ended		Variance	
	March 31, 2020	March 31, 2019	\$	%
Sales	\$ 1,278	\$ 1,376	(98)	-7%
Operating income	19	115	(96)	-83%
Net earnings	5	80	(75)	-94%
Net earnings per common share (in dollars) ¹ :				
Basic	\$ 0.09	\$ 1.27	(1.18)	-93%
Diluted	\$ 0.09	\$ 1.27	(1.18)	-93%
Total assets			At March 31, 2020 \$ 4,833	At December 31, 2019 \$ 4,903
Total long-term debt, including current portion			\$ 1,103	\$ 939

¹ See Note 4 "Earnings per Common Share" of the financial statements in this Quarterly Report on Form 10-Q for more information on the calculation of net earnings per common share.

IMPACT OF THE COVID-19 PANDEMIC

With the unprecedented and rapid spread of COVID-19 and social distancing measures implemented throughout the world due to the pandemic, we have seen the profound impact this virus is having on human health, the global economy and society in general. We are actively monitoring the impact of COVID-19 on all aspects of our business, including how it will impact our employees, operations, customers, suppliers, liquidity and capital resources.

Our operations are considered to be essential services in the jurisdictions where we operate. Certain of our paper products are used in the testing for COVID-19 as well as for personal protection medical gowns, and our personal care products are essential to the daily lives of consumers. All of our operating sites were in operation throughout the three months ended March 31, 2020. However, demand for our paper has declined significantly since the beginning of April, largely due to work-from-home rules and the overall economic slowdown. The length and severity of the reduction in paper demand is uncertain; at the current time, we expect the adverse impact to continue through the second quarter of 2020. Beyond the second quarter of 2020, paper demand will depend largely on when, and the extent to which, work-from-home reduces and on the timing of the return to normal global economic activities.

Effects from COVID-19 began for us at the end of the first quarter but were not material to the three-month's results ended March 31, 2020. April shipments of paper were lower by approximately 35% when compared to the first quarter monthly average. Our April average selling price for paper decreased when compared to the average selling price for the first quarter of 2020. As a result of the decrease in demand, on April 6, 2020 we announced the temporary idling of 144,000 tons of capacity, and on April 27, 2020 we announced the temporary idling of a further 83,000 tons of capacity. These measures removed approximately 227,000 tons of our 2020 production capacity. At this point, these measures are expected to maintain inventory at appropriate levels. For more information on these announced temporary idlings, refer to Note 17 "Subsequent Events" of the financial statements in this Quarterly Report on Form 10-Q. We continue to monitor market demand and are prepared to further reduce capacity if necessary.

Our pulp shipments were steady in the three months ended March 31, 2020 despite some logistical challenges and a major shutdown of operations in China due to COVID-19. We experienced good demand from our North American consumer tissue customers, and we expect overall demand in the second quarter to remain strong, particularly in China as the Chinese government continues to reopen the economy. Although we are experiencing higher than normal demand, mostly due to tissue and towel sales, we do expect containment measures across Europe and North America to adversely impact certain end-use markets. April shipments of pulp were up when compared to the first quarter monthly average. Our average selling price was slightly up when compared to the average selling price for our first quarter of 2020.

Our Personal care business experienced minimal impacts due to COVID-19 during the three months ended March 31, 2020. At the end of our first quarter and in April, we experienced increased demand across substantially all our products, due to both new customer wins and consumer increases of home inventory levels in response to COVID-19. We expect to see continued strong demand for some of our products from higher usage and the impact from new customer wins, which may be followed later in the year by potential demand softness and volatility as consumers use existing home inventories and as demand returns to more normal levels. The ultimate timing and impact of this demand volatility will depend on the duration and scope of COVID-19, global economic conditions and consumer preferences.

Below we further describe specific impacts and the measures we have taken since March 2020.

Health and Safety of our Employees

The safety of our employees continues to be our primary focus. As COVID-19 has evolved, we have taken numerous steps to protect the health and safety of our employees, including: social distancing, providing personnel protection and thermal scanning, health monitoring, contact tracing and enhanced cleaning measures. In addition, we implemented global travel restrictions and work-from-home policies for employees who have the ability to work remotely.

Operations and Supply Chain

We continue to operate in compliance with the orders and restrictions imposed by government authorities in each of our locations, and we are working with our customers to meet their specific shipment needs. We continue to place a priority on business continuity and contingency planning, including potential extended closures of any key facilities, whether because of government action or workforce disruption, or because of disruptions related to our key suppliers that might arise related to COVID-19. At this point we have experienced only minor disruptions. We actively monitor our supply chain, and we may experience disruptions in our supply chain as the pandemic continues. We cannot reasonably estimate the potential impact or timing of those events, nor can we reasonably estimate our ability to mitigate such impact.

Maintenance and Other Cost Reductions

We completed a review of all planned maintenance spending for 2020. We reduced or delayed spending where feasible, without compromising on safety or regulatory compliance. Our current expectation is to spend between \$445 million and \$455 million in 2020, a reduction of approximately \$40 million compared to our original plan. We also have completed a review of other costs including selling, general and administrative costs. We have suspended virtually all travel and cut discretionary spending, instituted a hiring freeze for vacant positions and cut non-essential projects.

Liquidity and Capital Resources

Subsequent to March 31, 2020, we have taken actions and may take other actions, intended to increase our cash position and preserve financial flexibility in light of the current uncertainty in the global markets. On May 5, 2020, we entered into a five-year \$300 million term loan. We also have suspended our dividend and share buyback program until further notice. In addition, we completed a review of all planned capital expenditures for 2020 and reduced or delayed spending without compromising on safety or regulatory compliance. Our capital expenditures for 2020 are expected to be between \$140 million and \$150 million, a decrease of approximately \$100 million compared to our planned spending.

Government Assistance

The U.S. and Canadian governments have launched several support programs to provide assistance to companies during this COVID-19 pandemic. We are reviewing the details of the various programs to see whether we might qualify.

OUTLOOK

The high degree of uncertainty and volatility day-to-day and the longer term potential impacts of the economic lockdown remain unclear. In Paper, we expect significantly lower demand in the second quarter. We expect demand for softwood and fluff pulp to remain strong in the near-term driven by accelerated growth in tissue and towel, while containment measures across Europe and North America are expected to weigh on certain end-use markets. Personal Care will continue to benefit from higher usage and the impact from new customer wins, but we expect a portion of the demand increase from consumer stock-up may reverse later in the year. Raw material costs are expected to remain stable.

CONSOLIDATED RESULTS OF OPERATIONS AND SEGMENT REVIEW

This section presents a discussion and analysis of our first quarter of 2020 and 2019 sales, operating income (loss) and other information relevant to the understanding of our results of operations.

ANALYSIS OF NET SALES

By Business Segment

	Three months ended			
	March 31, 2020	March 31, 2019	Variance	
			\$	%
Pulp and Paper	\$ 1,031	\$ 1,157	(126)	-11%
Personal Care	266	239	27	11%
Total for reportable segments	1,297	1,396	(99)	-7%
Intersegment sales	(19)	(20)	1	
Consolidated	1,278	1,376	(98)	-7%

Shipments

Paper - manufactured (in thousands of ST)	679	736	(57)	-8%
Communication Papers	569	615	(46)	-7%
Specialty and Packaging	110	121	(11)	-9%
Paper - sourced from third parties (in thousands of ST)	22	23	(1)	-4%
Paper - total (in thousands of ST)	701	759	(58)	-8%
Pulp (in thousands of ADMT)	389	349	40	11%

ANALYSIS OF CHANGES IN SALES

	First quarter of 2020 versus First quarter of 2019				Total
	% Change in Net Sales due to				
	Net Price	Volume / Mix	Currency		
Pulp and Paper	-8%	-3%	-%		-11%
Personal Care	-%	13%	-2%		11%
Consolidated sales	-6%	-1%	-%		-7%

ANALYSIS OF OPERATING INCOME (LOSS)

By Business Segment	Three months ended			
	March 31, 2020	March 31, 2019	Variance	
			\$	%
Operating income (loss)		(a)		
Pulp and Paper	\$ 4	\$ 144	(140)	-97%
Personal Care	20	(8)	28	350%
Corporate	(5)	(21)	16	76%
Consolidated operating income	19	115	(96)	-83%

(a) Includes a closure and restructuring charge and accelerated depreciation under Impairment of long-lived assets related to our announced margin improvement plan within our Personal Care segment of \$4 million and \$10 million, respectively.

First quarter of 2020 versus First quarter of 2019

	\$ Change in Segmented Operating Income (Loss) due to								Total
	Volume/Mix	Net Price	Input Costs (a)	Operating Expenses (b)	Currency	Depreciation/Impairment (c)	Restructuring (d)	Other Income/Expense (e)	
Pulp and Paper	(9)	(87)	18	(64)	2	—	—	—	(140)
Personal Care	6	—	9	(1)	(1)	11	4	—	28
Corporate	—	—	—	19	—	—	—	(3)	16
Consolidated operating income (loss)	(3)	(87)	27	(46)	1	11	4	(3)	(96)

- (a) Includes raw materials (such as fiber, chemicals, nonwovens and super absorbent polymers) and energy costs.
- (b) Includes maintenance, freight costs, selling, general and administrative (“SG&A”) expenses and other costs.
- (c) Depreciation charges were lower by \$1 million in the first quarter of 2020, excluding foreign currency impact and there were no accelerated depreciation charges. In the first quarter of 2019, we recorded \$10 million of accelerated depreciation under Impairment of long-lived assets related to our margin improvement plan in our Personal Care segment.
- (d) There were no restructuring charges in the first quarter of 2020. We recorded \$3 million of severance and termination costs and a \$1 million write-down of inventory under Closure and restructuring costs in the first quarter of 2019 related to our announced margin improvement plan within the Personal Care segment.
- (e) First quarter of 2020 operating expenses/income includes: First quarter of 2019 operating expenses/income includes:

- Environmental provision (\$1 million)
- Environmental- Foreign currency loss on working capital items (\$1 million) provision (\$1- Other income (\$3 million) million)
- Bad debt expense (\$4 million)
- Foreign currency gain on working capital items (\$2 million)
- Other income (\$1 million)

Commentary – First quarter of 2020 compared to First quarter of 2019

Interest Expense, net

We incurred \$14 million of net interest expense in the first quarter of 2020 compared to net interest expense of \$13 million in the first quarter of 2019. The net interest expense was impacted by an increase in borrowings under the revolving credit facility.

Income Taxes

In the first quarter of 2020, our income tax expense was \$3 million, consisting of \$2 million of current income tax expense and a deferred income tax expense of \$1 million. This compares to an income tax expense of \$24 million in the first quarter of 2019, consisting of \$27 million of current income tax expense and a deferred income tax benefit of \$3 million. We received income tax refunds, net of income tax payments, of \$25 million during the first quarter of 2020. The effective tax rate was 33% compared with an effective tax rate of 23% in the first quarter of 2019. The effective tax rate for 2020 was impacted by an increase in the valuation allowance related to the expected realization of certain U.S. state tax credits. The effective tax rate for the first quarter of 2019 was impacted by the inclusion of additional forecasted tax expense for 2019 for Global Intangible Low-taxed Income and for forecasted withholding tax on unremitted foreign earnings. The effective tax rate for the first quarter of 2019 was also favorably impacted by the recognition of a \$1 million research and development credit in a U.S. state.

Commentary – Segment Review

Pulp and Paper Segment

EAM’s results of operations, previously reported under our Personal Care segment, are now presented under our Pulp and Paper segment with no significant impact on our segments results. Prior period segment results have been restated to the new segment presentation.

Sales in our Pulp and Paper segment decreased by \$126 million, or 11%, when compared to sales in the first quarter of 2019. This decrease in sales is mostly due to a decrease in net average selling prices for pulp and paper as well as a decrease in our paper sales volumes. This decrease was partially offset by an increase in our pulp sales volumes.

Operating income in our Pulp and Paper segment amounted to \$4 million in the first quarter of 2020, a decrease of \$140 million, when compared to operating income of \$144 million in the first quarter of 2019. Our results were negatively impacted by:

- Lower net average selling prices for pulp and paper (\$87 million)
- Higher operating expenses (\$64 million) mostly related to higher maintenance costs due to the timing of major maintenance as well as lower production, partially offset by lower freight costs when compared to the first quarter of 2019
- Lower volume and mix (\$9 million)

These decreases were partially offset by:

- Lower input costs (\$18 million) mostly related to lower costs of fiber due to weather-related wood supply shortage in the first quarter of 2019
- Positive impact of a weaker Canadian dollar on our Canadian dollar denominated expenses, net of our hedging program (\$2 million)

Purchase of Appvion Point of Sale Business

On February 14, 2020, we entered into an asset purchase agreement with Appvion Operations, Inc. to acquire their Point of Sale paper business. The transaction was completed on April 27, 2020. The asset purchase agreement includes the coater and related equipment located only at the West Carrollton, Ohio, facility as well as a license for all corresponding intellectual property.

Paper Machine Idling

On April 6, 2020, we announced the temporary idling of the operations of our Kingsport, Tennessee mill and the A62 paper machine at our Ashdown, Arkansas mill for three months in response to the unforeseeable business conditions created by the COVID-19 pandemic.

On April 27, 2020, we further announced the temporary idling of the operations of our Hawesville, Kentucky mill beginning May 5th, 2020. We expect to restart the H1 paper machine in June 2020, while the H2 paper machine will remain idle until July 2020.

The temporary shutdowns will reduce our uncoated freesheet paper production capacity by approximately 227,000 short tons. As a result, we laid off approximately 304 employees at our Kingsport mill, 142 employees at our Ashdown mill and 400 employees at our Hawesville mill.

Economic conditions and uncertainties

The markets in which our pulp and paper business operate are highly competitive with well-established domestic and foreign manufacturers. Most of our products are commodities that are widely available from other producers as well. Because commodity products have few distinguishing qualities from producer to producer, competition for these products is based primarily on price, which is determined by supply relative to demand. We also compete on the basis of product quality, breadth of offering and service solutions. Further, we compete against electronic transmission and document storage alternatives. As a result of such competition, we are experiencing ongoing decreasing demand for most of our existing paper products. In addition, current global economic conditions are highly volatile due to the COVID-19 pandemic, resulting in both market size contractions in certain countries due to economic slowdowns and government restrictions on movement.

The pulp market is highly fragmented with many manufacturers competing worldwide. Competition is primarily on the basis of access to low-cost wood fiber, product quality and competitively priced pulp products.

The high degree of uncertainty and volatility day-to-day and the longer term potential impacts of the economic lockdown remain unclear. In Paper, we expect significantly lower demand in the second quarter. We expect demand for softwood and fluff pulp to remain strong in the near-term driven by accelerated growth in tissue and towel, while certain containment measures across Europe and North America are expected to weigh on certain end-use markets. Raw material costs are expected to remain stable.

Personal Care Segment

Sales in our Personal Care segment increased by \$27 million, or 11%, when compared to sales in the first quarter of 2019. This increase in sales was driven by higher volume and favorable mix and partially offset by unfavorable foreign currency exchange, mostly due to the fluctuation between the U.S dollar and the Euro.

Operating income increased by \$28 million, or 350%, in the first quarter of 2020 compared to the first quarter of 2019. Our results were positively impacted by:

- Lower depreciation/impairment charges (\$11 million) mostly due to the non-cash impairment of long-lived assets charge of \$10 million recorded in the first quarter of 2019, related to our margin improvement plan
- Lower input costs mostly due to lower raw materials pricing (\$9 million)
- Higher volume and favorable mix (\$6 million)
- Lower closure and restructuring charges (\$4 million) due to our 2019 margin improvement plan

These increases were partially offset by:

- Unfavorable foreign exchange impact, net of our hedging program (\$1 million)
- Higher operating expenses (\$1 million)

Economic conditions and uncertainties

In our absorbent hygiene products business, we compete in an industry with fundamental drivers for long-term growth; however, competitive market pressures in the healthcare and retail markets have grown significantly in recent years.

While we are expected to benefit from the overall increase in healthcare spending due to an aging population, the pressures to limit spending on healthcare may impact overall consumption or the channels in which consumption occurs. Additionally, excess industry capacity has increased pricing pressure in all markets and instigated a shift in the infant and adult private label retail space as competitors that were historically almost absent in our markets have increased their presence in such markets.

The principal levers of competition remain brand loyalty, product innovation, quality, price and marketing and distribution capabilities.

Personal Care will continue to benefit from higher usage and the impact from new customer wins, but we expect a portion of the demand increase from consumer stock-up may reverse later in the year.

Margin Improvement Plan

On November 1, 2018, we announced a margin improvement plan within our Personal Care Division. As part of this plan, our Board of Directors approved the permanent closure of our Waco, Texas manufacturing and distribution facility, the relocation of certain of our manufacturing assets and a workforce reduction across the division. The Waco, Texas facility ceased operations during the second quarter of 2019.

For the three months ended March 31, 2019, we recorded \$10 million of accelerated depreciation under Impairment of long-lived assets on the Consolidated Statement of Earnings and Comprehensive Income (Loss). We also recorded \$3 million of severance and termination costs and \$1 million of write-down of inventory under Closure and restructuring costs.

STOCK-BASED COMPENSATION EXPENSE

For the first quarter of 2020, stock-based compensation income recognized in our results of operations was \$3 million for all outstanding awards which includes the mark-to-market recovery related to liability awards of \$7 million. This compares to a stock-based compensation expense of \$16 million for all outstanding awards which includes the mark-to-market expense related to liability awards of \$12 million in the first quarter of 2019. Compensation costs for performance awards are based on management's best estimate of the final performance measurement.

LIQUIDITY AND CAPITAL RESOURCES

Our principal cash requirements are for ongoing operating costs, pension contributions, working capital and capital expenditures, as well as principal and interest payments on our debt and income tax payments. We expect to fund our liquidity needs primarily with internally generated funds from our operations and, to the extent necessary, through borrowings under our contractually committed \$700 million credit facility, of which \$480 million is currently undrawn and available, or through our \$150 million receivables securitization facility, of which \$11 million is currently undrawn and available. Under adverse market conditions, there can be no assurance that these agreements would be available or sufficient. See "Capital Resources" below.

Our ability to make payments on the requirements mentioned above will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our credit and receivable securitization facilities and debt indentures impose various restrictions and covenants on us that could limit our ability to respond to market conditions, to provide for unanticipated capital investments or to take advantage of business opportunities.

A portion of our cash is held outside the U.S. by foreign subsidiaries. The earnings of the foreign subsidiaries reflect full provision for local income taxes. The U.S. Tax Reform includes a mandatory one-time tax on accumulated earnings of foreign subsidiaries for which we recorded a provisional repatriation tax amount of \$46 million in 2017 and adjusted by \$7 million in 2018. After completing our evaluation of the U.S. Tax Reform's impact on the business operations, we have determined that we are no longer indefinitely reinvested in these undistributed foreign earnings as well as foreign earnings after December 31, 2017. We remain indefinitely reinvested in the outside basis differences of our foreign subsidiaries.

Operating Activities

Our operating cash flow requirements are primarily for salaries and benefits, the purchase of raw materials, including fiber and energy, and other expenses such as income tax and property taxes.

Cash flows from operating activities totaled \$88 million in the first quarter of 2020, a \$33 million increase compared to cash flows from operating activities of \$55 million in the first quarter of 2019. This increase in cash flows from operating activities is primarily due to a decrease in cash flow from working capital requirements, partially offset by a decrease in profitability in the first quarter of 2020 when compared to the first quarter of 2019. We received income tax refunds, net of payments, of \$25 million during the first quarter of 2020 compared to income tax payments, net of refunds, of \$6 million in the first quarter of 2019.

Investing Activities

Cash flows used for investing activities in the first quarter of 2020 amounted to \$62 million, a \$16 million increase compared to cash flows used for investing activities of \$46 million in the first quarter of 2019.

The use of cash in the first quarter of 2020 was attributable to additions to property, plant and equipment of \$62 million.

The use of cash in the first quarter of 2019 was attributable to additions to property, plant and equipment of \$46 million.

Our capital expenditures for 2020 are expected to be between \$140 million and \$150 million.

Financing Activities

Cash flows provided from financing activities totaled \$67 million in the first quarter of 2020 compared to cash flows used for financing activities of \$25 million in the first quarter of 2019.

In the first quarter of 2020, we increased our net proceeds from borrowings under our credit facilities (revolver and receivables securitization) (\$165 million). This was partially offset by the use of cash primarily due to the repurchase of our common stock (\$59 million) and dividend payments (\$26 million).

The use of cash in the first quarter of 2019 was primarily the result of dividend payments (\$27 million).

Capital Resources

Net indebtedness, consisting of long-term debt, net of cash and cash equivalents, was \$951 million as of March 31, 2020 compared to \$887 million as of December 31, 2019.

Revolving Credit Facility

In August 2018, we amended and restated our unsecured \$700 million revolving credit facility (the "Credit Agreement") with certain domestic and foreign banks, extending the Credit Agreement's maturity date from August 18, 2021 to August 22, 2023.

Borrowings by the Company under the Credit Agreement are guaranteed by our significant domestic subsidiaries. Borrowings by certain foreign subsidiaries under the Credit Agreement are guaranteed by the Company, our significant domestic subsidiaries and certain of our significant foreign subsidiaries.

Borrowings under the Credit Agreement bear interest at LIBOR, EURIBOR, Canadian bankers' acceptance or prime rate, as applicable, plus a margin linked to our credit rating. In addition, we pay facility fees quarterly at rates dependent on our credit ratings. The Financial Conduct Authority in the United Kingdom plans to phase out LIBOR by the end of 2021. We do not anticipate a significant impact to our financial position from the planned phase out of LIBOR.

The Credit Agreement contains customary covenants and events of default for transactions of this type, including two financial covenants: (i) an interest coverage ratio, as defined in the Credit Agreement, that must be maintained at a level of not less than 3 to 1 and (ii) a leverage ratio, as defined in the Credit Agreement, that must be maintained at a level of not greater than 3.75 to 1 (or 4.00 to 1 upon the occurrence of certain qualifying material acquisitions). At March 31, 2020 and March 31, 2019, we were in compliance with these financial covenants, and borrowings under the Credit Agreement amounted to \$220 million (March 31, 2019 – nil). At March 31, 2020 and March 31, 2019, our interest coverage ratio was 9.3 and 14.8, respectively, and our leverage ratio was 2.1 and 1.1, respectively. At March 31, 2020 and March 31, 2019, we had no outstanding letters of credit, leaving \$480 million unused and available under this facility.

Receivables Securitization

We have a \$150 million receivables securitization facility that matures in November 2021 .

At March 31, 2020, borrowings under the receivables securitization facility amounted to \$80 million, and we had \$50 million of letters of credit under the program (March 31, 2019 – \$50 million and \$53 million, respectively). The program contains certain termination events, which include, but are not limited to, matters related to receivable performance, certain defaults occurring under the Credit Agreement or our failure to repay or satisfy material obligations. At March 31, 2020, we had \$11 million unused and available under the receivable securitization facility.

Common Stock

On February 18, 2020, our Board of Directors approved a quarterly dividend of \$0.455 per share, to be paid to holders of our common stock. Total dividends of approximately \$25 million were paid on April 15, 2020 to shareholders of record on April 2, 2020.

Recent Financing Actions

Subsequent to March 31, 2020, we have taken actions and may continue to take actions intended to increase our cash position and preserve financial flexibility in light of current uncertainty in the global markets.

On May 5, 2020, we entered into a \$300 million new Term Loan Agreement that matures on May 5, 2025. The Term Loan Agreement was fully drawn down at closing, 2020. We are using borrowings under the Term Loan Agreement to repay other debt, to pay related fees and expenses and to add to cash reserves. For more information, refer to Note 17 “Subsequent Events” of the financial statements in this Quarterly Report on Form 10-Q for more information on the new Term Loan Agreement.

We have suspended our capital return program; including the company’s stock repurchase program and the suspension of our regular quarterly dividend. Our Board of Directors will continue to evaluate our capital return program based upon customary considerations, including market conditions.

GUARANTEES

Indemnifications

In the normal course of business, we offer indemnifications relating to the sale of our businesses and real estate. In general, these indemnifications may relate to claims from past business operations, the failure to abide by covenants and the breach of representations and warranties included in sales agreements. Typically, such representations and warranties relate to taxation, environmental, product and employee matters. The terms of these indemnification agreements are generally for an unlimited period of time. At March 31, 2020, we were unable to estimate the potential maximum liabilities for these types of indemnification guarantees as the amounts are contingent upon the outcome of future events, the nature and likelihood of which cannot be reasonably estimated at this time. Accordingly, no provision has been recorded. These indemnifications have not yielded significant expenses in the past.

Pension Plans

We have indemnified and held harmless the trustees of our pension funds, and the respective officers, directors, employees and agents of such trustees, from any and all costs and expenses arising out of the performance of their obligations under the relevant trust agreements, including in respect of their reliance on authorized instructions from us or for failing to act in the absence of authorized instructions. These indemnifications survive the termination of such agreements. At March 31, 2020, we have not recorded a liability associated with these indemnifications, as we do not expect to make any payments pertaining to these indemnifications.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 2 “Recent Accounting Pronouncements,” of the financial statements in this Quarterly Report on Form 10-Q.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions and choices amongst acceptable accounting methods that affect our reported results of operations and financial position. Critical accounting estimates pertain to matters that contain a significant level of management estimates about future events, encompass the most complex and subjective judgments and are subject to a fair degree of measurement uncertainty. On an ongoing basis, management reviews its estimates, including those related to environmental matters and asset retirement obligations, impairment and useful lives of long-lived assets, closure and restructuring costs, intangible assets

impairment, pension and other post-retirement benefit plans, income taxes and contingencies related to legal claims. These critical accounting estimates and policies have been reviewed with the Audit Committee of our Board of Directors. We believe these accounting policies, and others, should be reviewed as they are essential to understanding our results of operations, cash flows and financial condition. Actual results could differ from those estimates.

For more details on critical accounting policies, refer to our Annual Report on Form 10-K for the year ended December 31, 2019.

There has not been any material change to our policies since December 31, 2019. For more details, refer to Note 2 “Recent Accounting Pronouncements” of the financial statements in this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

The information included in this Quarterly Report on Form 10-Q contains forward-looking statements relating to trends in, or representing management’s beliefs about, Domtar Corporation’s future growth, results of operations, performance, liquidity and business prospects and opportunities. These forward-looking statements are generally denoted by the use of words such as “anticipate”, “believe”, “expect”, “intend”, “aim”, “target”, “plan”, “continue”, “estimate”, “project”, “may”, “will”, “should” and similar expressions. These statements reflect management’s current beliefs and are based on information currently available to management. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from historical results or those anticipated. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will occur, or if any occurs, what effect they will have on Domtar Corporation’s results of operations or financial condition. These factors include, but are not limited to:

- continued decline in usage of fine paper products in our core North American market;
- our ability to implement our business diversification initiatives, including repurposing of assets and strategic acquisitions;
- product selling prices;
- raw material prices, including wood fiber, chemical and energy;
- conditions in the global capital and credit markets, and the economy generally, particularly in the U.S., Canada and Europe;
- performance of our manufacturing operations, including unexpected maintenance requirements;
- the level of competition from domestic and foreign producers;
- cyberattack or other security breaches;
- the effect of, or change in, forestry, land use, environmental and other governmental regulations and accounting regulations;
- the effect of weather and the risk of loss from fires, floods, windstorms, hurricanes and other natural disasters;
- transportation costs;
- the loss of current customers or the inability to obtain new customers;
- legal proceedings;
- changes in asset valuations, including impairment of long-lived assets, inventory, accounts receivable or other assets for impairment or other reasons;
- changes in currency exchange rates, particularly the relative value of the U.S. dollar to the Canadian dollar and European currencies;
- the effect of timing of retirements and changes in the market price of Domtar Corporation’s common stock on charges for stock-based compensation;
- performance of pension fund investments and related derivatives, if any;
- a material disruption in our supply chain, manufacturing or distribution operations such as public health crises that impact trade or the general economy, including COVID-19 and other viruses, diseases or illnesses; and
- the other factors described under “Risk Factors”, in item 1A of our Annual Report on Form 10-K, for the year ended December 31, 2019.

You are cautioned not to unduly rely on such forward-looking statements, which speak only as of the date made, when evaluating the information presented in this Quarterly Report on Form 10-Q. Unless specifically required by law, Domtar Corporation disclaims any obligation to update or revise these forward-looking statements to reflect new events or circumstances.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Information relating to quantitative and qualitative disclosure about market risk is contained in our Annual Report on Form 10-K for the year ended December 31, 2019. Except for the addition of “Equity Risk”, there has not been any material change in our exposure to market risk since December 31, 2019. A full discussion on Quantitative and Qualitative Disclosure about Market Risk, is found in Note 3 “Derivatives and Hedging Activities and Fair Value Measurement,” of the financial statements in this Quarterly Report on Form 10-Q.

EQUITY RISK

We are exposed to changes in share price with regard to our stock-based compensation program. We manage our exposure through the use of derivative instruments such as equity swap contracts. In March 2020, we entered into a total return swap agreement covering 500,000 common shares maturing on March 4, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports under the Securities and Exchange Act of 1934, as amended (“Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of March 31, 2019, an evaluation was performed by members of management, at the direction and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2019, our disclosure controls and procedures were effective.

Change in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting during the period covered by this report.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 14 “Commitments and Contingencies” of the financial statements in this Quarterly Report on Form 10-Q for the discussion regarding legal proceedings.

For a description of previously reported legal proceedings refer to Part I, Item 3, “Legal Proceedings,” of our Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 1A. RISK FACTORS

Our Annual Report on Form 10-K for the year ended December 31, 2019, contains important risk factors that could cause our actual results to differ materially from those projected in any forward-looking statement. Except as stated below, there were no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2019.

A global pandemic (or any disease outbreak, including epidemics, pandemics, or similar widespread public health concerns such as the recent COVID-19 pandemic) could have a material adverse effect on the Company's business operations, results of operations, cash flows and financial position

The Company's business may be negatively impacted by the fear of exposure to or actual effects of a disease outbreak, epidemic, pandemic, or similar widespread public health concern, such as travel restrictions or recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine. These impacts include, but are not limited to:

- Significant reductions in demand or significant volatility in demand for one or more of the Company's products, which may be caused by, among other things: the temporary inability of consumers to purchase the Company's products due to illness, quarantine or other travel restrictions, financial hardship, shifts in demand away from one or more of our more discretionary or higher priced products to lower priced products or use of alternatives, stockpiling or similar pantry-loading activity; if prolonged, such impacts can further increase the difficulty of planning for operations and may adversely impact the Company's results;
- Inability to meet the Company's customers' needs and achieve cost targets due to disruptions in the Company's manufacturing and supply arrangements caused by constrained workforce capacity or the loss or disruption of other essential manufacturing and supply elements such as raw materials or other finished product components, transportation, or other manufacturing and distribution capability;
- Failure of third parties on which the Company rely, including the Company's suppliers, distributors, contractors or commercial banks, to meet their obligations to the Company, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties and may adversely impact the Company's operations; or
- Significant changes in the political conditions in the markets in which the Company's manufacture, sell or distribute its products, including quarantines, import/export restrictions, price controls, or governmental or regulatory actions, closures or other restrictions that limit or close the Company's operating and manufacturing facilities, restrict the Company's employees' ability to travel or perform necessary business functions, or otherwise prevent the Company's suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution and sale of the Company's products, which could adversely impact the Company's results.

Despite the Company's efforts to manage and remedy these impacts to the Company, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak as well as third-party actions taken to contain its spread and mitigate its public health effects.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share repurchase activity under our share repurchase program was as follows during the three-month period ended March 31, 2020:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs (in 000s)
January 1 through January 31, 2020	172,087	\$ 35.15	172,087	\$ 396,992
February 1 through February 29, 2020	1,490,376	\$ 33.14	1,490,376	\$ 347,601
March 1 through March 31, 2020	135,843	\$ 29.45	135,843	\$ 343,601
	<u>1,798,306</u>	\$ 33.05	<u>1,798,306</u>	

During the first quarter of 2020, we repurchased 1,798,306 shares at an average price of \$33.05 per share, for a total cost of \$59 million under our stock repurchase program (the "Program"). As of March 31, 2020, we have \$344 million of remaining availability under our Program. The Program may be suspended, modified or discontinued at any time and we have no obligation to repurchase any amount of our common stock under the Program. The Program has no set expiration date. We repurchase our common stock, from time to time, in part to reduce the dilutive effects of our stock options and awards and to improve shareholders' returns. The timing and amount of stock repurchases will depend on a variety of factors, including market conditions, availability under the program as well as corporate and regulatory considerations. All shares repurchased are recorded as Treasury stock on the Consolidated Balance Sheets under the par value method at \$0.01 per share.

During the first quarter of 2019, there were no shares repurchased under the Program.

Due to the unprecedented market conditions and uncertainty caused by the COVID-19 pandemic, we have suspended our capital return program; including the Company's stock repurchase program, in order to preserve cash and provide additional flexibility in the current environment. Our Board of Directors will continue to evaluate our capital return program based upon customary considerations, including market conditions.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by reference to:		
		Form	Exhibit	Filing Date
10.1	Term Loan Agreement, dated as of May 5, 2020, among Domtar Corporation, as borrower, the lenders party thereto and Cobank, ACB, a farm credit bank, as agent			
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
32.2	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH	Inline XBRL Taxonomy Extension Schema			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase			
101.PRE	Inline XBRL Extension Presentation Linkbase			
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)			

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

DOMTAR CORPORATION

Date: May 8, 2020

By: /s/ Daniel Buron
Daniel Buron
Senior Vice-President and Chief Financial Officer

By: /s/ Razvan L. Theodoru
Razvan L. Theodoru
Vice-President, Corporate Law and Secretary

TERM LOAN AGREEMENT

dated as of May 5, 2020

among

DOMTAR CORPORATION,
as Borrower,

The Lenders from Time to Time Parties Hereto,

and

COBANK, ACB,
as Administrative Agent

COBANK, ACB
as Lead Arranger and Bookrunner

and

AMERICAN AGCREDIT, PCA
as Syndication Agent

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TERM LOAN AGREEMENT (this “Agreement”), dated as of May 5, 2020, among DOMTAR CORPORATION, a Delaware corporation (the “Borrower”), the banks and other financial institutions or entities from time to time parties to this Agreement (the “Lenders”) and COBANK, ACB, as Administrative Agent.

WITNESSETH:

WHEREAS, the Borrower has requested that the Lenders provide a \$300,000,000 term loan credit facility.

WHEREAS, subject to the terms and conditions of this Agreement, the Lenders are willing to establish the requested term loan credit facility in favor of the Borrower;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

“ABR”: for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Eurodollar Rate that would be calculated as of such day (or, if such day is not a Business Day, as of the next preceding Business Day) in respect of a proposed Eurodollar Loan with a one-month Interest Period plus 1.0%; provided that for the purpose of this definition, the Eurodollar Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month interest period, the Interpolated LIBO Rate) at approximately 11:00 a.m. London time on such day. Any change in the ABR due to a change in the Prime Rate, the NYFRB Rate or such Eurodollar Rate shall be effective as of the opening of business on the day of such change in the Prime Rate, the NYFRB Rate or such Eurodollar Rate, respectively. If the ABR is being used as an alternate rate of interest pursuant to Section 2.15, then ABR shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the ABR shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“ABR Loans”: Loans the rate of interest applicable to which is based upon the ABR.

“Adjusted Leverage Ratio Period”: as defined in Section 7.1.

“Administrative Agent”: CoBank, as the administrative agent for the Lenders under this Agreement and the other Loan Documents and its respective successors appointed under Section 9.9.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate”: as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Agents”: the collective reference to the Syndication Agent and the Administrative Agent.

“Agent Indemnitee”: as defined in Section 10.5.

“Agreement”: as defined in the preamble hereto.

“AML Legislation”: as defined in Section 10.20.

“Anti-Corruption Laws”: the United States Foreign Corrupt Practices Act of 1977, the Corruption of Foreign Public Officials Act (Canada) and the UK Bribery Act, in each case, as amended.

“Applicable Margin”: for ABR Loans and for Eurodollar Loans, the applicable rate per annum set forth in the pricing grid below:

Level	Corporate Rating	Applicable Margin for Eurodollar Loans	Applicable Margin for ABR Loans
I	≥ Baa3/BBB-	2.50%	1.50%
II	Ba1/BB+	3.00%	2.00%
III	≤ Ba2/BB	3.50%	2.50%

“Corporate Rating” is the public, corporate credit rating of the Borrower or, if no such rating is available, the rating for the senior, unsecured, long-term indebtedness for borrowed money of the Borrower. For purposes of the foregoing, (i) if either Moody’s or S&P shall not have in effect a Corporate Rating (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Level III; (ii) if the Corporate Ratings established or deemed to have been established by Moody’s and S&P shall fall within different Levels, the pricing shall be based on the higher of the two ratings unless one of the two ratings is two or more Levels lower than the other, in which case the pricing shall be determined by reference to the Level next below that of the higher of the two ratings; and (iii) if the Corporate Rating established or deemed to have been established by Moody’s or S&P shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Borrower to the Administrative Agent and the Lenders. Each change in pricing shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, or if either such rating agency shall cease to be in the business of assigning corporate ratings, the Borrower and the Lenders shall negotiate in good faith to amend this pricing grid to reflect such changed rating system or the unavailability of such ratings from such rating agency and, pending the effectiveness of any such amendment, the pricing shall be determined by reference to the rating most recently in effect prior to such change or cessation.

“Applicable Party”: as defined in Section 9.11(c).

“Approved Electronic Platform”: as defined in Section 9.11(a).

“Assignee”: as defined in Section 10.6(c).

“Assignment and Assumption”: an Assignment and Assumption, substantially in the form of Exhibit C.

“Assignor”: as defined in Section 10.6(c).

“Bail-In Action”: the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation”: (a) with respect to any EEA Member Country implementing Article 55 of the Bank Recovery and Resolution Directive, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank Recovery and Resolution Directive”: Directive 2014/59/EU of the European Parliament and of the Council of the European Union.

“Bankruptcy Event”: with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of any court of competent jurisdiction or from the enforcement of judgments or writs of attachment or execution on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the Eurodollar Rate for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the Eurodollar Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Eurodollar Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or

determining such spread adjustment, for the replacement of the Eurodollar Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar- denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “ABR,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the Eurodollar Rate:

in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the Eurodollar Rate permanently or indefinitely ceases to provide the Eurodollar Rate; or

in the case of clause (c) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the Eurodollar Rate:

a public statement or publication of information by or on behalf of the administrator of the Eurodollar Rate announcing that such administrator has ceased or will cease to provide the Eurodollar Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Eurodollar Rate;

a public statement or publication of information by the regulatory supervisor for the administrator of the Eurodollar Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the Eurodollar Rate, a resolution authority with jurisdiction over the administrator for the Eurodollar Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Eurodollar Rate, which states that the administrator of the Eurodollar Rate has ceased or will cease to provide the Eurodollar Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Eurodollar Rate; or

a public statement or publication of information by the regulatory supervisor for the administrator of the Eurodollar Rate announcing that the Eurodollar Rate is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected

date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Eurodollar Rate and solely to the extent that Eurodollar Rate has not been replaced with a Benchmark Replacement, the period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the Eurodollar Rate for all purposes hereunder in accordance with Section 2.15(c) and (b) ending at the time that a Benchmark Replacement has replaced the Eurodollar Rate for all purposes hereunder pursuant to Section 2.15(c).

“Beneficial Ownership Certification”: a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation”: 31 C.F.R. § 1010.230.

“Benefit Plan”: any of (a) an “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Board”: the Board of Governors of the Federal Reserve System of the United States (or any successor).

“Borrower”: as defined in the preamble hereto.

“Business Day”: a day other than a Saturday, Sunday or other day on which commercial banks in New York City, Toronto, Montreal or Denver, Colorado are authorized or required by law to close, provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the London interbank eurodollar market.

“Canadian Benefit Plans”: all material employee benefit plans or arrangements subject to Canadian law or regulation maintained or contributed to by the Borrower or any of its Subsidiaries that are not Canadian Pension Plans, including all profit sharing, savings, supplemental retirement, retiring allowance, severance, pension, deferred compensation, welfare, bonus, incentive compensation, phantom stock and all life, health, dental and disability plans and arrangements in which the employees or former employees of the Borrower or any of its Subsidiaries participate or are eligible to participate but excluding all stock option or stock purchase plans.

“Canadian Pension Plans”: all plans or arrangements which are considered to be pension plans for the purposes of any applicable pension benefits standards statute or regulation in Canada established, maintained or contributed to by the Borrower or any of its Subsidiaries for their employees or former employees.

“Capital Lease Obligations”: as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or

a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the amount in respect thereof which at such time would in accordance with GAAP be included on such balance sheet.

“Capital Stock”: any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“Cash Equivalents”: (a) marketable direct obligations issued or unconditionally guaranteed by the United States, Canada, the United Kingdom, France, Germany, The Netherlands, Switzerland or any other member of the European Union, or any state, province or agency of any thereof, maturing within one year from the date of acquisition thereof, (b) commercial paper or other short term securities maturing no more than one year from the date of acquisition thereof and currently having a rating not lower than A-2 by S&P, P-2 by Moody’s or R-1 (low) from Dominion Bond Rating Service Inc. (“DBRS”), (c) certificates of deposit, term deposits or bankers’ acceptances, maturing no more than one year from the date of acquisition thereof, issued (i) by commercial banks incorporated under the laws of, or carrying on business in, the United States, Canada, the United Kingdom, France, Germany, The Netherlands, Switzerland or any other member of the European Union and having a senior unsecured rating not lower than A- by S&P, A3 by Moody’s or A (low) from DBRS or the equivalent thereof by a nationally recognized rating agency or (ii) by any of the Lenders or by parent banks of the Lenders or the respective branches of either, (d) repurchase obligations of any Lender or of any commercial bank, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States Government or any agency or instrumentality thereof, (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, province, commonwealth or territory of the United States or Canada, by any political subdivision or taxing authority of any such state, province, commonwealth or territory or by any foreign government, the securities of which state, province, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated not lower A- by S&P or the equivalent rating by another nationally recognized rating agency, (f) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank or an Affiliate thereof that is rated not lower A- by S&P or the equivalent rating by another nationally recognized rating agency, (g) other marketable securities with maturities of one year or less from the date of acquisition and at the time of acquisition having a rating not lower than A- by S&P, A3 by Moody’s or A (low) from DBRS or the equivalent thereof by a nationally recognized rating agency and (h) mutual funds that invest solely in one or more of the investments described in clauses (a) through (g) above.

“Change of Control”: (a) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”)) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have “beneficial ownership” of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 40% of the outstanding common stock of the Borrower (or its successor by merger, consolidation or purchase of all or substantially all of its assets) (for the purposes of this clause, such person or group shall be deemed to beneficially own any outstanding common stock of the Borrower held by a parent entity, if such person or group “beneficially owns” (as defined above), directly or indirectly, more than 40% of the voting power of the outstanding common stock of such parent entity); or (b) the first day on which a majority of the members of the board of directors of the Borrower are not Continuing Directors; or (c) the Borrower shall cease to own and control, of record and beneficially, directly or indirectly, 100% of the Capital Stock of the Borrower or any of its permitted successors or assigns in accordance with Section 7.3; or (d) the 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 assets of the Borrower and its Material Subsidiaries taken as a whole to any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act); or (e) the Borrower consolidates with, or merges with or into, any person, or any person consolidates with, or merges with or into, the Borrower, in any such event pursuant to a transaction in which any of the outstanding common stock of the Borrower is converted into or exchanged for cash, securities or other property, other than any such transaction where the outstanding common stock of the Borrower outstanding immediately prior to such transaction is converted into or exchanged for outstanding common stock of the surviving or transferee Person constituting a majority of the outstanding shares of such outstanding common stock of such surviving or transferee person immediately after giving effect to such issuance; or (f) the adoption by the stockholders of the Borrower of a plan or proposal for the liquidation or dissolution of the Borrower.

“Closing Date”: the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied.

“CoBank”: CoBank, ACB, and its successors.

“CoBank Equities”: as defined in Section 10.21(a).

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Commonly Controlled Entity”: an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

“Communications”: collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to Section 9.11, including through an Approved Electronic Platform.

“Compliance Certificate”: a certificate duly executed by a Responsible Officer substantially in the form of Exhibit A.

“Confidential Information Memorandum”: the Confidential Information Memorandum dated April 2020 and furnished to certain Lenders.

“Consolidated Assets”: with respect to any Person, the total of all assets appearing (in conformity with GAAP) on the consolidated balance sheet of such Person and its Subsidiaries.

“Consolidated Cash Interest Coverage Ratio”: for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Cash Interest Expense for such period.

“Consolidated Cash Interest Expense”: for any period for the Borrower, Consolidated Interest Expense for such period, excluding any portion thereof not required to be paid in cash on a current basis.

“Consolidated EBITDA”: for any period, the sum of the following, calculated for the Borrower and its Subsidiaries on a consolidated basis (excluding the proportionate consolidation of any Non-Recourse Joint Venture): (a) Consolidated Net Income for such period including, to the extent not so included in the determination of Consolidated Net Income, any cash dividends received from any Non-

Recourse Joint Venture, plus (b) (i) all amounts treated as expenses for depreciation, interest and other financing expense (it being understood and agreed that acquisition related expenses may be amortized over a period of up to five years) and (ii) non-cash charges of any kind to the extent included in the determination of such Consolidated Net Income, plus (c) any loss (or minus any gain) associated with the sale of assets not in the ordinary course of business, to the extent included in the determination of Consolidated Net Income, plus (d) any non-cash provisions for reserves of discontinued or restructured operations, to the extent included in the determination of Consolidated Net Income, plus (e) all accrued taxes on or measured by income to the extent included in the determination of such Consolidated Net Income, plus (f) any non-cash Statement of Financial Accounting Standards No. 133 loss (or minus any income) related to hedging activities, to the extent included in the determination of Consolidated Net Income, plus (g) any non-cash compensation charge arising from any grant of stock, stock options, or other equity-based awards, to the extent included in the determination of Consolidated Net Income, plus (h) any cash or non-cash acquisition-related expenses that would have previously been capitalized under Statement of Financial Accounting Standards No. 141 - Business Combinations, provided, however, that (x) Consolidated Net Income shall be computed for these purposes without giving effect to unusual, extraordinary or specified cash gains or losses or non-recurring or specified non-cash items and (y) cash payments made in such period or in any future period in respect of such non-cash items or the non-cash provisions described in clauses (b) (ii) and (d) above shall be subtracted from Consolidated Net Income in calculating Consolidated EBITDA in the period during which such cash payments are made, and provided, further, that there can be excluded from the determination of Consolidated EBITDA cash restructuring or rationalization charges, expenses or payments in an aggregate amount not to exceed \$100,000,000 during the term of this Agreement; provided, further, that Consolidated EBITDA shall be calculated without regard to any non-service components of net periodic benefit cost.

For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a “Reference Period”) pursuant to any determination of the Consolidated Leverage Ratio, (i) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period and (ii) if during such Reference Period the Borrower or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, “Material Acquisition” means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by the Borrower and its Subsidiaries in excess of \$25,000,000; and “Material Disposition” means any Disposition of property or series of related Dispositions of property that (A) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a person and (B) yields gross proceeds to the Borrower or any of its Subsidiaries in excess of \$25,000,000.

“Consolidated Interest Expense”: for any period for the Borrower, interest expense (whether cash or non-cash), net of short-term interest income, of the Borrower and its Subsidiaries on a consolidated basis (excluding (a) the proportionate consolidation of any Non-Recourse Joint Venture and (b) non-interest financing expense such as prepayment premiums, fees and the like) for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including in the calculation thereof (i) with respect to letters of credit and bankers’ acceptance financings, all commissions, discounts and other fees and charges related thereto and (ii) any net payments made or received (to the extent the accrual of the interest expense or income giving rise to such payment has not been allocated to a prior

period), or to be made or to be received, by the Borrower or any of its Subsidiaries under Hedge Agreements in respect of interest rates to the extent such net payments are allocable to such period in accordance with GAAP).

“Consolidated Leverage Ratio”: as at the last day of any period of four fiscal quarters, the ratio of (a) the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries at such date (excluding the face amount of undrawn letters of credit and excluding Guarantee Obligations to the extent not due), determined on a consolidated basis in accordance with GAAP, calculated net of the amount of cash and Cash Equivalents in excess of \$50,000,000, that, in each case, would (in conformity with GAAP) be set forth on a consolidated balance sheet of the Borrower and its Subsidiaries for such date to (b) Consolidated EBITDA for such period.

“Consolidated Net Income”: for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

“Consolidated Net Tangible Assets”: with respect to any Person, the total of all assets appearing on the most recent consolidated balance sheet of such Person, less the sum of the following amounts appearing on such consolidated balance sheet:

- (a) amounts, if any, at which goodwill, trademarks, trade names, copyrights, patents and other similar intangible assets (other than timber licenses) and unamortized stock or debt commission, discount, expense and premium shall appear as assets;
 - (b) all amounts at which investments in Persons which are not being consolidated shall appear on such consolidated balance sheet as assets;
 - (c) the amount of all liabilities appearing on such consolidated balance sheet as current liabilities; and
 - (d) any minority interest appearing on such consolidated balance sheet;
- all as determined on a consolidated basis in accordance with GAAP as in effect from time to time.

“Continuing Directors”: the directors of the Borrower elected as of the Closing Date and each other director, if, in each case, such other director’s nomination for election to the board of directors of the Borrower is recommended by at least 51% of the Continuing Directors.

“Contractual Obligation”: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party and by which it or any of its property is bound.

“Covered Liabilities”: as defined in Section 10.21.

“Credit Party”: the Administrative Agent or any Lender.

“DDHI”: Domtar Delaware Holdings Inc., a Delaware corporation.

“DDHI FSHCo Condition”: DDHI has no Indebtedness or other material obligations payable to any Person other than a Global Group Member or a Governmental Authority.

“Default”: any of the events specified in Section 8, whether or not any requirement hereunder or, in the case of Sections 8(f) and (g), under any document governing any Material Indebtedness, for the giving of notice, the lapse of time, or both, has been satisfied.

“Defaulting Lender”: any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party’s receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event or Bail-In Action, unless, in the case of any Lender referred to in this clause (d), the Borrower and the Administrative Agent shall agree in writing that such Lender intends, and has all approvals required to enable it, to continue to perform its obligations as a Lender hereunder.

“Disposition”: with respect to any property, any sale, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms “Dispose” and “Disposed of” shall have correlative meanings.

“Dollars” and “\$”: dollars in lawful currency of the United States.

“Domestic Subsidiary”: any Subsidiary of the Borrower that is not a Foreign Subsidiary, except that none of (a) any Subsidiary of Domtar Inc., a Canadian corporation, that is organized under the laws of any jurisdiction in the United States, (b) any Person organized under the laws of any jurisdiction in the United States that is owned, directly or indirectly, in whole or in part, by a “controlled foreign corporation” (within the meaning of Section 957 of the Code) and (c) Domtar Funding LLC shall be a Domestic Subsidiary.

“Early Opt-in Election” means the occurrence of:

(a) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 2.15(c), are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the Eurodollar Rate, and

(b) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“EEA Financial Institution”: (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition and is subject to the supervision of an EEA Resolution Authority, or (c) any institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision of an EEA Resolution Authority with its parent.

“EEA Member Country”: any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority”: any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee”: a bank, savings and loan association or other similar savings institution, insurance company, investment fund or company or other entity that makes, purchases, holds or otherwise invests in commercial loans and similar extensions of credit in the ordinary course of its business. For the avoidance of doubt, natural persons, Defaulting Lenders, the Borrower and affiliates of the Borrower shall not be Eligible Assignees. By becoming a party to this Agreement or accepting the benefits of this Agreement, each Lender and Participant represents to the Borrower and the Administrative Agent that it is one of the foregoing entities, that it is participating hereunder as a Lender or Participant for such commercial purposes, and that it has the knowledge and experience to be and is capable of evaluating the merits and risks of being a Lender or Participant hereunder.

“Environmental Activity”: any activity, event or circumstance in respect of Hazardous Materials, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation or its release into the natural environment including movement through or in the air, soil, subsoil, surface water or groundwater.

“Environmental Laws”: any and all laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment (but excluding workers’ safety except as it may be affected by exposure to harmful substances), as now or may at any time hereafter be in effect.

“Environmental Liability”: any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) the violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Environmental Permits”: any and all permits, licenses, approvals, registrations, notifications, exemptions and any other authorization required under any applicable Environmental Law.

“ERISA”: the Employee Retirement Income Security Act of 1974, as amended from time to time.

“EU Bail-In Legislation Schedule”: the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Eurocurrency Reserve Requirements”: a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Eurodollar Rate, for eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D). Such reserve percentage shall include those imposed pursuant to Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Eurodollar Base Rate”: with respect to any Eurodollar Loan for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such interest period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, as set forth in Section 2.15) (the “LIBO Screen Rate”) at approximately 11:00 A.M., London time, two Business Days prior to the commencement of such Interest Period (“LIBO”); provided, that, if the LIBO Screen Rate shall not be available at such time for such Interest Period (an “Impacted LIBO Interest Period”) with respect to Dollars, then the Eurodollar Base Rate shall be the Interpolated LIBO Rate at such time; provided, further that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. “Interpolated LIBO Rate” means, at any time, for any interest period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period for which the LIBO Screen Rate is available in U.S. Dollars) that is shorter than the Impacted LIBO Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available in U.S. Dollars) that exceeds the Impacted LIBO Interest Period, in each case, at such time; provided, that, if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Eurodollar Loans”: Loans denominated in Dollars the rate of interest applicable to which is based upon the Eurodollar Rate.

“Eurodollar Rate”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the Eurodollar Base Rate for such Interest Period multiplied by (b) the Eurocurrency Reserve Requirements.

“Event of Default”: any of the events specified in Section 8, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Excluded Liability”: any liability that is excluded under the Bail-In Legislation or Article 44 of the Bank Recovery and Resolution Directive from the scope of any Bail-In Action.

“Excluded Taxes”: with respect to any payment by any Loan Party under any Loan Document, any of the following: (i) Taxes imposed on the net worth, the capital or the net income of the Administrative Agent or any Lender, (ii) franchise Taxes, branch profits Taxes and Taxes on doing business imposed on the Administrative Agent or any Lender (a) by the jurisdiction under the laws of which the Administrative Agent or such Lender, applicable Lending Office, branch or affiliate is organized or is located, or in which its principal executive office is located, or any nation within which such jurisdiction is located or any political subdivision thereof; or (b) as a result of a present or former connection between the Administrative Agent or such Lender, its applicable Lending Office, branch or

affiliates thereof and the jurisdiction of the Governmental Authority imposing such Tax or any nation within which such jurisdiction is located or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received payment under, received or perfected a security interest under, or enforced, any Loan Document), (iii) any United States withholding Taxes resulting from any Requirement of Law in effect on the date the Administrative Agent or a Lender becomes a party to this Agreement (or any Loan Document), except to the extent that additional amounts were payable pursuant to Section 2.18 to the Administrative Agent's or such Lender's assignor (if any) immediately before the Administrative Agent or such Lender became a party to this Agreement (or any Loan Document), (iv) Taxes attributable to the failure of the Administrative Agent or such Lender to comply with Section 2.18(f) and (v) Taxes arising under FATCA.

"Existing Revolver Credit Agreement": that certain Third Amended and Restated Credit Agreement dated as of August 22, 2018 by and among the Borrower, the Initial Canadian Borrowers (as defined therein), the Initial Spanish Borrower (as defined therein), the Initial Swedish Borrower (as defined therein), additional borrowers from time to time party thereto, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the other agents party thereto.

"Farm Credit Lender": a federally-chartered Farm Credit System lending institution organized under the Farm Credit Act of 1971, as the same may be amended or supplemented from time to time.

"FATCA": Sections 1471 through 1474 of the Code (effective as of the date of this Agreement, and any amendment or successor provisions that are substantively comparable), any regulations thereunder or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, any intergovernmental agreement entered into in connection with any of the foregoing and any laws, fiscal or regulatory legislation, rules, guidance notes or practices adopted pursuant to any such intergovernmental agreement.

"Federal District Court": as defined in Section 10.12(a).

"Federal Funds Effective Rate": for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depository institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding business day by the NYFRB as the federal funds effective rate; provided, that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Fee Letter" that certain letter agreement between the Borrower and the Administrative Agent dated as of April 16, 2020.

"Foreign Lender": any Lender that is not a US Person.

"Foreign Subsidiary": any Subsidiary of the Borrower which is organized or incorporated and existing under the laws of any jurisdiction outside of the United States of America or that is a Foreign Subsidiary Holdco.

"Foreign Subsidiary Holdco": any Subsidiary, so long as such Subsidiary has no material assets other than securities of one or more Foreign Subsidiaries and Indebtedness issued by such Foreign Subsidiaries (or Subsidiaries thereof), and other assets relating to an ownership interest in any such securities, Indebtedness or Subsidiaries, provided that, at any time when the DDHI FSHCo Condition is satisfied, DDHI may also own and hold Cash Equivalents and/or Indebtedness of any Global Group Members (together, the "DDHI Permitted Assets") and still qualify as a Foreign Subsidiary Holdco for all

purposes of this Agreement, provided further that if at any time when DDHI shall own DDHI Permitted Assets the DDHI FSHCo Condition is not satisfied, the Borrower shall have up to three Business Days from such time to get back into compliance with the DDHI FSHCo Condition. If the Borrower does not get back into compliance with the DDHI FSHCo Condition within such three Business Day period, DDHI shall be required to either (x) divest itself of any DDHI Permitted Assets (including by transferring them to one or more Subsidiaries) or (y) execute and deliver an assumption agreement to the Guarantee Agreement in order to become a Subsidiary Guarantor.

“Funding Office”: the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the relevant Lenders.

“GAAP”: generally accepted accounting principles in effect in the United States at the time any calculation or determination is made or required to be made in accordance with generally accepted accounting principles, applied in a consistent manner from period to period.

“Global Group Members”: the collective reference to the Borrower and its Subsidiaries.

“Governmental Authority”: any nation or government, any federal, provincial, state, territorial, municipal or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization of generally recognized authority (including the National Association of Insurance Commissioners and any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee Agreement”: the Guarantee Agreement to be executed and delivered by each Subsidiary Guarantor, substantially in the form of Exhibit D.

“Guarantee Obligation”: as to any Person (the “guaranteeing person”), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness (the “primary obligations”) of any other third Person (the “primary obligor”) in any manner, whether directly or indirectly, including any such obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person’s maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

“Hazardous Materials”: all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, urea-formaldehyde insulation, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any applicable Environmental Law.

“Hedge Agreements”: all interest rate swaps, caps or collar agreements or similar arrangements dealing with interest rates, currency exchange rates or commodity prices or the exchange of nominal interest obligations, either generally or under specific contingencies.

“Incremental Term Loan”: as defined in Section 2.20(a).

“Indebtedness”: of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property (other than trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments or bankers’ acceptances, (d) all Capital Lease Obligations of such Person, (e) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of letters of credit, (f) in the case of any Subsidiary, the liquidation value of all its mandatorily redeemable preferred Capital Stock, (g) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (f) above, (h) all obligations of the kind referred to in clauses (a) through (g) above secured by any Lien on property (including accounts and contract rights) owned by such Person, but, for the avoidance of doubt, excluding any securitization of accounts receivable that is permitted by this Agreement whether or not such Person has assumed or become liable for the payment of such obligation (which obligations under this clause (h) shall be valued at the lesser of (1) the fair market value of such property and (2) the amount of the applicable obligations), and (i) for the purposes of Sections 8(f) and (g) only, all obligations of such Person in respect of Hedge Agreements. The Indebtedness of any Person shall (x) exclude deferred taxes, (y) exclude any securitization of accounts receivable that is permitted by this Agreement and (z) include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

“Indemnified Taxes”: any Taxes other than (a) Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document or (b) Other Taxes.

“Insignificant Subsidiary”: any Subsidiary of the Borrower designated by the Borrower as such, provided that at the time of any such designation the following conditions are satisfied:

- (i) the amount of assets of all Insignificant Subsidiaries (after intercompany eliminations) appearing on a consolidated balance sheet of the Borrower and its Subsidiaries shall not exceed at any time 5.0% of Consolidated Assets of the Borrower and its Subsidiaries as of the last day of the most recently completed period of four fiscal quarters of the Borrower;
- (ii) the Total Sales of all Insignificant Subsidiaries (after intercompany eliminations) shall not exceed at any time 5.0% of the Total Sales of the Borrower and its Subsidiaries for the most recently completed period of four fiscal quarters of the Borrower;
- (iii) the amount of assets of such Insignificant Subsidiary (after intercompany eliminations) appearing on a consolidated balance sheet of the Borrower and its Subsidiaries does not exceed

at any time 1.0% of Consolidated Assets of the Borrower and its Subsidiaries as of the last day of the most recently completed period of four fiscal quarters of the Borrower; and

(iv) the Total Sales of such Insignificant Subsidiary (after intercompany eliminations) shall not exceed at any time 1.0% of the Total Sales of the Borrower and its Subsidiaries for the most recently completed period of four fiscal quarters of the Borrower;

provided, further, that if, as of the last day of any four fiscal quarter period, (X) the conditions in clauses (i) or (ii) above are not satisfied (determined by reference to the consolidated financial statements of the Borrower and its Subsidiaries for such period), within 10 Business Days after delivery of the financial statements for the most recently completed fiscal quarter under Section 6.1 (or, if such financial statements were not delivered when due, within 10 Business Days after the due date specified in Section 6.1), the Borrower shall, by written notice to the Administrative Agent, remove the designation of one more Insignificant Subsidiaries as such (as selected by the Borrower in its sole discretion) such that following such removal the conditions in clauses (i) and (ii) above are satisfied and (Y) any Subsidiary then designated as an Insignificant Subsidiary no longer satisfies the conditions in clauses (iii) or (iv) above (determined by reference to the consolidated financial statements of the Borrower and its Subsidiaries for such period), such Subsidiary shall automatically cease to be an Insignificant Subsidiary 10 Business Days after delivery of the financial statements for the most recently completed fiscal quarter under Section 6.1 (or, if such financial statements were not delivered when due, within 10 Business Days after the due date specified in Section 6.1). Notwithstanding anything to the contrary in this definition, no Subsidiary of the Borrower that guarantees \$25,000,000 or more of Indebtedness of the Borrower or any of its Subsidiaries in the aggregate principal amount at any time outstanding may be an Insignificant Subsidiary.

“Insolvency”: with respect to any Multiemployer Plan, the condition that such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA.

“Insolvency Laws”: any of Title 11 of the United States Code entitled “Bankruptcy”, the *Bankruptcy and Insolvency Act* (Canada) and the *Companies’ Creditors Arrangement Act* (Canada), each as now and hereafter in effect, any successors to such statutes and any other applicable insolvency or other similar law of any jurisdiction including, without limitation, any law of any jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

“Interest Payment Date”: (a) as to any ABR Loan, the last Business Day of each fiscal quarter to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (d) as to any Loan, the date of any repayment or prepayment made in respect thereof (but only in respect of the portion of such Loan so repaid or prepaid).

“Interest Period”: as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six months (or, with the consent of each affected Lender) twelve months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period that would extend beyond the Termination Date; and

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

“IRS”: the United States Internal Revenue Service.

“Lender Affiliate”: (a) any Affiliate of any Lender, (b) any Person that is administered or managed by any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (c) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such Lender or investment advisor.

“Lenders”: as defined in the preamble hereto; provided, that unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Assignee.

“Lending Office”: as to each Lender, the office (or Affiliate) specified as its “Lending Office” in the administrative questionnaire or other relevant document delivered to the Administrative Agent or in an Assignment and Assumption, as the case may be, or such other office (or Affiliate) as may be designated by such Lender by written notice to the Borrower and the Administrative Agent.

“Lien”: any mortgage, pledge, hypothecation, deposit arrangement securing an obligation, encumbrance, lien (statutory or other) or charge on or other security interest in any property or any preference, priority or other security agreement or similar preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing) that has the practical effect of creating security for an obligation.

“Loan”: any loan made by any Lender pursuant to this Agreement.

“Loan Documents”: this Agreement, the Guarantee Agreement and the Notes; when used in relation to any Person, the term “Loan Documents” means the Loan Documents executed and delivered by such Person.

“Loan Parties”: the Borrower and the Subsidiary Guarantors.

“Material Acquisition”: as defined in the definition of “Consolidated EBITDA”.

“Material Adverse Effect”: a material adverse effect on (a) the business, property, operations or financial condition of the Borrower and its Subsidiaries taken as a whole (except as disclosed in the most recent annual reports and any intervening quarterly or other reports of the Borrower or Domtar Inc. filed with the SEC or otherwise made publicly available by the Borrower and delivered to the Administrative

Agent and the Lenders prior to the Closing Date) or (b) the validity or enforceability of this Agreement or any Note or the Loan Documents taken as a whole, or the rights and remedies of the Administrative Agent and the Lenders thereunder.

“Material Indebtedness”: any Indebtedness (other than the Loans), including, for purposes of Sections 8(f) and (g) only, obligations in respect of any Hedge Agreement, of any of the Borrower or its Subsidiaries in a principal amount exceeding \$80,000,000, but excluding any Indebtedness owing to the Borrower or any Subsidiary. For purposes of determining Material Indebtedness, the principal amount of the obligations of the Borrower or any Subsidiary in respect of any Hedge Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedge Agreement were terminated at such time.

“Material Subsidiary”: any Subsidiary of the Borrower having assets representing 10% or more of the Consolidated Assets (after intercompany eliminations) of the Borrower or accounting for 10% or more of the Consolidated EBITDA (after intercompany eliminations) thereof for the most recently completed period of four fiscal quarters of the Borrower at any time and each Subsidiary of the Borrower so designated by the Borrower by a notice in writing to the Administrative Agent.

“Maximum CoBank Equity Amount” means, at any time, the book value at such time of all CoBank Equities that the Borrower then owns. On the date of each equity distribution or purchase, the book value of the CoBank Equities distributed or purchased on such date shall be determined pursuant to the Capital Plan and Bylaws of CoBank then in effect and shall not be subject to subsequent revaluation (e.g., the book value of CoBank Equities distributed on March 15, 2021 shall be determined on March 15, 2021 and shall not be subject to subsequent revaluation and the book value of CoBank Equities distributed on March 15, 2022 shall be determined on March 15, 2022 and shall not be subject to subsequent revaluation). The aggregate book value of all CoBank Equities that the Borrower owns shall be determined by totaling the book values of all such CoBank Equities as determined pursuant to the foregoing sentence.

“Moody’s”: Moody’s Investor Service, Inc. and its successors.

“Multiemployer Plan”: a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“New Lender”: as defined in Section 2.20(b).

“New York Courts”: as defined in Section 10.12(a).

“New York Supreme Court”: as defined in Section 10.12(a).

“Non-Recourse Joint Venture”: any joint venture of the Borrower or any of its Subsidiaries (a) that is not otherwise a Subsidiary of the Borrower or such Subsidiary, (b) in respect of whose financial obligations neither the Borrower nor any of its Subsidiaries has, by contract or otherwise, any liability, direct or indirect, absolute or contingent and (c) for which proportionate consolidation is required under GAAP in the consolidated financial statements of the Borrower and its Subsidiaries.

“Notes”: the collective reference to any promissory note evidencing Loans.

“NYFRB”: the Federal Reserve Bank of New York.

“NYFRB Rate”: for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Obligations”: as to the Borrower, the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Administrative Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise.

“Other Taxes”: any present or future stamp, court, documentary, recording, filing or similar excise Taxes that arise from the execution, delivery, enforcement or registration of, or from the registration, receipt or perfection of a security interest under, any Loan Document.

“Overnight Bank Funding Rate”: for any day, the rate comprised of both overnight federal funds and overnight Eurodollar Base Rate borrowings by U.S. managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

“Participant”: as defined in Section 10.6(b).

“Participant Register”: as defined in Section 10.6(b).

“Patriot Act”: as defined in Section 10.20.

“PBGC”: the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

“Permitted Encumbrances”:

(a) Liens imposed by law for Taxes that are not yet due, that have not yet become enforceable or that are being contested in compliance with Section 6.4;

(b) other Liens arising by operation of law (including, without limitation, carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s, construction, workers’ and other like Liens) arising in the ordinary course of business and securing obligations that are not overdue by more than 60 days or are being contested in good faith by appropriate proceedings and for which the Borrower or any of its Subsidiaries has set aside on its books adequate reserves with respect thereto in accordance with GAAP;

- (c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance, employers' health tax and other social security benefits or regulations or other insurance related obligations (including, without limitation, pledges or deposits or other Liens securing liability to insurance carriers under insurance or self-insurance arrangements);
- (d) pledges and deposits to secure the performance of bids, trade contracts, obligations for utilities, leases, statutory obligations, surety and appeal bonds, performance bonds, judgment and like bonds, replevin and similar bonds and other obligations of a like nature, in each case in the ordinary course of business;
- (e) zoning restrictions, easements, restrictions, servitudes, rights-of-way, restrictions on the use of property and similar encumbrances on real or immovable property imposed by law or arising in the ordinary course of business that do not materially interfere with the ordinary conduct of business, of the Borrower and its Subsidiaries, taken as a whole;
- (f) imperfections in title on real or immovable property, whether arising by law or contract, that do not materially impair the ability of the Borrower and its Subsidiaries, taken as a whole, to carry on their business;
- (g) the rights reserved to or vested in any Person by the terms of any lease, license, franchise, grant or permit held by the Borrower or any of its Subsidiaries or by any statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;
- (h) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;
- (i) restrictive covenants affecting the use to which real or immovable property may be put, provided, that such covenants are complied with in all material respects and do not materially impair its use in the operations of the Borrower and its Subsidiaries;
- (j) Liens of landlords or of mortgagees of landlords arising by operation of law or pursuant to the terms of real property leases, provided, that the rental payments secured thereby are not yet due and payable;
- (k) Liens arising by reason of any judgment, decree or order of any court or other Governmental Authority that are being diligently contested and that do not constitute an Event of Default under Section 8(k); provided, that in the case of any such Lien securing a judgment, decree or order of \$80,000,000 or more, there shall not be any period of 60 consecutive days or more in which such Lien is not discharged or terminated;
- (l) the reservations, exceptions, limitations, provisos and conditions to which any Canadian timber tenures are subject;
- (m) Liens in existence on the Closing Date arising out of title retention, capital leases, acquisition of equipment or similar arrangements;
- (n) Liens in favor of a banking or other financial institution arising as a matter of law or in the ordinary course of business under customary general terms and conditions encumbering deposits or other funds maintained with a financial institution (including the right of set-off) and that are within the

general parameters customary in the banking industry or arising pursuant to such banking institution's general terms and conditions;

(o) Liens on specific items of inventory or other goods and proceeds thereof of any Person securing such Person's obligations in respect of bankers' acceptances or letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business; and

(p) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Plan Asset Regulations": the regulations issued by the United States Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the United States Code of Federal Regulations, as modified by Section 3(42) of ERISA, as the same may be amended from time to time.

"Prime Rate": the prime rate last quoted by the Wall Street Journal.

"PTE": a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Qualifying Material Acquisition": a Material Acquisition, the consideration of which is at least \$250,000,000.

"Register": as defined in Section 10.6(d).

"Regulation D": Regulation D of the Board as in effect from time to time.

"Regulations U and X": Regulation U and Regulation X of the Board as in effect from time to time.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Renewable Energy Investments": collectively, the investments made (or to be made) by the Borrower and its Domestic Subsidiaries to allow its pulp and paper mills to (a) generate power from renewable energy sources (namely, energy conversion systems fueled by biomass) and (b) use the renewable power for their operations.

“Reportable Event”: any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. § 4043.

“Required Lenders”: at any time, the holders of more than 50% of the Total Term Loan Commitments then in effect or, if the Term Loan Commitments have been terminated, the aggregate amount of the Term Loan then outstanding. With respect to any matter requiring the approval of the Required Lenders, it is understood that Voting Participants shall have the voting rights specified in Section 10.6(b) as to such matter.

“Requirement of Law”: as to any Person, the articles of incorporation and bylaws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its material property or to which such Person or any of its material property is subject; provided that any of the foregoing which does not have the force of law is generally complied with by the Person subject thereto.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer”: the chief executive officer, president or chief financial officer of the Borrower, but in any event, with respect to financial matters, the chief financial officer; the vice president, treasury and risk management; or the assistant treasurer of the Borrower.

“S&P”: Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors.

“Sale-Leaseback Transaction”: as defined in Section 7.2. The amount of a Sale-Leaseback Transaction outstanding at any time after the date of the consummation thereof shall be the present value (discounted at a fixed rate per annum determined by the Borrower on the date of such consummation as a reasonable rate for secured obligations with the term of such Sale-Leaseback Transaction for the Borrower) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale-Leaseback Transaction (including any period for which such lease has been extended).

“Sanctioned Country”: at any time, a country, region or territory that is the subject or target of any Sanctions (including, at the time of this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

“Sanctioned Person”: at any time (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury or the U.S. Department of State or, if applicable to the Borrower or its Subsidiaries by reason of laws or regulations imposed, administered or enforced by, the U.S. government, the European Union, any EU member state, Her Majesty’s Treasury of the United Kingdom, or any applicable agency or department of the Canadian government, (b) any Person operating (other than operating pursuant to applicable license(s) authorized by OFAC, another applicable agency of the U.S. government or the Canadian government, or an applicable agency or department of the European Union, EU member state or Her Majesty’s Treasury of the United Kingdom, or whose operation is otherwise permissible pursuant to applicable laws, regulations or directives of the U.S. or Canadian governments, the European Union, any EU member state or Her Majesty’s Treasury of the United Kingdom), organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions”: economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the European Union (or the government of Spain or Sweden), (c) Her Majesty’s Treasury of the United Kingdom or (d) the Canadian government.

“SEC”: the United States Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

“Single Employer Plan”: any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

“Special Purpose Subsidiary”: a Subsidiary of the Borrower that (a) is engaged solely in (x) the business of acquiring, selling, collecting, financing or refinancing receivables (including any thereof constituting or evidenced by chattel paper, instruments or general intangibles), accounts (as defined in the Uniform Commercial Code as in effect in any jurisdiction from time to time) and other accounts, all proceeds thereof and all rights (contractual and other), collateral and other assets relating thereto and (y) any business or activities incidental or related to such business and (b) is designated as a “Special Purpose Subsidiary” by the Borrower.

“Subsidiary”: as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors of such corporation or of the managers of such partnership or other entity having similar functions to the board of directors of a corporation are at the time owned, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Subsidiary Guarantors”: the Wholly-Owned Domestic Subsidiaries of the Borrower, other than any Insignificant Subsidiary, that are party to the Guarantee Agreement.

“Syndication Agent”: means American AgCredit, PCA.

“Taxes”: all present and future taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges of any nature imposed by any Governmental Authority (including, without limitation, income, capital (including large corporations), withholding, consumption, sales, use, transfer, goods and services, harmonized sales or other value-added, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, health, education, business, school, property, local improvement, development, education development and occupation taxes, Canadian Pension Plan and provincial pension plan contributions, employment insurance and workers compensation premiums, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and charges) together with all fines, interest, additions to tax, penalties on or in respect of, or in lieu of or for non-collection of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges.

“Termination Date”: May 5, 2025.

“Term Loan”: as defined in Section 2.1(a).

“Term Loan Commitment”: as to any Lender, the obligation of such Lender to make its portion of the Term Loan in an aggregate principal amount and/or face amount not to exceed the amount set forth under the heading “Term Loan Commitment” opposite such Lender’s name on Schedule 1.1A or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate original amount of the Term Loan Commitments is \$300,000,000.

“Term Loan Percentage”: as to any Lender at any time, the percentage which such Lender’s Term Loan Commitment then constitutes of the Total Term Loan Commitments or, at any time after the Term Loan Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender’s portion of the Term Loan then outstanding constitutes of the aggregate principal amount of the Term Loan then outstanding. Notwithstanding the foregoing, in the case of Section 2.21 when a Defaulting Lender shall exist, Term Loan Percentages shall be determined without regard to any Defaulting Lender’s Term Loan Commitment.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Total Sales”: at any time, all sales then appearing (in conformity with GAAP) under the caption “sales” (or any like caption) on a consolidated statement of earnings of the Borrower and its Subsidiaries.

“Total Term Loan Commitments”: at any time, the aggregate amount of the Term Loan Commitments then in effect.

“Type”: as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“United States” or “US”: the United States of America.

“US Person”: a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“US Tax Compliance Certificate”: as defined in Section 2.18(f)(ii)(B)(3).

“Voting Participant”: as defined in Section 10.6(b).

“Voting Participant Notification”: as defined in Section 10.6(b).

“Wholly-Owned”: as to any Person, a Subsidiary of such Person all of the voting stock of which (other than directors’ qualifying shares required by law and/or other nominal amounts of shares required by applicable law to be held by Persons other than such Person) is owned by such Person directly and/or through other Wholly-Owned Subsidiaries of such Person; provided that notwithstanding the foregoing,

“Wholly-Owned” Subsidiaries of the Borrower shall include (without limitation) the entities listed on Schedule 1.1B hereto.

“Write-Down and Conversion Powers”: means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2. Other Definitional Provisions

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein, and in any certificate or other document made or delivered pursuant hereto, (i) accounting terms relating to the Borrower or any of its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP (provided that, notwithstanding anything to the contrary herein, all accounting or financial terms used herein shall be construed, and all financial computations pursuant hereto shall be made, without giving effect to any election under Accounting Standards Codification 825 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar effect) to value any Indebtedness or other liabilities of any Global Group Member at “fair value”, as defined therein) (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (iii) the word “incur” shall be construed to mean incur, create, issue, assume or become liable in respect of (and the words “incurred” and “incurrence” shall have correlative meanings), (iv) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any

limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

1.3. Time. Time shall be of the essence in all provisions of this Agreement. The Borrower shall be *en demeure* under this Agreement by the mere lapse of time for performing any obligations stipulated hereunder. For the avoidance of doubt, unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable, for times of the day in New York City, New York).

1.4. Changes to GAAP. Unless otherwise expressly provided, all accounting terms used in this Agreement shall be interpreted and all financial information shall be prepared in accordance with GAAP, consistently applied. If any Accounting Changes (as defined below) occur and such changes result in a change in the calculation of the financial covenants, standards or terms used in this Agreement or any other Loan Documents, then at the request of the Borrower or the Administrative Agent on behalf of the Required Lenders, the Borrower, the Administrative Agent and the Lenders shall enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the Borrower and its Subsidiaries' financial condition shall be the same after such Accounting Changes, as if such Accounting Changes had not been made; provided, however, that the agreement of the Required Lenders to any required amendments of such provisions shall be sufficient to bind all the Lenders. "Accounting Changes" means (A) changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC; and (B) changes in accounting principles concurred in by the Borrower's independent chartered or certified public accountants. If no request for negotiations is timely made after delivery of annual financial statements noting any Accounting Changes or the Administrative Agent, the Borrower and the Required Lenders agree upon the required amendments, then after appropriate amendments, if any, have been executed and the underlying Accounting Change with respect thereto has been implemented, any reference to GAAP contained in this Agreement or in any other Loan Document shall, only to the extent of such Accounting Change, refer to GAAP, consistently applied after giving effect to the implementation of such Accounting Change. If the Administrative Agent, the Borrower and the Required Lenders do not agree upon the required amendments within thirty (30) days following the date of implementation of any Accounting Change, then all financial statements delivered and all calculations of financial covenants and other standards and terms in accordance with this Agreement and the other Loan Documents shall be prepared, delivered and made without regard to the underlying Accounting Change.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1. Term Loan

(a) Subject to the terms and conditions hereof, each Lender separately agrees to make a term loan to the Borrower (the "Term Loan"), in a single draw on the Closing Date, in Dollars and in an aggregate principal amount not to exceed the amount of such Lender's Term Loan Commitment. The Term Loan may from time to time be comprised of Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.11. The Term Loan Commitments are not revolving commitments, and the Borrower shall not be entitled to reborrow prepaid amounts of the Term Loan.

(b) The Borrower shall repay principal amounts outstanding on the Term Loan in Dollars in quarterly installments on the last Business Day of each fiscal quarter of the Borrower, commencing as of the end of the first full fiscal quarter occurring after the Closing Date, in an amount per annum equal to

4.0% of the principal amount of the Term Loan on the Closing Date. The Borrower shall repay any amount owing under the Term Loan not previously repaid in Dollars, on the earlier of (x) the Termination Date and (y) the date on which a Change of Control shall occur.

2.2. Procedure for Advance of the Term Loan

The Borrower shall borrow the Term Loan on the Closing Date, provided that, the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., three Business Days prior to the Closing Date, in the case of Eurodollar Loans or one Business Day prior to the Closing Date, in the case of ABR Loans), specifying (i) the amount and Type of the Loans to be borrowed as part of the Term Loan, (ii) the Closing Date, and (iii) in the case of Eurodollar Loans, the length of the initial Interest Period. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Lender. Each Lender will make the amount of its pro rata share of such Term Loan borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, on the Closing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting an account as directed by the Borrower with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

2.3. [Reserved]

2.4. [Reserved]

2.5. [Reserved]

2.6. [Reserved]

2.7. Fees, etc

(a) [Reserved].

(b) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Administrative Agent in the Fee Letter.

2.8. [Reserved]

2.9. Optional Prepayments

(a) The Borrower may at any time and from time to time prepay and Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent, at least three Business Days prior thereto, or, in the case of ABR Loans, prior to noon one Business Day prior thereto, which notice shall specify the date and amount of prepayment, and whether the prepayment is of Eurodollar Loans or ABR Loans; provided, that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.19. Optional prepayments shall be applied as directed by the Borrower.

(b) Upon receipt of any such notice, the Administrative Agent shall promptly notify each Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of ABR Loans) accrued interest to such date on the amount prepaid. Partial prepayments of the Loans shall be in an aggregate principal amount of \$10,000,000 or a whole multiple of \$1,000,000 in excess thereof.

2.10. [Reserved]

2.11. Conversion and Continuation Options

(a) The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent prior irrevocable notice of such election (which notice shall specify the length of the initial Interest Period therefor); provided that no ABR Loan may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Required Lenders have determined in its or their sole discretion not to permit any such conversion (with notice of such determination to be delivered to the Borrower as soon as practicable). The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent prior irrevocable notice of such election; provided that, in each case, any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit any such continuation (with notice of such determination to be delivered to the Borrower as soon as practicable), and provided, further, that (i) if the Borrower shall fail to give any required notice as described above in this paragraph such Eurodollar Loans shall be automatically continued as such with an Interest Period of one month on the last day of such then expiring Interest Period, but only to the extent that such continuation may then be made in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, or (ii) if such continuation is not permitted pursuant to the preceding provisos such Eurodollar Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each Lender thereof.

(c) [Reserved].

(d) [Reserved].

(e) [Reserved].

(f) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election, in each case within the notice period and in the form that would be required under Section 2.2, as the case may be, if the Borrower were requesting a borrowing of the Loans of the Type resulting from such election to be made on the effective date of such election.

(g) For the avoidance of doubt, the conversion or continuation of the Loans as herein provided shall not be deemed to constitute a repayment of existing Loans hereunder or the making of new Loans hereunder.

2.12. Limitations on Interest Periods . Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that no more than an aggregate amount of ten different Interest Periods shall be outstanding at any one time to the Borrower.

2.13. Interest Rates and Payment Dates

(a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such Interest Period plus the Applicable Margin.

(b) [Reserved].

(c) [Reserved].

(d) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(e) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to (A) in the case of any Eurodollar Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2%, (B) in the case of ABR Loans, the rate applicable to ABR Loans plus 2%; and (ii) if all or a portion of any interest payable on any Loan or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans plus 2% (or, in the case of any such other amounts, the rate then applicable to ABR Loans plus 2%), in each case, with respect to clauses (i) and (ii) above, from the date of such non payment until such amount is paid in full (as well after as before judgment).

(f) Interest shall be payable in arrears on each Interest Payment Date. Interest in respect of Loans shall be payable in Dollars.

2.14. Computation of Interest and Fees

(a) (i) Interest on Loans the interest of which is not calculated on the basis of the Prime Rate shall be calculated on the basis of a 360-day year for the actual days elapsed and (ii) interest on ABR Loans, the interest of which is calculated based on the Prime Rate, shall be calculated on the basis of a 365-(or 366; in the case of a leap year) day year for the actual days elapsed. All interest on Loans shall be calculated on a daily basis on the principal amount thereof remaining unpaid. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall, in the absence of manifest error, constitute *prima facie* evidence of the same. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate applicable to it pursuant hereto.

(c) On each date that is a one (1) year anniversary date of the Closing Date (or if such date is not a Business Day, the next succeeding Business Day) (each, a "Reset Date"), the Administrative Agent (i) shall determine the difference (in basis points), if any, between the Reset Date Cost of Funds (as defined below) as of such Reset Date and the Closing Date Cost of Funds (as defined below) and (ii)

thereafter shall promptly notify the Lenders and the Borrower of such difference by delivering a certificate in substantially the form of Exhibit F (or in such other form as is mutually acceptable to the Administrative Agent and the Borrower). With respect to the calculation of interest on the portion of the Term Loan consisting of Eurodollar Loans, the Applicable Margin for each Interest Period shall equal the Applicable Margin as of the Closing Date, increased or decreased, as applicable, by the amount of such difference (in a like amount of basis points), effective from and as of such Reset Date until the earlier of (i) the next succeeding Reset Date and (ii) the Maturity Date for such Term Loans. Notwithstanding anything to the contrary herein or in any other Loan Document, such increase or decrease of the Applicable Margin shall be automatic and shall not require an amendment to this Agreement or the consent of any Lender. As used in this Section 2.14(c):

(i) "Closing Date Cost of Funds" means, as of the Closing Date, -2.0 (i.e., negative 2.0) basis points, which is the amount by which (x) the Floating Note Rate exceeds the (y) the Eurodollar Rate for an Interest Period of one month, in each case determined as of the date that is two (2) Business Days prior to the Closing Date.

(ii) "Floating Note Rate" means, as of any date of determination, the estimated funding cost (not the actual sale price), including standard underwriting fees, for new one (1) -year debt securities issued by The Federal Farm Credit Banks Funding Corporation into the primary market based on market observations on such date indicated at approximately 9:30 a.m., Eastern time; it being understood that such indications represent The Federal Farm Credit Banks Funding Corporation's best estimate of the cost of new debt issuances based on a combination of daily surveys of selected farm credit selling group members (participating bond dealers) and ongoing monitoring of the fixed income markets for actual, recent, primary market issuance by other government-sponsored institutions of similar bonds and notes and pricing within related derivative markets, particularly the interest rate swap market. Historical information on such funding costs is available, for the prior week, on The Federal Farm Credit Banks Funding Corporation's website (http://www.farmcreditfunding.com/ffcb_live/fundingCostIndex.html) under the "Output" tab of the most recent spreadsheet.

(iii) "Reset Date Cost of Funds" means, as of a Reset Date, the amount (in basis points and which amount shall be set forth as a negative number if the amount in the following clause (x) is less than the amount in the following clause (y)), if any, by which (x) the Floating Note Rate differs from (y) the Eurodollar Rate (giving effect to any Benchmark Replacement and any Benchmark Replacement Conforming Changes) for an Interest Period of one month, in each case determined as of the date that is two (2) Business Days prior to such Reset Date.

By way of example, assuming the Closing Date Cost of Funds is 15 basis points, (A) if the Reset Date Cost of Funds as of a Reset Date is 35 basis points, then the Eurodollar Rate for any Interest Period (with respect only to the calculation of interest on Term Loan Advances) shall be increased by 20 basis points commencing from and as of such Reset Date, and (B) if the Reset Date Cost of Funds as of a Reset Date is -5 basis points (i.e., the Floating Note Rate is 5 basis points less than the Eurodollar Rate for an Interest Period of one month, in each case as of such Reset Date), then the Eurodollar Rate for any Interest Period (with respect only to the calculation of interest on Term Loan Advances) shall be decreased by 20 basis points commencing from and as of such Reset Date.

2.15. Inability to Determine Interest Rate . If prior to the first day of any Interest Period:
(a) the Administrative Agent shall have determined (which determination shall, in the absence of manifest error, constitute *prima facie* evidence thereof) that, by reason of circumstances

affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders, each acting reasonably and in good faith, that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as certified by such Lenders, such certification constituting, in the absence of manifest error, *prima facie* evidence thereof) of making or maintaining their affected Loans during such Interest Period, the Administrative Agent shall give teletype or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

(c) Effect of Benchmark Transition Event.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Administrative Agent and the Borrower may amend this Agreement to replace the Eurodollar Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of the Eurodollar Rate with a Benchmark Replacement pursuant to this Section 2.15(c) will occur prior to the applicable Benchmark Transition Start Date.

(ii) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (B) the implementation of any Benchmark Replacement, (C) the effectiveness of any Benchmark Replacement Conforming Changes and (D) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 2.15(c) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest

error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.15(c).

(iv) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Borrowing at the Eurodollar Rate of, conversion to or continuation of Eurodollar Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for an advance of or conversion to ABR Loans. During any Benchmark Unavailability Period, the component of the ABR based upon the Eurodollar Rate will not be used in any determination of ABR.

2.16. Pro Rata Treatment and Payments

(a) The borrowing by the Borrower from the Lenders hereunder and any reduction of the Term Loan Commitments shall be made pro rata according to the Term Loan Percentages of the Lenders.

(b) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Term Loan shall be made to the Lenders on a pro rata basis according to the respective outstanding principal amounts of the Term Loan then held by the Lenders.

(c) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 2:00 P.M., on the due date thereof to the Administrative Agent, for the account of the relevant Lenders, at the Funding Office, in Dollars, and in immediately available funds. Receipt by the Administrative Agent from the Borrower of funds pursuant to this Agreement, as principal, interest, fees or otherwise, shall be deemed to be receipt of such funds by the relevant Lenders. The Administrative Agent shall distribute such payments to the relevant Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(d) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the borrowing date, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate per annum equal to the greater of (x) the daily average Federal Funds Effective Rate and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days after such borrowing date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans, on demand, from the Borrower. Nothing in this paragraph shall

be deemed to relieve any Lender from its obligations to fulfill its Term Loan Commitments in accordance with the provisions hereof or to prejudice any rights which the Borrower has against any Lender as a result of any default by such Lender hereunder.

(e) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the relevant Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to Administrative Agent by the Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon, at a rate per annum equal to the greater of (x) the daily average Federal Funds Effective Rate and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

2.17. Requirements of Law

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made or given subsequent to the date hereof:

(i) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender in connection with this Agreement that is not otherwise included in the determination of the Eurodollar Rate or any other rate of interest hereunder;

(ii) shall subject the Administrative Agent or any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (vi) of the definition of Excluded Taxes or (C) Taxes imposed on net income) on its loans, loan principal, commitments or other obligations, or its deposits, reserves or other liabilities or capital attributable thereto; or

(iii) shall impose on such Lender any other condition (other than a Tax of any kind) in respect of any credit made available by such Lender hereunder or any other condition (other than a Tax of any kind) with respect to this Agreement;

and the result of any of the foregoing is to increase the cost to such Lender (or, in the case of (ii), the Administrative Agent or such Lender), by an amount that such Lender (or, in the case of (ii), the Administrative Agent or such Lender) reasonably deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans (or, in the case of (ii), any Loan) or to reduce any amount receivable hereunder in respect thereof, then, in any such case, (A) such Lender (or, in the case of (ii), the Administrative Agent or such Lender) shall provide to the Borrower a photocopy of the applicable law, rule, guideline, regulation, treaty or official directive and a written notice of such Lender (or, in the case of (ii), the Administrative Agent or such Lender) setting forth any additional amounts such Lender is entitled to claim (the "Additional Compensation") and the basis of calculation therefor, which shall, in the absence of manifest error, constitute *prima facie* evidence of such Additional Compensation, and (B) the Borrower shall promptly pay such Lender (or, in the case of (ii), the Administrative Agent or such Lender), within 30 Business Days of the receipt from such Lender (or,

in the case of (ii), the Administrative Agent or such Lender) of the written notice herein referred to, any additional amounts necessary to compensate such Lender (or, in the case of (ii), the Administrative Agent or such Lender) for such increased cost or reduced amount receivable.

(b) If any Lender shall have reasonably determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or liquidity requirements or in the interpretation or application thereof or compliance by such Lender with any request or directive regarding capital adequacy or liquidity requirements (whether or not having the force of law) from any Governmental Authority, in each case made subsequent to the date hereof or, if later, the date such Lender became a Lender, shall have the effect of reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender would have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy and liquidity) by an amount deemed by such Lender to be material, then from time to time, within 30 Business Days after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, accompanied by a photocopy or an excerpt of the applicable direction, requirement or guidelines and a written notice of such Lender setting forth the reduction rate of return and the basis of calculation of any compensating amount, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in law, regardless of the date enacted, adopted, issued or implemented.

(d) A written notice as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall, in the absence of manifest error, constitute *prima facie* evidence of such additional amount. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement or any other Loan Document and the payment of the Loans and all other amounts payable hereunder.

2.18. Taxes

(a) All payments made by or on account of any Loan Party to the Administrative Agent or any Lender on account of any obligation under any Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes except to the extent such deduction or withholding is required by law. If the applicable withholding agent is required to deduct or withhold any Tax from any such payments then, (i) in the case of any Indemnified Taxes, the amounts so payable by such Loan Party to the Administrative Agent or any Lender shall be increased to the extent necessary such that the Administrative Agent or such Lender shall receive (after deduction or withholding of all Indemnified Taxes, including any Indemnified Taxes payable as a result of additional amounts paid by the relevant Loan Party pursuant to this Section 2.18) interest or any such other amounts payable hereunder at the rates or in the amounts specified in the relevant Loan Document had no such deduction or withholding been made, and (ii) the applicable withholding agent shall deduct or withhold such Taxes and shall remit the full amount deducted or withheld to the relevant Governmental Authority in accordance with any Requirement of Law.

(b) Whenever any Indemnified Taxes or Other Taxes are payable by any Loan Party pursuant to Section 2.18(a) or (c), as promptly as practical thereafter such Loan Party shall send to the

Administrative Agent for its own account or for the account of the relevant Lender a copy of an original official receipt received by such Loan Party showing payment thereof.

(c) The Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(d) The Loan Parties shall jointly and severally indemnify the Administrative Agent and each Lender for any Indemnified Taxes or Other Taxes that (i) the Loan Parties failed to pay as and when required pursuant to Section 2.18(a) or (c) or (ii) in the case of such Taxes other than United States Taxes, are paid by the Administrative Agent or such Lender (including, in each case, in respect of amounts paid or payable under this Section 2.18(d) in respect of such Indemnified Taxes or Other Taxes) and, in each case, any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.18(d) shall be paid within 30 days after the Administrative Agent or such Lender delivers to the applicable Loan Party a certificate stating the amount of any Indemnified Taxes or Other Taxes so paid or payable by such Person and describing the basis for the indemnification claim. Such certificate shall be conclusive of the amount so paid or payable absent manifest error. Such Lender shall also deliver a copy of such certificate to the Administrative Agent.

(e) Each Lender shall severally indemnify the Administrative Agent, within 30 days after demand therefor, for (i) any Indemnified Taxes or Other Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.6(b) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document by the Borrower shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments by the Borrower to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law, published administrative statements of the relevant Governmental Authority or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) the Administrative Agent and any Lender that is a US Person shall deliver to the Borrower and, as the case may be, the Administrative Agent on or prior to the date on which such Lender becomes a party to any Loan Document (and from time to time thereafter upon the reasonable request of the Borrower or, as the case may be, the Administrative Agent), executed originals of IRS Form W-9 (or applicable successor form) certifying that such Lender is exempt from US federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a party to any Loan Document (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or W-8BEN-E (or, in either case, an applicable successor form) establishing an exemption from, or reduction of, US federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E (or, in either case, an applicable successor form) establishing an exemption from, or reduction of, US federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed originals of IRS Form W-8ECI or W-8EXP (or applicable successor form);

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F (a “US Tax Compliance Certificate”) to the effect that (A) such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code and (B) the interest payments in question are not effectively connected with a US trade or business conducted by such Foreign Lender and (y) executed originals of IRS Form W-8BEN or W-8BEN-E (or, in either case, an applicable successor form); or

(4) to the extent a Foreign Lender is not the beneficial owner of the applicable Loan (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), executed originals of IRS Form W-8IMY (or applicable successor form), accompanied by a Form W-8ECI, W-8BEN, W-8BEN-E, US Tax Compliance Certificate, Form W-9 (or other successor forms), and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership (and not a participating Lender) and one or more beneficial owners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a US Tax Compliance Certificate on behalf of each such beneficial owner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a party to any Loan Document (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in US federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to US federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(iv) For purposes of this Section 2.18(f), the term "Lender" shall include the Administrative Agent.

(g) If a Loan Party makes a payment of any additional amounts to the Administrative Agent or any Lender under Section 2.17 or 2.18 and the Administrative Agent or Lender shall become aware that it is entitled to receive a refund or to be granted a credit or relief or remission for or in respect of the amounts so paid by such Loan Party, it shall promptly notify such Loan Party of the availability of such refund, credit, relief or remission and shall, as soon as reasonably practicable after the receipt of a request by such Loan Party, apply for such refund, credit, relief or remission. If the Administrative Agent or any Lender, as applicable, reasonably determines that it has received a refund or been granted a credit, relief or remission as a result of any additional amounts paid by any Loan Party pursuant to Section 2.17 or 2.18, and, in such recipient's opinion such refund amount is both reasonably identifiable and quantifiable by it, it shall pay to such Loan Party an amount equal to such refund, credit, relief or remission (but only to the extent of additional amounts paid under Section 2.17 or this Section 2.18 giving rise to such refund, credit, relief or remission and only to the extent that the Administrative Agent or such Lender, as the case may be, determines acting reasonably and in good faith that it may do so without prejudice to its right, as against the relevant Governmental Authority, to retain such refund), net of all out-of-pocket expenses (including Taxes) of the Administrative Agent or such Lender, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund, credit, relief or

remission). Such Loan Party, upon the request of the Administrative Agent or such Lender, as applicable, shall repay to such Person the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the Administrative Agent or such Lender, as applicable, is required to repay such refund, credit, relief or remission to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the Administrative Agent, any Lender, as applicable, be required to pay any amount to any Loan Party pursuant to this paragraph (g) the payment of which would place the Administrative Agent or such Lender, as applicable, in a less favorable net after-Tax position than such Person would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Administrative Agent, any Lender, as applicable, to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party or any other Person.

(h) Upon the request, and at the expense, of the applicable Loan Party, the Administrative Agent and each Lender to which such Loan Party is required to pay any additional amount pursuant to Section 2.17 or this 2.18, and any Participant in respect of whose participation such payment is required, shall afford such Loan Party the opportunity to participate, as may reasonably be requested by such Loan Party, with the Administrative Agent or such Lender or Participant in contesting the imposition of any cost or Tax giving rise to such payment; provided that (i) the Administrative Agent or such Lender or Participant shall not be required to afford such Loan Party the opportunity to so participate unless such Loan Party shall have paid such additional amounts pursuant to Section 2.17 or 2.18 and (ii) such Loan Party shall reimburse the Administrative Agent or such Lender or Participant for its reasonable legal and accountants' fees and disbursements incurred in contesting the imposition of such cost or Tax; provided, further, that notwithstanding the foregoing neither the Administrative Agent nor any Lender or Participant shall be required to afford a Loan Party the opportunity to participate in contesting the imposition of any Taxes, if in its sole discretion (exercised in good faith) it determines that to do so would have an adverse effect on it.

(i) If a Lender changes its applicable Lending Office (other than pursuant to Section 2.22) and the effect of such change, as of the date of such change, would be to cause the Loan Parties to become obligated to pay any additional amount under Section 2.17 or this Section 2.18, the Loan Parties shall not be obligated to pay any such additional amount, except to the extent that additional amounts were payable pursuant to Section 2.17 or this Section 2.18 to such Lender immediately prior to the designation of a new applicable Lending Office.

(j) The agreements in this Section shall survive the termination of this Agreement or any other Loan Document and the payment of the Loans and all other amounts payable hereunder.

(k) For purposes of determining withholding Taxes imposed under FATCA, from and after the date of this Agreement, the Borrower and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

2.19. Indemnity. The Borrower agrees to indemnify each relevant Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i)

the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section (which certificate shall state the event by reason of which such amounts are payable) submitted to the Borrower by any Lender shall, in the absence of manifest error, constitute *prima facie* evidence thereof. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.20. Additional or Increased Commitments

(a) The Borrower may, at any time and from time to time after the Closing Date, by written notice to the Administrative Agent, elect to request one or more term loans (each an “Incremental Term Loan” and, collectively, the “Incremental Term Loans”), in an aggregate amount not in excess of \$300,000,000. Any such Incremental Term Loan shall be in a minimum amount equal to \$10,000,000, or a whole multiple of \$1,000,000 in excess thereof. Each such notice shall specify the date (each, an “Increased Amount Date”) on which the Borrower proposes that Incremental Term Loan shall be effective, which shall be a date not less than ten Business Days after the date on which such notice is delivered to Administrative Agent; provided, that any Lender offered or approached to provide all or a portion of any Incremental Term Loan may elect or decline, in its sole discretion, to provide the same. Such Incremental Term Loan shall become effective as of such Increased Amount Date; provided, that (1) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such Incremental Term Loan on such Increased Amount Date; (2) the representations and warranties other than the representation and warranty contained in Section 4.5 made by the Borrower herein shall be true and correct in all material respects, on and as of such Increased Amount Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date; (3) any Incremental Term Loan may be offered either on a ratable basis to the Lenders or on a non pro-rata basis to one or more Lenders and/or to other lenders or entities reasonably acceptable to each of the Administrative Agent and the Borrower; (4) the terms of any Incremental Term Loan shall, taken as a whole, be substantially identical, or less favorable, to the lenders making such Incremental Term Loan than the terms applicable to the Term Loan hereunder, including with respect to the use of the proceeds of such Incremental Term Loan being for the purpose set forth in Section 4.16, except that (A) the maturity date of any Incremental Term Loan shall be no earlier than the Termination Date, (B) the interest rate margins and other economic terms, amortization schedule (not exceeding 1% per annum) and prepayment terms applicable to any Incremental Term Loan shall be determined by the Borrower and the lenders thereunder and (C) the foregoing limitation upon the terms of any Incremental Term Loan shall not apply to covenants, amortization schedule or other provisions applicable only to periods after the Termination Date; (5) any New Lender shall be subject to the approval of the Administrative Agent and the Borrower, such approval not to be unreasonably withheld or delayed; (6) such Incremental Term Loan shall be effected pursuant to one or more supplements to this Agreement executed and delivered by the Borrower, the Administrative Agent and one or more New Lenders or existing Lenders; and (7) the Borrower shall deliver or cause to be delivered any customary legal opinions or other documents reasonably requested by Administrative Agent in connection with any such transaction, including any supplements or amendments to the Guarantee Agreement providing for such Incremental Term Loan and the extensions of credit thereunder to be guaranteed thereby.

(b) On any Increased Amount Date on which any Incremental Term Loan becomes effective, subject to the foregoing terms and conditions, each new lender with an additional commitment under the Incremental Term Loan (each, a "New Lender") shall become a Lender hereunder with respect to such commitment.

(c) [Reserved].

(d) [Reserved].

(e) Each supplement to this Agreement effected in accordance with Section 2.20(a) may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.20.

2.21. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the Term Loan Commitments of such Defaulting Lender pursuant to Section 2.7;

(b) the Term Loan Commitments and the portion of the Term Loan held by such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 10.1); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby if such Defaulting Lender is an affected Lender;

(c) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest or otherwise) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable Requirements of Law, be applied at such time or times as may be determined by the Administrative Agent in the following order of priority:

(i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder;

(ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent;

(iii) third, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loans under this Agreement;

(iv) fourth, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and

(v) fifth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction, provided that, with respect to this clause (v), if such payment is (x) a prepayment of the principal amount of any Loans which such Defaulting Lender has funded and (y) made at a time when the conditions set forth in Section 5.2 are satisfied, such payment shall be applied solely to prepay the Term Loan Percentage of the outstanding principal amount of the Loans of each non-Defaulting Lender prior to being applied to the prepayment of the Loans of such Defaulting Lender.

2.22. Change of Lending Office. Each Lender agrees that, upon the occurrence of any event or condition giving rise (or that would upon the passage of time give rise) to the operation of Section 2.17 or 2.18 with respect to such Lender, it will promptly notify the Borrower and the Administrative Agent and, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to mitigate the effects of such condition or event, including by designating another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such efforts do not, in the sole judgment of such Lender, cause such Lender and its lending offices to suffer an unreimbursed cost or a legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.17 or 2.18.

2.23. Replacement of Lenders. If any Lender (a) requests compensation under Section 2.17, or if the Borrower is required to pay any additional amounts to the Administrative Agent on account of any Lender or to any Lender under Section 2.18(a), or (b) becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.6, provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) such assignment does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such assignment, (iii) prior to any such assignment, the Lender being replaced shall have taken no action under Section 2.22 resulting in the elimination of the continued need for payment of amounts owing pursuant to Section 2.17 or 2.18(a), (iv) the assignee shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of assignment, (v) the Borrower shall be jointly and severally liable to such replaced Lender under Section 2.19 if any Eurodollar Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the assignee shall be reasonably satisfactory to the Administrative Agent, (vii) the assigning Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.6, (viii) until such time as such assignment shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.17 or 2.18(a), as the case may be, and (ix) any such assignment shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

SECTION 3. [RESERVED]

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Term Loan, the Borrower hereby represents and warrants to the Administrative Agent and each Lender (which representations and warranties are made as of the Closing Date) that:

4.1. Organization; Powers . The Borrower and each Material Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or incorporation, has all requisite power and authority to carry on its business in all material respects as now conducted and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

4.2. Authorization; Enforceability . This Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law and an implied covenant of good faith and fair dealing and any matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered under this Agreement.

4.3. Governmental Approvals; No Conflicts . The execution, delivery and performance of this Agreement and the other Loan Documents, the borrowings hereunder and the use of the proceeds thereof (a) do not require any Loan Party to obtain, complete or make any consent or approval of, registration or filing with, or any other similar action by, any Governmental Authority, except (i) as set forth on Part A of Schedule 4.3 or (ii) such as have been obtained or made and are in full force and effect, (b) will not violate in any material respect any applicable law or regulation or any order of any Governmental Authority by which it is bound and will not violate the charter, by-laws or other organizational documents of the Borrower or any Material Subsidiary, (c) will not violate or result in a default under any indenture listed on Part B of Schedule 4.3 and any other material indenture, material agreement or other material instrument binding upon the Borrower or any of its Subsidiaries or its assets, or, except as set forth on Part B of Schedule 4.3, give rise to a right thereunder to require any material payment to be made by the Borrower or any of its Subsidiaries, and (d) will not result in or require the creation, imposition or sharing of any Lien on any material asset of the Borrower or any of its Subsidiaries (including pursuant to the "equal and ratable" Lien requirements of any such indenture).

4.4. Financial Condition . The audited consolidated balance sheets of the Borrower as at December 31, 2018 and December 31, 2019, and the related consolidated statements of operations and of cash flows for each of the fiscal years in the two-year period ended December 31, 2019, reported on by and accompanied by an unqualified report from PricewaterhouseCoopers LLP, independent public accountants, present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower as of such dates and for such periods. The unaudited consolidated balance sheet of the Borrower as at March 31, 2020, and the related unaudited consolidated statements of operations and cash flows for the fiscal quarter ended on such date, present fairly, in all material respects, the financial condition of the Borrower as at such date, and the results of its operations and its cash flows for the fiscal quarter then ended (subject to normal year-end audit adjustments). All such financial statements, including the notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved. As of the Closing Date, neither the Borrower nor any of its Subsidiaries has any material Guarantee Obligations, contingent liabilities and liabilities for Taxes, or any material long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are required under GAAP to be reflected and are not so reflected in the most recent (as of the date hereof) financial statements (including the notes thereto) referred to in this paragraph. Except as disclosed prior to the date hereof in any filing on the Securities and Exchange Commission's EDGAR system (or any successor thereto) or any other publicly available database maintained by the Securities and Exchange Commission, during the period from December 31, 2019 to and including the date hereof there has been

no Disposition by the Borrower or any of its Subsidiaries of any material part of the business or property of the Borrower, taken as a whole.

4.5. No Change . Since December 31, 2019, there has been no development or event that has had or would reasonably be expected to have a Material Adverse Effect.

4.6. Properties .
(a) Each of the Borrower and its Subsidiaries has good and valid title to, or valid leasehold interests in, all its real property and good and valid title to, or valid leasehold interests in, all its other immovable and personal and movable property material to the business of the Borrower and its Subsidiaries, taken as a whole, free and clear of any Liens, except (i) for minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes, (ii) as would not reasonably be expected to have a Material Adverse Effect, (iii) for Permitted Encumbrances or (iv) for Liens permitted under Section 7.2.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to the business of the Borrower and its Subsidiaries, taken as a whole, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements or failures to own or be licensed that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

4.7. Litigation . No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of their respective properties or revenues (a) as of the Closing Date with respect to any of the Loan Documents and in which any Person asserts the invalidity or unenforceability of any Loan Document or that the Loan Documents violate or result in a default under any indenture, material agreement or other material instrument binding upon the Borrower or any of its Subsidiaries, or (b) that would reasonably be expected to have a Material Adverse Effect.

4.8. Compliance with Laws and Agreements . Each of the Borrower and its Subsidiaries is in compliance with all Requirements of Law, including health, safety and employment standards and labour codes (other than Environmental Laws subject to Section 4.18) and all indentures, agreements and other instruments binding upon it or its property, except where (i) the necessity to comply therewith is being contested in good faith and by appropriate proceedings or (ii) the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

4.9. Investment Company Status . The Borrower is not an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

4.10. Taxes . Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all material Tax returns and reports required to have been filed and has timely paid in full or caused to be timely paid in full all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves in conformity with GAAP or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

4.11. ERISA . During the 5-year period prior to the date on which this representation is made or deemed to be made with respect to any Plan (or, with respect to (vi) and (viii) below, as of the date

such representation is made or deemed made), none of the following events or conditions, either individually or in the aggregate, has resulted or is reasonably likely to result in a liability to the Borrower or any of its Subsidiaries which would reasonably be expected to have a Material Adverse Effect: (i) a Reportable Event; (ii) a failure to satisfy “minimum funding standards” (within the meaning of Section 412 of the Code or Section 302 of ERISA); (iii) any material non-compliance with the applicable provisions of ERISA and the Code; (iv) any termination of a Single Employer Plan (other than a standard termination pursuant to Section 4041(b) of ERISA); (v) a Lien in favor of the PBGC or a Plan; (vi) an excess of accrued benefits under a Single Employer Plan (based on those assumptions used to fund such Plan) over the value of the assets of such Plan allocable to such accrued benefits; (vii) a complete or partial withdrawal from any Plan or Multiemployer Plan by the Borrower or any Commonly Controlled Entity; (viii) any liability of the Borrower or any Commonly Controlled Entity under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Plans or Multiemployer Plans as of the annual valuation date most closely preceding the date on which this representation is made or deemed made; or (ix) a Multiemployer Plan being in “endangered” or “critical” status (within the meaning of Sections 431 or 432 of the Code or Sections 304 or 305 of ERISA) or in “critical and declining” status (within the meaning of Section 305 of ERISA) or terminated (within the meaning of Section 4041A of ERISA), or the Insolvency of any Multiemployer Plan.

4.12. Canadian Pension and Benefit Plans . All obligations of the Borrower and any of its Subsidiaries under each Canadian Pension Plan and Canadian Benefit Plan have been performed in accordance with the terms thereof and any Requirement of Law (including, without limitation, the *Income Tax Act* (Canada) and the *Supplemental Pension Plans Act* (Québec)), except where the failure to so perform would not reasonably be expected to result in a Material Adverse Effect. No Canadian Pension Plan has any unfunded liabilities which would reasonably be expected to have a Material Adverse Effect.

4.13. Insurance . The Borrower and its Subsidiaries maintain insurance in compliance with Section 6.5.

4.14. Labour Matters . Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labour disputes against the Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payments made to employees of the Borrower or any of its Subsidiaries have not been in violation of the Fair Labor Standards Act, *An Act Respecting Labour Standards* (Québec) or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from the Borrower or any of its Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability (if required in accordance with GAAP) on the books of the Borrower or any of its Subsidiaries.

4.15. Subsidiaries . As of the Closing Date, (a) Schedule 4.15 sets forth the name and jurisdiction of incorporation of each Subsidiary and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by the Borrower and its other Subsidiaries and (b) except as set forth in Schedule 4.15, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors’ qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Wholly-Owned Subsidiary of the Borrower.

4.16. Use of Proceeds . The proceeds of the Term Loan shall be used by the Borrower and its Domestic Subsidiaries solely to refinance the existing Renewable Energy Investments or to finance new Renewable Energy Investments. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

4.17. Accuracy of Information, etc . As of the Closing Date and to the best knowledge of the Borrower, the factual statements contained in the financial statements referred to in Section 4.4, the Loan Documents (including the schedules thereto, but excluding any statements by the Administrative Agent or any Lender) and any other certificates or documents furnished by or on behalf of the Borrower or any of its Subsidiaries to the Administrative Agent or the Lenders in connection with this Agreement, taken as a whole, are correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements were made. It is understood that no representation or warranty is made concerning any forecasts, estimates, pro forma information, projections and statements as to anticipated future performance or conditions, and the assumptions on which they were based, contained in any such financial statements, certificates or documents except that such forecasts, estimates, pro forma information, projections and statements were made in good faith by the management of the Borrower, on the basis of assumptions believed by such management to be reasonable at the time made. Actual results may vary materially from such forecasts, estimates, pro forma information and statements. The representations made by the Borrower in the authorization letter included in the Confidential Information Memorandum were true and correct in all material respects as of the date when made.

4.18. Environmental Matters . Except as set forth on Schedule 4.18 and as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect:

(a) the Borrower and each of its Subsidiaries: (i) is, and within the period of all applicable statutes of limitation has been, in compliance with all applicable Environmental Laws; (ii) holds all Environmental Permits (each of which is in full force and effect) required for any of its operations or for any property owned, leased, or otherwise operated by it; (iii) is, and within all applicable statutes of limitation has been, in compliance with all of its Environmental Permits; and (iv) reasonably believes that: each of its Environmental Permits will be timely renewed and complied with, without material expense; and compliance with any Environmental Law that is applicable to it will be timely attained and maintained, without material expense;

(b) Hazardous Materials are not and have not been present at, on, under, in, or about any real and immovable property now or formerly owned, leased or operated by the Borrower or any Subsidiary, or at any other location (including without limitation any location to which Hazardous Materials have been sent for re-use or recycling or for treatment, storage, or disposal) under conditions which would reasonably be expected to: (i) give rise to any Environmental Liability of the Borrower or any Subsidiary under any applicable Environmental Law or otherwise result in costs to the Borrower or any Subsidiary or (ii) interfere with the Borrower's or any Subsidiary's continued or planned operations;

(c) there is no judicial, administrative, or arbitral proceeding (including any notice of violation or alleged violation) under or relating to any Environmental Law to which the Borrower or any Subsidiary is, or to the knowledge of the Borrower or such Subsidiary will be, named as a party that is pending or, to the knowledge of the Borrower or such Subsidiary, threatened;

(d) neither the Borrower nor any Subsidiary has received any request for information, or been notified that it is a potentially responsible party under or relating to the US federal Comprehensive Environmental Response, Compensation, and Liability Act, the Canadian Environmental Protection Act, 1999, the *Environment Quality Act* (Québec) or any similar applicable Environmental Law, or received any similar request or notice with respect to any liability or obligation relating to Hazardous Materials;

(e) neither the Borrower nor any Subsidiary has entered into or agreed to any consent decree, order, or settlement or other agreement, nor is subject to any judgment, decree, order or other agreement

in any judicial, administrative, or arbitral forum, relating to compliance with or liability under any applicable Environmental Law or with respect to any Hazardous Materials; and

(f) neither the Borrower nor any Subsidiary has assumed or retained, by contract or operation of law, any Environmental Liabilities, fixed or contingent, known or unknown, under any applicable Environmental Law or with respect to any Hazardous Materials.

4.19. Anti-Corruption Laws and Sanctions. Each of the Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and its respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each of the Borrower, its Subsidiaries, and to the knowledge of the Borrower, its officers, employees, directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the Borrower being designated as a Sanctioned Person. None of (a) the Borrower or any Subsidiary or (b) to the knowledge of any of the Borrower, any director, officer, employee or agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No portion of the Term Loan or any Incremental Term Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws.

4.20. EEA Financial Institution. No Loan Party is an EEA Financial Institution

SECTION 5. CONDITIONS PRECEDENT

5.1. Conditions to Closing Date. The occurrence of the Closing Date and the agreement of each Lender to make its portion of the Term Loan requested to be made by it is subject to the satisfaction, prior to or concurrently with the Closing Date, of the following conditions precedent (and the Administrative Agent shall give to the Borrower and the Lenders notice that such conditions have been satisfied and the Closing Date has occurred):

(a) Loan Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by the Administrative Agent, the Borrower and each Person listed on Schedule 1.1A and (ii) the Guarantee Agreement, executed and delivered by the Subsidiary Guarantors.

(b) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses required to be reimbursed for which invoices have been presented (including the reasonable fees and expenses of legal counsel) before the Closing Date. At the Borrower's option, all such amounts will be paid with proceeds of the Term Loan made on the Closing Date (if applicable) and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Closing Date. Notwithstanding the foregoing, the Borrower shall pay the fees of the Administrative Agent's local counsel directly to such local counsel.

(c) Closing Certificates. The Administrative Agent shall have received (i) a certificate of each the Borrower and the Subsidiary Guarantors dated the Closing Date, substantially in the form of Exhibit B, with appropriate insertions and attachments, including, in the case of the Borrower, an acknowledgment that (A) the proceeds of the Term Loan shall be used solely to refinance the existing Renewable Energy Investments or to finance new Renewable Energy investments and (B) the conditions set forth in Sections 5.1(j) and (k) have been satisfied and (ii) if applicable, a long form good standing certificate for each of the Borrower and the Subsidiary Guarantors from their respective jurisdictions of organization or formation.

- (d) Legal Opinion. The Administrative Agent shall have received the following executed legal opinions:
- (i) the legal opinion of Debevoise & Plimpton LLP, US counsel the Borrower and its Domestic Subsidiaries;
 - (ii) the legal opinion of Richards, Layton & Finger, P.A., special Delaware counsel; and
 - (iii) the legal opinion of Lathrop GPM LLP, special Missouri counsel.
- (e) Financial Statements. The Lenders shall have received audited consolidated financial statements of the Borrower for 2018 and 2019, the interim unaudited consolidated financial statements of the Borrower for any subsequent quarterly period completed at least 45 days prior to the Closing Date.
- (f) Projections. The Lenders shall have received projections of the Borrower through 2022.
- (g) KYC and AML Legislation Requirements. (i) The Lenders shall have received reasonably satisfactory information required for compliance by Lenders with applicable “know your customer” Laws, AML Legislation and the Patriot Act and (ii) to the extent the Borrower qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least three (3) Business Days prior to the Closing Date, any Lender that has requested, in a written notice to the Borrower at least ten (10) Business Days prior to the Closing Date, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).
- (h) Equity Investment. The Administrative Agent shall have received evidence that (i) the Borrower has made a minimum equity investment of \$1,000 in CoBank or (ii) certain Subsidiaries have assigned a minimum of \$1,000 of their equity interest in CoBank to the Borrower.
- (i) Back-up Information on Renewable Energy Investments. The Administrative Agent shall have received reasonable back-up information regarding the Borrower’s Renewable Energy Investments and shall be reasonably satisfied that the amount thereof exceeds the initial principal amount of the Term Loan.
- (j) Representations and Warranties. Each of the representations and warranties other than the representation and warranty contained in Section 4.5 made by the Borrower herein shall be true and correct in all material respects, before and after giving effect to the Term Loan on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date.
- (k) No Default. No Default or Event of Default shall have occurred and be continuing on the Closing Date or after giving effect to the Term Loan on the Closing Date.

The making of the Term Loan by the Lenders hereunder shall conclusively be deemed to constitute an acknowledgement by the Administrative Agent and each Lender that each of the conditions precedent set forth in this Section 5.1 shall have been satisfied in accordance with its respective terms.

SECTION 6. AFFIRMATIVE COVENANTS

Until the Term Loan Commitments have expired or been terminated and the principal of and interest on the Term Loan and all fees payable hereunder shall have been paid in full, the Borrower covenants and agrees with the Lenders that:

6.1. Financial Statements and Other Information . The Borrower will furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year of the Borrower (beginning with the fiscal year ending December 31, 2020), its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, its unaudited consolidated balance sheet and related statements of earnings, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Responsible Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a Compliance Certificate of a Responsible Officer of the Borrower (i) certifying as to whether a Default or Event of Default has occurred and, if a Default or Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 7.1 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 4.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials publicly filed by the Borrower or any Subsidiary with the SEC or distributed by the Borrower to its shareholders generally (the "Materials"), as the case may be, provided, that such Materials shall be deemed to have been delivered to the Administrative Agent and each Lender under this Section 6.1(d) on the date such Materials have been posted on the SEC website (accessible through <http://www.sec.gov/edgar/searchedgar/webusers.htm> or such successor webpage of the SEC thereto);

(e) upon reasonable request of the Administrative Agent (which request may be made no more than once during a 12-month period), the Borrower and/or their Commonly Controlled Entities shall promptly make a request for those documents or notices described in Sections 101(k) or 101(l) of ERISA from the administrator or sponsor of any Multiemployer Plan, and the Borrower shall provide copies of such documents and notices to the Administrative Agent promptly after receipt thereof; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or in compliance with the

terms of this Agreement, as the Administrative Agent or any Lender may reasonably request, subject to Section 10.17.

Information required to be delivered pursuant to paragraphs (a), (b) and (c) shall be deemed to have been delivered on the date on which the Borrower provides notice to the Administrative Agent, or the Administrative Agent gives notice to the Lenders, as the case may be, that such information has been posted on the Borrower's website on the internet at the website address listed in such notice and accessible by the Lenders without charge or on the IntraLinks website (with customary e-mail notification of any such posting to the IntraLinks website); provided that the Borrower shall deliver paper copies of the reports and financial statements referred to in paragraphs (a), (b) and (c) of this Section 6.1 to the Administrative Agent or any Lender who requests the Borrower to deliver such paper copies until written notice to cease delivering paper copies is given by the Administrative Agent or such Lender.

6.2. Notices of Material Events . The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

- (a) the occurrence, to the knowledge of a Responsible Officer, of any Default or Event of Default;
- (b) the following events, as soon as possible after a Responsible Officer knows thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or the termination of any Plan or Multiemployer Plan, or the withdrawal from, or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Insolvency of, any Plan in each case in clauses (i) and (ii) above, if such event, together with all other such events, if any, would reasonably be expected to result in a Material Adverse Effect;
- (c) any change in its use of PricewaterhouseCoopers LLP as the auditors of the Borrower and the reasons for such change; and
- (d) any other development known to a Responsible Officer that results in a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

6.3. Maintenance of Existence . (a) The Borrower will, and will cause each of its Subsidiaries to, (i) preserve, renew and keep in full force and effect its organizational existence and (ii) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary for the conduct of its business, except, in each case, as otherwise permitted by Section 7.3 and except, in the case of clause (i) (with respect to any Subsidiary other than the Borrower) and clause (ii) above, to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.4. Payment of Tax Obligations . The Borrower will, and will cause each of its Subsidiaries to, pay its Tax obligations that, if not paid promptly, would reasonably be expected to result in a Material Adverse Effect, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

6.5. Maintenance of Properties; Insurance. The Borrower will, and will cause each of the Material Subsidiaries to (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except as would not reasonably be expected to have a Material Adverse Effect and (b) to the extent commercially reasonable, maintain, with financially sound and reputable insurance companies (or via self-insurance, including insurance written by the Borrower for its Subsidiaries), insurance substantially in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

6.6. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which, in all material respects, full and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of the Material Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender through the Administrative Agent, at the Administrative Agent or such Lender's expense, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its financial and related books and records, subject to Section 10.17, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

6.7. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, (a) comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, including health, safety and employment standards, labour codes and Environmental Laws, except where (i) the necessity to comply therewith is contested in good faith and by appropriate proceedings or (ii) the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect and (b) maintain in effect and enforce policies and procedures designed to ensure compliance by each of the Borrower, its Subsidiaries and its directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

6.8. Further Assurances. With respect to any new Wholly-Owned Domestic Subsidiary that is (x) created or acquired after the Closing Date by any Global Group Member and (y) not an Insignificant Subsidiary, promptly (i) cause such new Subsidiary (A) to become a party to the Guarantee Agreement and (B) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit B, with appropriate insertions and attachments, and (ii) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

SECTION 7. NEGATIVE COVENANTS

Until the Term Loan Commitments have expired or terminated and the principal of and interest on each Loan and all fees then payable hereunder have been paid in full, the Borrower covenants and agrees with the Lenders that:

- 7.1. Financial Covenants.
- (a) Consolidated Cash Interest Coverage Ratio. The Borrower will not permit the Consolidated Cash Interest Coverage Ratio as of the last day of any period of four consecutive fiscal quarters of the Borrower to be less than 3.00:1.00.
 - (b) Consolidated Leverage Ratio. The Borrower will not permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower to exceed

3.75:1.00; provided that, solely to the extent that (x) the following is permitted under the Existing Revolver Credit Agreement on terms no more favorable to the Borrower than the terms set forth herein or (y) the Existing Revolver Credit Agreement is no longer in effect, the Borrower may (upon written notice to the Administrative Agent and subject to the proviso below) within 30 days of the consummation of a Qualifying Material Acquisition elect to increase such maximum Consolidated Leverage Ratio to 4.00:1.00 for each of the four consecutive fiscal quarters ended immediately on or after the date that such Qualifying Material Acquisition is consummated (such four-fiscal quarter period, an "Adjusted Leverage Ratio Period"); provided, however, that following any Adjusted Leverage Ratio Period, the maximum Consolidated Leverage Ratio shall be 3.75:1.00 for at least two consecutive fiscal quarters before the maximum Consolidated Leverage Ratio may be increased to 4:00.1:00 as a result of another Qualifying Material Acquisition.

7.2. Liens. The Borrower will not, and will not permit any Subsidiary to, (i) create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, or (ii) enter into any arrangement with any Person providing for the leasing by the Borrower or any of its Subsidiaries of real or immovable or personal or movable property that has been or is to be sold or transferred by the Borrower or any of its Subsidiaries to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or any of its Subsidiaries (any such arrangement, a "Sale-Leaseback Transaction"), except:

(a) Permitted Encumbrances;
(b) any Lien existing on the date hereof that is, solely in the case of any such Lien securing any Indebtedness for borrowed money that in each case is in a principal amount of \$10,000,000 or more, set forth on Schedule 7.2 hereof, on any property or asset of the Borrower or any Subsidiary; provided that (i) such Lien shall not be amended to apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien on any property or asset that is acquired after the date hereof existing prior to the acquisition thereof by the Borrower or any Subsidiary or on any property or asset of any Person that becomes a Subsidiary after the date hereof existing prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any other Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens created after the date hereof on property acquired, constructed or improved by the Borrower or any Subsidiary, or Sale-Leaseback Transactions in respect of any property acquired, constructed or improved by or for the Borrower or any Subsidiary; provided that (i) any such Lien and the Indebtedness secured thereby are incurred, or any such Sale-Leaseback Transaction is entered into, prior to or within 120 days (or, in the case of such Sale-Leaseback Transaction, one year) after the later of such acquisition or the completion of such construction or improvement, (ii) any Indebtedness secured by any such Lien does not exceed 100% of the cost of acquiring, constructing or improving such property and (iii) any such Lien or Sale-Leaseback Transaction shall not apply to any other property or assets of the Borrower or any Subsidiary;

(e) Liens on accounts receivable and proceeds thereof under or in connection with a securitization of accounts receivable and Liens arising in connection with supply chain financing arrangements, in each case, in an aggregate amount as to all such programs of up to \$350,000,000 at any one time outstanding (calculated by reference to (x) in the case of securitizations, the maximum financing amount available for any Special Purpose Subsidiary under each such program and (y) in the case of supply chain financing arrangements, the amount of cash proceeds received by the Borrower or any of its Subsidiaries from sales of outstanding accounts receivable giving rise to any such Liens);

(f) Liens securing Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary;

(g) any encumbrance or restriction (including, without limitation, put and call agreements) with respect to the Capital Stock of any joint venture or similar arrangement pursuant to the joint venture or similar agreement with respect to such joint venture or similar arrangement;

(h) other Liens or Sale-Leaseback Transactions not otherwise permitted in this Section 7.2 on, or in respect of, any property of the Borrower or any Subsidiary in an aggregate amount not to exceed, as of the date of any incurrence of a Lien or Sale-Leaseback Transaction pursuant to this paragraph (h), 10% of Consolidated Net Tangible Assets (calculated by reference to the amount of the obligations secured by each such Lien or the amount of each such Sale-Leaseback Transaction, as applicable);

(i) the statutory Liens of CoBank in the CoBank Equities, which statutory Liens shall be the sole and exclusive benefit of CoBank;

(j) any extension, renewal or replacement of the foregoing, provided, however, that the Liens permitted hereunder shall not be extended to cover any additional Indebtedness or property (other than a substitution of like property); and

(k) Liens on cash and Cash Equivalents in an amount not to exceed the amount of loan proceeds borrowed by one or more Subsidiaries of the Borrower under a single credit facility (together with any refinancing or replacement thereof in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) not to exceed (x) the aggregate principal amount of the Indebtedness being refinanced or replaced, plus (y) reasonable fees, underwriting discounts, premiums and other reasonable costs and expenses (including accrued and unpaid interest) incurred or payable in connection with such refinancing or replacement, the "Subsidiary Credit Facility") and securing Indebtedness under any such Subsidiary Credit Facility; provided that the aggregate principal amount of Indebtedness secured by Liens under this clause (j) at any time outstanding shall not exceed \$450,000,000.

7.3. Fundamental Changes

(a) The Borrower will not, and will not permit any Material Subsidiary to, merge into or amalgamate or consolidate with any other Person, or permit any other Person to merge into or amalgamate or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of related transactions) all or substantially all of its assets, or all or substantially all of the Capital Stock of any of the Material Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate, wind up or dissolve, except that, (i) if immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, any Person may amalgamate, consolidate or merge with or into the Borrower so long as, if applicable, the Borrower is the surviving corporation, or amalgamate, consolidate or merge with or into any other Subsidiary so long as, if applicable, the surviving entity is a Subsidiary, (ii) any Subsidiary may sell, transfer, lease or otherwise dispose of its

assets to the Borrower or to any other Subsidiary, or amalgamate, consolidate or merge with or into, the Borrower or any other Subsidiary, (iii) any Subsidiary may liquidate, wind up or dissolve if the Borrower determines in good faith that such liquidation, winding up or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders and (iv) in addition to the transactions permitted pursuant to clauses (i) through (iii) above, the Borrower and any Material Subsidiary of the Borrower may merge, amalgamate or consolidate with, or sell or otherwise dispose of any assets to, a Person (other than the Borrower or a Subsidiary) if, after giving effect to any such merger, amalgamation, consolidation, sale or disposition, the book value (determined at the time of such merger, amalgamation, consolidation, sale or disposition) of the subject assets, together with the aggregate book value of all other assets subject to any transaction under this clause (iv) since March 31, 2020, does not exceed 20% of the Consolidated Assets of the Borrower as of March 31, 2020; provided that, in the case of each of clauses (i) through (iv) above, (x) if any such merger, amalgamation, consolidation, sale or other disposition involves the Borrower, the continuing entity resulting from such combination, if such continuing entity is not the Borrower, shall execute and deliver an assumption agreement with respect to the Obligations of the Borrower together with supporting documentation and legal opinions, all in form and substance reasonably satisfactory to the Administrative Agent, (y) prior to the effectiveness of such merger, amalgamation, consolidation, sale or disposition, each Lender shall have received such other documentation and/or certificates that it may reasonably request (including, without limitation, documentation required in order to comply with any applicable “know your client” or AML Legislation) and (z) any successor Borrower qualifies as a directly eligible borrower of CoBank.

(b) The Borrower will not, and will not permit any of the Material Subsidiaries to, engage to any material extent in any business other than (A) the businesses of the type engaged in by the Borrower and its Subsidiaries on the date hereof, and (B) any business or activities reasonably related thereto (which shall include, without limitation, any business engaged in using or processing or selling wood fiber or products derived from wood fiber).

7.4. Hedge Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Hedge Agreement, other than Hedge Agreements entered into in the ordinary course of business (and not for speculative purposes) with the good faith intention to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its assets or liabilities.

7.5. Restrictive Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or incur any agreement or other contractual arrangement to which any of them is party that, directly or indirectly, materially restricts the ability of any Subsidiary (other than any Subsidiary that is not a Material Subsidiary):

- (a) to pay cash dividends or other cash distributions with respect to any of its Capital Stock; or
- (b) to make or repay loans or advances to the Borrower or any other Subsidiary; or
- (c) to incur Guarantee Obligations that are required by the terms of the Loan Documents in respect of the Term Loan;

provided that the foregoing shall not apply to any of the following:

- (i) restrictions imposed by any Requirement of Law or by this Agreement;
- (ii) restrictions arising under any agreement or arrangement that exists on the date hereof or that renews, extends, refinances, refunds or replaces any agreement or arrangement existing on the date hereof, including successive renewals, extensions, refinancings, refundings or

replacements (it being understood that no amendment or modification that materially expands the scope of the restrictions, taken as a whole, in the agreement governing the Indebtedness being renewed, extended, refinanced, refunded or replaced shall be permitted by this clause);

(iii) restrictions arising under any agreement or arrangement providing for, securing, guaranteeing or otherwise supporting additional Indebtedness not contemplated by clause (ii) above of the Borrower or any of its Subsidiaries which in the good faith judgment of the Borrower are either substantially consistent with the restrictions under financing agreements and arrangements in effect on the date hereof or at least as favorable as customary market terms taken as a whole on the date of issuance thereof for issuers with a similar credit rating;

(iv) restrictions contained in agreements or arrangements relating to the sale or other Disposition of a Subsidiary (or any of its assets) pending such Disposition, provided such restrictions apply only to the Subsidiary or assets to be sold and such disposition is permitted hereunder;

(v) restrictions on cash or other deposits imposed by customers under agreements entered into in the ordinary course of business;

(vi) customary restrictions in connection with securitizations of accounts receivable or arising in connection with supply chain financing arrangements, in each case, in an aggregate amount as to all such programs of up to \$350,000,000 at any one time outstanding (calculated by reference to (x) in the case of securitizations, the maximum financing amount available for any Special Purpose Subsidiary under each such program and (y) in the case of supply chain financing arrangements, the amount of cash proceeds received by the Borrower or any of its Subsidiaries from sales of outstanding accounts receivable giving rise to any such restrictions);

(vii) restrictions relating to a Person that after the date hereof becomes, or is merged or consolidated with, a Subsidiary of the Borrower (or relating to any property or assets acquired by the Borrower or any of its Subsidiaries after the date hereof), if such restrictions were in effect on the date of such transaction and were not incurred in contemplation of such transaction and any renewals and extensions thereof (it being understood that such renewals and extensions do not materially expand the scope of the restrictions);

(viii) restrictions in agreements among the Borrower and its Subsidiaries that may be waived by the Borrower or any of its Subsidiaries without the consent of any other Person;

(ix) restrictions by reason of any applicable law, rule, regulation or order, or required by any regulatory authority having jurisdiction over the Borrower or any of its Subsidiaries or any of their businesses;

(x) restrictions contained in joint venture agreements, partnership agreements and other similar agreements with respect to a joint ownership arrangement restricting the disposition or distribution of assets or property of, or the activities of, such joint venture, partnership or other joint ownership entity, or any of such Person's subsidiaries, if such restrictions are not applicable to the property or assets of any other Person; and

(xi) restrictions arising under any agreement or arrangement in connection with the Subsidiary Credit Facility which, in each case, in the good faith judgment of the Borrower, (x) are at least as favorable as customary market terms for similar credit facilities taken as a whole on the

date of issuance thereof for issuers with a similar credit rating or (y) will not affect the Borrower's ability to make principal and interest payments on the Loans.

Nothing contained in this Section 7.5 shall prevent the Borrower or any of its Subsidiaries from creating, incurring, assuming or suffering to exist any Permitted Encumbrances or any other Liens otherwise permitted by Section 7.2, or restricting dispositions of property or assets subject to any such Lien or transfers of property or assets other than cash (other than cash or Cash Equivalents collateralized in connection with the Subsidiary Credit Facility).

7.6. Negative Pledge Clauses

. The Borrower shall not enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of the Borrower or any Material Subsidiary that is a Domestic Subsidiary to create, incur or assume any Lien upon any of its property or revenues, whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than:

- (a) this Agreement, the other Loan Documents and any agreement in effect or entered into on the Closing Date;
- (b) any agreement relating to Indebtedness of the Borrower or any Subsidiary which in the good faith judgment of the Borrower is either substantially consistent with the arrangements under financing agreements and arrangements in effect on the date hereof or at least as favorable as customary market terms taken as a whole on the date of issuance thereof for issuers with a similar credit rating,
- (c) any agreements governing any Liens, (including without limitation purchase money Liens, Capital Lease Obligations and Sale-Leaseback Transactions) permitted by Section 7.2 (in which case, any prohibition or limitation shall only be effective against the assets encumbered thereby);
- (d) software and other intellectual property licenses pursuant to which the Borrower or any Material Subsidiary is the licensee of the relevant software or intellectual property, as the case may be (in which case, any prohibition or limitation shall relate only to the assets or rights subject of the applicable license and/or the license itself);
- (e) Contractual Obligations incurred in the ordinary course of business and on customary terms which limit Liens on the assets subject of the applicable Contractual Obligation or the assignment of rights thereunder;
- (f) restrictions by reason of any applicable law, rule, regulation or order, or required by any regulatory authority having jurisdiction over the Borrower or any of its Subsidiaries or any of their businesses;
- (g) customary restrictions and conditions contained in any agreement relating to an asset sale not prohibited by Section 7.3;
- (h) any agreement in effect at the time any Person becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such Person becoming a Subsidiary;
- (i) any agreement for the direct or indirect disposition of Capital Stock of any Person, property or assets, imposing restrictions with respect to such Person, Capital Stock, property or assets pending the closing of such disposition;

(j) (i) any agreement that restricts in a customary manner the assignment or transfer thereof, or the subletting, assignment or transfer of any property or asset subject thereto, (ii) any restriction by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Subsidiary not otherwise prohibited by this Agreement, (iii) mortgages, pledges or other security agreements to the extent restricting the transfer of the property or assets subject thereto, (iv) any reciprocal easement agreements containing customary provisions restricting dispositions of real property interests, (v) agreements with customers or suppliers entered into in the ordinary course of business that impose restrictions with respect to cash or other deposits or net worth, (vi) customary provisions contained in agreements and instruments entered into in the ordinary course of business (including but not limited to leases and joint venture and other similar agreements entered into in the ordinary course of business) or (vii) restrictions that arise or are agreed to in the ordinary course of business and do not detract from the value of property or assets of the Borrower or any Subsidiary in any manner material to the Borrower or such Subsidiary;

(k) any agreement evidencing any replacement, renewal, extension or refinancing of any of the foregoing (or of any agreement described in this clause (k)); provided that such agreement contains restrictions and conditions not materially more restrictive (taken as a whole) than the restrictions and conditions contained in the agreement so replaced, renewed, extended or refinanced; and

(l) any agreement in connection with the Subsidiary Credit Facility.

7.7. Changes in Fiscal Periods. The Borrower will not permit its fiscal year to be other than (a) a 52/53 week year ending on or about December 31 or (b) a calendar year or change its method of determining fiscal quarters; provided that such changes may be made if the Borrower provides prior notice to the Administrative Agent of any such change and provides all necessary reconciliations required to enable the Administrative Agent to determine compliance with Section 7.1.

7.8. Environmental Activity. The Borrower will not, and will not permit any of its Subsidiaries to (i) carry on any Environmental Activity, or (ii) cause or permit any Hazardous Materials to be stored in or to be present in any form in or under the properties of the Borrower or of any Subsidiary, in either case under circumstances which would reasonably be expected to have a Material Adverse Effect.

7.9. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any transaction or group of related transactions having an expected valuation that is material to the Borrower and its Subsidiaries, taken as a whole (including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees) with any Affiliate (other than any Subsidiary) unless such transaction is (a) otherwise permitted under this Agreement and (b) either (x) in the ordinary course of business of the relevant Global Group Member or (y) upon fair and reasonable terms and no less favorable to the relevant Global Group Member than it would obtain in a comparable arms' length transaction with a Person that is not an Affiliate. Notwithstanding the foregoing, the Borrower and its Subsidiaries may (i) indemnify directors of the Borrower and the Subsidiaries in accordance with customary practice, (ii) issue securities, or make other payments, awards or grants in cash, securities or otherwise pursuant to employment arrangements, stock options and stock ownership plans approved by the Board of Directors of the Borrower, (iii) make loans or advances to employees of the Borrower or any of the Subsidiaries, (iv) pay fees and indemnities to directors, officers and employees of the Borrower and the Subsidiaries in the ordinary course of business, (v) enter into transactions pursuant to permitted agreements in existence on the Closing Date and set forth on Schedule 7.9 or any amendment thereto to the extent such amendment is not materially adverse to the Lenders, (vi) enter into employment agreements or other arrangements in the ordinary course of business, (vii) declare or pay any dividend on, or make any payment on account of, or set apart

assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Global Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Global Group Member, (viii) enter into transactions with Subsidiaries for the purchase or sale of goods, products, parts and services and entered into in the ordinary course of business in a manner consistent with past practice, (ix) enter into transactions with joint ventures for the purchase or sale of equipment or services entered into in the ordinary course of business and in a manner consistent with past practice, and (x) make payments pursuant to tax sharing agreements among the Borrower and the Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Borrower and the Subsidiaries.

7.10. **Use of Proceeds**. Neither the Borrower nor its officers or directors (or to the knowledge of the Borrower, any of its employees and agents or the respective directors, officers, employees and agents of its Subsidiaries), will use the proceeds of any Loan for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, unless authorized by an applicable agency of the U.S. and Canadian governments or otherwise permissible pursuant to applicable U.S. and Canadian laws or regulations.

SECTION 8. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in this Agreement or any amendment or modification hereof, or in any certificate or financial statement furnished by the Borrower pursuant to this Agreement or any amendment or modification hereof, shall prove to have been incorrect in any material respect when made or deemed made and, if such incorrectness is capable of being remedied or cured, such incorrectness shall not be remedied or cured by the Borrower or (as the case may be) such Subsidiary within ten (10) Business Days after the earlier to occur of (i) the date on which the Borrower or (as the case may be) such Subsidiary shall obtain actual knowledge thereof, or (ii) the date on which the Borrower shall receive written notice thereof from the Administrative Agent;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 6.2(a) or Section 6.3 (with respect to the Borrower's existence only) or in Section 7;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Section), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent (given at the request of any Lender) the Borrower;

(f) the Borrower or any Material Subsidiary shall fail to make any payment at maturity or, in the event a grace period is provided, within any such applicable period of grace, of principal or interest,

regardless of amount, in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf (without further notice or the expiration of any cure period) to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided, that this clause (g) shall not apply to secured Indebtedness that becomes due and is repaid in full as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) the Borrower or any Material Subsidiary shall (i) institute proceedings for relief in any bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation, winding-up or other similar proceedings (including proceedings under Insolvency Laws, the incorporating statute of the relevant corporation or other similar legislation), including proceedings for the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official with respect to the relevant corporation or all or any material part of its property or assets; (ii) make a general assignment for the benefit of creditors; (iii) be unable or shall admit in writing its inability to pay its debts as they become due or otherwise shall acknowledge its insolvency or commits any other act of bankruptcy or is declared to be or has become insolvent or bankrupt under any applicable Insolvency Laws; (iv) voluntarily suspend the conduct of its business or operations (unless, with respect to any Material Subsidiary (other than the Borrower), the Board of Directors of the Borrower shall have determined that continued conduct of such business and operations is not necessary for the proper conduct of the business of the Borrower and its Subsidiaries taken as a whole); or (v) acquiesces to, or takes any action in furtherance of, any of the foregoing;

(i) any third party in respect of the Borrower or any Material Subsidiary shall (i) make any application under the *Companies' Creditors Arrangement Act* (Canada) or similar legislation; (ii) file a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* (Canada) or similar legislation; (iii) institute a winding-up proceeding under the *Winding-up and Restructuring Act* (Canada), any relevant incorporating statute or any similar legislation; (iv) present a petition in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any similar legislation; or (v) file, institute or commence any other petition, proceeding or case under any other Insolvency Laws, reorganization, incorporation, readjustment of debt, dissolution, liquidation, winding-up or similar law now or hereafter in effect, seeking bankruptcy, liquidation, reorganization, dissolution, winding-up, composition or readjustment of debt of any of them, the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official for any of them, or any material part of their respective assets or any similar relief; and, in any such case, if the application, filing, proceeding, petition or case is not contested by *bona fide* action on the part of the applicable corporation and is not dismissed, stayed or withdrawn within 90 days of commencement thereof;

(j) any secured creditor, encumbrancer or lienor, or any trustee, interim receiver, receiver, receiver and manager, administrative receiver, agent, bailiff or other similar official appointed by any secured creditor, encumbrancer or lienor, takes possession of, forecloses, seizes, retains, sells or otherwise disposes of, or otherwise proceeds to enforce security over, all or a substantial part of the assets of the Borrower and its Subsidiaries, taken as a whole, unless (i) such action is being actively and diligently contested in good faith by the Borrower or such Subsidiary and (ii) such action is stayed, released, dismissed or reversed within 90 days of the commencement thereof;

(k) one or more judgments for the payment of money in an aggregate amount in excess of \$80,000,000 shall be rendered against the Borrower or any Material Subsidiary in respect of whose financial obligations relating to such judgments the Borrower or any Material Subsidiary has, by contract or otherwise, any liability, individually or in the aggregate, in excess of \$80,000,000, direct or indirect, absolute or contingent, or any combination thereof and the same shall remain undischarged, unsatisfied and not covered by insurance for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by the judgment creditor to attach or levy upon any material assets of the Borrower or any Material Subsidiary to enforce any such judgment or judgments in an aggregate amount in excess of \$80,000,000;

(l) (i) any Person shall engage in any “prohibited transaction” (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any “accumulated funding deficiency” or failure to satisfy the “minimum funding standards” (each as defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is reasonably likely to result in the termination of such Plan for purposes of Title IV of ERISA (other than pursuant to a standard termination pursuant to Section 4041(h) of ERISA), (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or is reasonably likely to, incur any liability in connection with a withdrawal from a Plan or Multiemployer Plan, or the Insolvency of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(m) the Guarantee Agreement shall cease, for any reason (other than by reason of the express release thereof pursuant to the provisions of the Guarantee Agreement), to be in full force and effect in any material respect, or any Loan Party shall so assert in writing; provided that there shall be no Event of Default under this clause (m) to the extent such Event of Default arises from (A) the resignation of the Administrative Agent or (B) the negligence or willful misconduct of the Administrative Agent following a reasonable request from the Borrower to execute any document or take any other action relating to the Guarantee Agreement;

then, upon the occurrence of any such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Section), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Term Loan Commitments, and thereupon the Term Loan Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Section, the Term Loan Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

SECTION 9. THE AGENTS

9.1. Appointment

(a) Each Lender hereby irrevocably designates and appoints the Administrative Agent as, to the extent appropriate, the agent of such Lender under this Agreement and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

(b) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders (except in limited circumstances expressly provided for herein relating to the maintenance of the Register), and its duties are entirely mechanical and administrative in nature. Without limiting the foregoing, the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender other than as expressly set forth herein and in the other Loan Documents, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Loan Document with reference to the Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and the transactions contemplated hereby. Nothing in this Agreement or any Loan Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account.

(c) In case of the pendency of any proceeding with respect to any Loan Party under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of

reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

(d) The provisions of this Section 9 are solely for the benefit of the Agents and the Lenders, and, except solely to the extent of the Borrower's rights to consent pursuant to and subject to the conditions set forth in this Section 9, none of the Borrower or any of its Subsidiaries, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions.

9.2. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The exculpatory provisions of this Section 9 shall apply to any such agent and to the Affiliates, directors, officers, employees, agents and advisors of the Administrative Agent and any such agent or attorney, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such agent or attorney.

9.3. Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (x) with the consent of or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and nonappealable judgment) (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or for any failure of the Borrower to perform its obligations hereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower.

9.4. Reliance by Administrative Agent.
(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, e-mail message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent in the relevant Register. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all of the Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any

discretion or take any action and shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all of the Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans; provided, however, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification satisfactory to it from the Lenders with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided, further, that the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(b) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any promissory note as its holder until such promissory note has been assigned in accordance with Section 10.6, (ii) may rely on the Register to the extent set forth in Section 10.6(d), (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations made by or on behalf of any Loan Party in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Loan, that by its terms must be fulfilled to the satisfaction of a Lender, may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender sufficiently in advance of the making of such Loan and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

9.5. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders. The

Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Section 5 or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent.

9.6. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys in fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs the Borrower or any of its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and its affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and its affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or affiliates.

9.7. Indemnification. The Lenders severally agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Term Loan Percentages in effect on the date on which indemnification is sought under this Section 9.7, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Term Loan Commitments, the Loans, this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that result from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

9.8. Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or any of its Subsidiaries as though such Agent were not an Agent. With respect to its Term Loan Commitment and Loans made by it, each Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender," "Lenders," and "Required

Lenders,” shall, as applicable, include each Agent in its individual capacity. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, the Borrower, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders.

9.9. Successor Administrative Agent

(a) The Administrative Agent may resign as the Administrative Agent upon 30 days’ notice to the Lenders and the Borrower. If (i) the Administrative Agent shall resign as the Administrative Agent under this Agreement, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(h) or 8(i) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approvals shall not be unreasonably withheld or delayed) or (ii) if no successor agent has accepted appointment as Administrative Agent by the date that is 30 days following a retiring Administrative Agent’s notice of resignation, such retiring Administrative Agent may, on behalf of the Lenders, appoint a successor agent, which successor agent shall (unless an Event of Default under Section 8(h) or 8(i) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed); then, in either case, the successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. After any retiring Administrative Agent’s resignation as Administrative Agent becomes effective the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent’s resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents.

(b) Notwithstanding paragraph (a) of this Section 9.9, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 35 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender. Following the effectiveness of the Administrative Agent’s resignation from its capacity as such, the provisions of this Section 9, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Affiliates, directors, officers, employees, agents and advisors in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

9.10. Syndication Agent . The Syndication Agent shall not have any duties or responsibilities hereunder in its capacity as such.

9.11. Posting of Communications

(a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the “Approved Electronic Platform”).

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Closing Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there are confidentiality and other risks associated with such distribution. Each of the Lenders, and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED “AS IS” AND “AS AVAILABLE”. THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT, ANY ARRANGER, ANY CO-DOCUMENTATION AGENT, ANY SYNDICATION AGENT OR ANY OF THEIR RESPECTIVE RELATED PARTIES (COLLECTIVELY, “**APPLICABLE PARTIES**”) HAVE ANY LIABILITY TO ANY LOAN PARTY, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY’S OR THE ADMINISTRATIVE AGENT’S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM, EXCEPT TO THE EXTENT SUCH DAMAGES ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY A FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE, BAD FAITH OR WILLFUL MISCONDUCT OF SUCH APPLICABLE PARTY.

(d) Each Lender agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication)

from time to time of such Lender's email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

9.12. Acknowledgments of Lenders

(a) Each Lender represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and that it has, independently and without reliance upon the Administrative Agent or any other Lender, or any of the Affiliates, directors, officers, employees, agents and advisors of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender, or any of the Affiliates, directors, officers, employees, agents and advisors of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Closing Date, or delivering its signature page to an Assignment and Assumption or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Closing Date.

9.13. Certain ERISA Matters

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agents and their respective Affiliates, and not, for the avoidance of doubt the Borrower, any other Loan Party or their respective Affiliates, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans or the Term Loan Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain

transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Term Loan Commitments and this Agreement, and all of the conditions for exemptive relief thereunder are and will continue to be satisfied in connection therewith,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Term Loan Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Term Loan Commitments and this Agreement satisfies the requirements of subsections (b) through (g) of Part I of PTE 84-14, (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied, and (E) all of the conditions for exemptive relief under PTE 84-14 are and will continue to be satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Term Loan Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless subclause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has provided another representation, warranty and covenant as provided in subclause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agents and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party or any of their Affiliates, that none of the Agents or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in the Loans, the Term Loan Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto)

SECTION 10. MISCELLANEOUS

10.1. Amendments and Waivers

(a) Subject to Section 2.15, this Agreement and the terms hereof may not be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and the Borrower may, or, with the written consent of the Required Lenders, the Borrower and the Administrative Agent may, from time to time, (a) enter into written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of the Lenders hereunder or (b) waive, on such terms and conditions as may be specified in such instrument, any of the requirements of this Agreement or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder (except in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Lenders)) or extend the date of any scheduled payment thereof, or increase the amount or extend the expiration date of any Lender's Term Loan Commitment or Term Loan, in each case without the written consent of each Lender directly and adversely affected thereby; (ii) eliminate or

reduce the voting rights of any Lender or Voting Participant under this Section 10.1 without the written consent of such Lender or Voting Participant; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or the other Loan Documents (except as contemplated by Section 7.3), release all or substantially all of Subsidiary Guarantors from their obligations under the Guarantee Agreement without the written consent of each Lender; or (iv) amend, modify or waive any provision of Section 9 without the written consent of the Administrative Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

(b) In connection with any proposed amendment, supplement, modification, waiver or termination (a “Proposed Change”) requiring the consent of all Lenders or all affected Lenders, if the consent of the holders of more than 50% of the sum of the aggregate unpaid principal amount of the Term Loan Commitments then in effect or the principal amount of the Term Loan then outstanding to such Proposed Change is obtained, but the consent to such Proposed Change of other Lenders whose consent is required is not obtained (any such Lender whose consent is not obtained as described in this Section 10.1(b) being referred to as a “Non-Consenting Lender”), then, so long as the Lender that is acting as the Administrative Agent is not a Non-Consenting Lender, at the Borrower’s request, any assignee that is reasonably acceptable to the Administrative Agent (and that is not a Non-Consenting Lender) shall have the right, with the prior consent of the Administrative Agent, to purchase from such Non-Consenting Lender, and such Non-Consenting Lender agrees that it shall, upon the Borrower’s request, sell and assign to such assignee, at no expense to such Non-Consenting Lender (including with respect to any processing and recordation fees that may be applicable pursuant to Section 10.6(e), which shall be paid by the assignee or the Borrower), all of the Term Loan Commitment or outstanding Term Loan of the Non-Consenting Lender for an amount equal to the principal balance of the Term Loan held by such Non-Consenting Lender and all accrued interest, fees and other amounts with respect thereto through the date of sale (including amounts under Sections 2.16, 2.17, 2.18 and 2.19), such purchase and sale to be consummated pursuant to an executed Assignment and Assumption in accordance with Section 10.6(c) (which Assignment and Assumption need not be signed by such Non-Consenting Lender).

(c) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (i) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder (including the refinancing thereof) and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loan and the accrued interest and fees in respect thereof and (ii) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

(d) Notwithstanding the foregoing, the Administrative Agent, with the consent of the Borrower, may amend, modify or supplement any Loan Document without the consent of any Lender or the Required Lenders in order to correct, amend or cure any non-material ambiguity, inconsistency or defect or correct any typographical error or other manifest error in any Loan Document.

10.2. Notices

(a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy and, subject to the last proviso at the end of this Section 10.2, by electronic transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or five Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when confirmation of receipt has been received, if received prior to 3:00 P.M., on the same Business Day and otherwise, on the next following Business Day, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Borrower:

Domtar Corporation
234 Kingsley Park Drive
Fort Mill SC 29715
Phone: 514-848-5555
Fax: 514-848-6850
Email: treasuryoperations@domtar.com
Attention: Corporate Secretary

Administrative Agent:

CoBank, ACB
6230 S. Fiddlers Green Circle
Greenwood Village, Colorado 80111
Attention: Credit Information Services
Telecopier: 303-224-6101
E-mail address: [CIServices@cobank.com](mailto: CIServices@cobank.com)

With a copy to:

CoBank, ACB
6230 S. Fiddlers Green Circle
Greenwood Village, Colorado 80111
Attention: Matt Brill
Telephone: 303-740-4144
E-mail address: mbrill@cobank.com

If to any Lender:

To the address set forth on the Register

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received; provided, further that notices, requests or demands to or upon the Lenders may be effected by electronic transmission, including, in the case of the Administrative Agent, by posting to the IntraLinks website (including customary e-mail notification of such posting) or otherwise.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Approved Electronic Platforms pursuant to procedures reasonably approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(d) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

10.3. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4. Survival of Representations and Warranties. All representations and warranties made hereunder, and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5. Payment of Expenses. The Borrower agrees (a) to pay or reimburse the Administrative Agent and each of its Affiliates for all their respective reasonable documented out-of-pocket costs and expenses incurred in connection with the syndication of the Term Loan Commitments, the development, preparation, execution, delivery and administration of this Agreement and any other Loan Documents prepared in connection herewith (and any amendment, supplement or modification thereto and any other Loan Documents prepared in connection therewith), and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees, disbursements and other charges of one primary counsel to the Administrative Agent and each of its Affiliates, which counsel shall act on behalf of all Lenders (and if necessary or, in the reasonable judgment of the Administrative Agent, advisable, one local counsel in each relevant jurisdiction and which local counsel shall receive payment directly from the Borrower), with statements with respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender, the Administrative Agent and each of its Affiliates for all of their respective reasonable documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement and any such other Loan Documents, including the reasonable fees, disbursements and other charges of one primary counsel to the Administrative Agent and each of its Affiliates, which counsel shall act on behalf of all Lenders (and if necessary or, in the reasonable judgment of the Administrative Agent, advisable, one local counsel in each relevant jurisdiction) (unless there is an actual conflict of interest in which case each such party with such conflict shall be entitled to retain separate outside counsel and local counsel in each appropriate jurisdiction), and (c) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and advisors (each, an "Indemnitee") harmless from and against any and all other liabilities (including, for the avoidance of doubt, under any Environmental Laws or regarding any Hazardous Materials), obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever

(including the reasonable fees and expenses of legal counsel) incurred by or asserted against any Indemnitee arising out of, in connection with or as a result of the execution, delivery, enforcement, performance and administration of this Agreement and any such other Loan Documents (including any of the foregoing relating to the use of proceeds of the Loans), and any actual or prospective claim, litigation, investigation, arbitration or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation, arbitration or proceeding is brought by the Borrower or any other Loan Party or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto (all the foregoing in this clause (c), collectively, the “Indemnified Liabilities”), provided, that the Borrower shall not have any obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities (i) are found by a final and nonappealable decision of a court of competent jurisdiction (or a settlement tantamount thereto) to have resulted from the gross negligence or willful misconduct of, or material breach of this Agreement of or by, the Administrative Agent or such Lender, as the case may be (or any of their respective officers, directors, employees, affiliates, agents and advisors), (ii) are incurred by a Lender and result from a sale by such Lender of its Loan for a price less than par or the price paid by such Lender to purchase such Loan or (iii) result from claims made or legal proceedings commenced against the Administrative Agent or any of its Affiliates or any Lender or any of its Affiliates, as applicable, by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such. No Indemnitee shall be liable for (x) any damages arising from the use by unauthorized persons of information or other materials sent through electronic, telecommunications or other information transmission systems that are intercepted by such persons, provided that such unauthorized persons’ use did not arise from the gross negligence or willful misconduct of such Indemnitee (as determined by a court of competent jurisdiction by a final and nonappealable judgment) and (y) any special, indirect, consequential or punitive damages in connection with this Agreement or any other Loan Document. Notwithstanding the foregoing, the Borrower shall not have any obligation under this Section 10.5 to any Person with respect to any Tax imposed, levied, collected, withheld or assessed by any Governmental Authority unless such Tax represents a loss, claim or damage arising from a non-Tax claim. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to Nick Willis, Assistant Treasurer (Telephone No.: 514 848 5555 x 85011; E-mail: nick.willis@domtar.com), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent.

Each Lender severally agrees to pay any amount required to be paid by the Borrower under this Section 10.5 to the Administrative Agent and each Affiliate, director, officer, employee, agent and advisor of any of the foregoing Persons (each, an “Agent Indemnitee”) (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Term Loan Percentage in effect on the date on which indemnification is sought under this Section 10.5, from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent Indemnitee in any way relating to or arising out of the Term Loan Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent Indemnitee under or in connection with any of the foregoing; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent Indemnitee in its capacity as such; provided further that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent Indemnitee’s gross negligence or willful misconduct.

The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6. Successors and Assigns; Participations and Assignments

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender and Lenders may sell participations in or assign all or any part of their rights and obligations in respect of the Loans only as provided in paragraphs (b) and (c) below, respectively, or pursuant to Section 2.23.

(b) Any Lender may, without the consent of any other party to this Agreement, in accordance with applicable law, at any time sell to one or more Eligible Assignees (each, a "Participant") participating interests in any Loan owing to such Lender, any Term Loan Commitment or Loans of such Lender or any other interest of such Lender hereunder. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of this Agreement, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, neither such Participant, on the one hand, nor the Borrower nor the Administrative Agent, on the other hand, shall have any rights against or obligations to one another, nor shall any of them be required to deal directly with one another in respect of, the participation of such Participant. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.17, 2.18 and 2.19 (and subject to the requirements and limitations therein, including the requirements under Section 2.18(f) (it being understood that the documentation required under Section 2.18(f) shall be delivered to the participating Lender)) with respect to its participation in the Term Loan Commitments and the Loans outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.18, such Participant shall have complied with the requirements of said Section as if it were a Lender and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred. For the avoidance of doubt, no Loan Party shall be required to pay any greater amount pursuant to Section 2.18 as a result of the transfer of a participation to a Participant than such Loan Party would have been required to pay absent such transfer. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of

credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

Notwithstanding the preceding paragraph, any Participant that is a Farm Credit Lender that (i) has purchased a participation in a minimum amount of \$5,000,000, (ii) has been designated as a "Voting Participant" in a notice (a "Voting Participant Notice") sent by the relevant Lender to the Administrative Agent and (iii) receives, prior to becoming a "Voting Participant," the consent of the Administrative Agent and the Borrower (each such consent to be required only to the extent and under the circumstances it would be required if such Voting Participant were to become a Lender pursuant to an assignment in accordance with clause (b)) (a "Voting Participant"), shall be entitled to vote as if such Voting Participant were a Lender on all matters subject to a vote by the Lenders and the voting rights of the selling Lender shall be correspondingly reduced, on a dollar-for-dollar basis. Each Voting Participant Notice shall include, with respect to each Voting Participant, the information that would be included by a prospective Lender in an Assignment and Assumption. Notwithstanding the foregoing, each Farm Credit Lender designated as a Voting Participant in Schedule 10.6 hereto shall be a Voting Participant without delivery of a Voting Participant Notification and without the prior written consent of the Borrower and the Administrative Agent. The selling Lender and the Voting Participant shall notify the Administrative Agent and the Borrower within three (3) Business Days of any termination, reduction or increase of the amount of, such participation. The Loan Parties and the Administrative Agent shall be entitled to conclusively rely on information contained in Voting Participant Notices and all other notices delivered pursuant hereto. The voting rights of each Voting Participant are solely for the benefit of such Voting Participant and shall not inure to any assignee or participant of such Voting Participant that is not itself a Voting Participant.

(c) Any Lender (an "Assignor") shall be permitted to assign, in accordance with applicable law, all or a portion of its Term Loan Commitment or its portion of the Loans hereunder to an Eligible Assignee (an "Assignee") with the consent, not to be unreasonably withheld, of (a) the Borrower, unless (i) the Assignee is a Lender or a Lender Affiliate or (ii) an Event of Default under Section 8(a) or 8(b), or 8(h) or 8(i) (with respect to the Borrower), has occurred and is continuing; provided that such consent shall be deemed given if the Borrower has not responded within 15 days of a written request from the Administrative Agent for such consent and (b) the Administrative Agent, in each case pursuant to an Assignment and Assumption, executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the relevant Register (it being understood and agreed that such Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws); provided that, notwithstanding anything to the contrary in this Agreement or any of the Loan Documents, no Lender shall be entitled, without the consent of the Borrower, to make an assignment under this Section 10.6(c) if such assignment would increase the cost under this Agreement to the Borrower, including without limitation under Section 2.17 or 2.18, as of the date of such assignment or if, as of the date of such assignment, such assignment would increase the cost under this Agreement to the Borrower in the foreseeable future. Upon such execution, delivery, acceptance and recording in the Register pursuant to Section 10.6(d), from and after the effective date

determined pursuant to such Assignment and Assumption, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Assumption, have the rights and obligations of a Lender hereunder with a Term Loan Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto).

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.2 a copy of each Assignment and Assumption delivered to it and a register (each, a "Register") for the recordation of the names and addresses of the Lenders and the Term Loan Commitments of, and the principal amount (and stated interest) of the Loans owing to, each Lender from time to time. The entries in each Register shall constitute *prima facie* evidence of the same, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in each Register as the owner of the Loans and any Notes evidencing such portion of the Term Loan recorded therein for all purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a Note, shall be effective only upon appropriate entries with respect thereto being made in the relevant Register (and each Note shall expressly so provide). Any assignment or transfer of all or part of a Loan evidenced by a Note shall be registered on the relevant Register only upon surrender for registration of assignment or transfer of the Note evidencing such Loan, accompanied by a duly executed Assignment and Assumption, and thereupon one or more new Notes may be issued to the designated Assignee, if requested by such Assignee.

(e) Except in the case of an assignment to a Lender, a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender's Term Loan Commitments or Loans, the amount of the Term Loan Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000, unless the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default under Section 8(a) or 8(b), or Section 8(h) or 8(i) has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its Lender Affiliates, if any.

(f) Upon its receipt of an Assignment and Assumption in conformity with Section 10.6(c), executed by an Assignor, an Assignee and any other Person whose consent is required by Section 10.6(c), together with payment to the Administrative Agent of a registration and processing fee of \$3,500, the Administrative Agent shall (i) promptly accept such Assignment and Assumption and (ii) record the information contained therein in the relevant Register on the effective date determined pursuant thereto.

(g) For avoidance of doubt the parties to this Agreement acknowledge that the provisions of this Section 10.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit the granting of security, including any pledge or assignment by a Lender to any Federal Reserve Bank in accordance with applicable law; provided that the foreclosure on any such pledged Loan shall be subject to the provisions regarding restrictions on assignments contained in this Section 10.6.

(h) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (g) above.

10.7. Set off . In addition to any rights and remedies of the Lenders provided by law, each Lender shall, after the occurrence of an Event of Default which is continuing, have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch, agency or Lender Affiliate thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8. Counterparts . This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission, emailed pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9. Severability . Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10. Integration . This Agreement, together with the other Loan Documents, the Fee Letter and the CoBank Equities, represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or therein.

10.11. GOVERNING LAW . THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12. Submission to Jurisdiction; Appointment of Process Agent; Waivers . Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party to the exclusive general jurisdiction of the Supreme Court of the State of New York for the County of New York (the "New York Supreme Court"), and the United States District Court for the Southern District of New York (the "Federal District Court," and together with the New York Supreme Court, the "New York Courts") and appellate courts from either of them; provided that nothing in this Agreement shall be deemed or operate to preclude (i) any party from bringing any legal action or proceeding in any jurisdiction for the recognition and enforcement of any judgment or other court order, (ii) if all such New York Courts decline jurisdiction over any Person, or decline (or in the case of the Federal District Court, lack) jurisdiction over any subject matter of such action or proceeding, a legal action or proceeding may be brought with respect thereto in another court having jurisdiction and (iii) in the event a legal action or proceeding is brought against any party hereto or

involving any of its assets or property in another court (without any collusive assistance by such party or any of its Subsidiaries or Affiliates), such party from asserting a claim or defense (including any claim or defense that this Section 10.12(a) would otherwise require to be asserted in a legal proceeding in a New York Court) in any such action or proceeding;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient forum and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, in the case of each other party, to its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or (subject to Section 10.12(a) above) shall limit the right to sue in any other jurisdiction.

10.13. [Reserved]

10.14. Risks of Superior Force. The Borrower expressly assumes all risks of superior force, such that it shall be bound to timely execute each and every of its obligations under this Agreement notwithstanding the existence or occurrence of any event or circumstance constituting a superior force within the meaning of article 1693 of the Civil Code of Québec.

10.15. Language. The parties hereto agree that this Agreement, the other Loan Documents and all agreements and documents entered into in connection herewith or pursuant hereto shall be drawn up in English only. *Les parties confirment qu'elles ont convenu que ce document ainsi que tous les autres documents ou contrats s'y rattachant soient rédigés en anglais seulement.*

10.16. Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement;

(b) the Administrative Agent and the Lenders do not have any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement, and the relationship between the Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of creditor and debtor; and

(c) the Lenders and their Affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you have may conflicting interests;

(d) no joint venture is created hereby or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

10.17. Confidentiality. The Administrative Agent and the Lenders shall hold all non-public information obtained pursuant to or in connection with this Agreement or obtained by them based on a review of the books and records of the Borrower or any of its Subsidiaries in accordance with their

customary procedures for handling confidential information of this nature, but may make disclosure to any of their examiners, regulators (including the Office of the Superintendent of Financial Institutions and any self regulatory authorities), Affiliates, outside auditors, counsel and other professional advisors in connection with this Agreement or as reasonably required by any potential *bona fide* Participant or Assignee, or in connection with the exercise of remedies under a Loan Document, or as requested by any Governmental Authority or pursuant to legal process or to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender; provided, however, that (1) unless specifically prohibited by Requirement of Law or court order, the Administrative Agent and each Lender shall promptly notify the Borrower of any request by any Governmental Authority or representative thereof (other than any such request in connection with an examination of the Administrative Agent or Lender by such Governmental Authority) for disclosure of any such non-public information, where practicable, prior to disclosure of such information; (2) prior to any such disclosure pursuant to this Section 10.17, the Administrative Agent or Lender, as the case may be, shall require any potential *bona fide* Participant and Assignee receiving a disclosure of non-public information to agree in writing (a) to be bound in a manner similar to the Administrative Agent and the Lenders under this Section 10.17; and (b) to require such Person to require any other Person to whom such Person discloses such non-public information to be similarly bound; (3) disclosure may, with the consent of the Administrative Agent, be made by any Lender any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations; provided that such contractual counter party or professional advisor agrees in writing to keep such information confidential to the same extent required of the Lenders hereunder; and (4) except as may be required by an order of a court of competent jurisdiction and to the extent set forth therein, no Lender shall be obligated or required to return any materials furnished by the Borrower or any Subsidiary. For the avoidance of doubt, information relating to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry shall be deemed not to be confidential.

Each Lender acknowledges that information furnished to it pursuant to this Agreement or the other Loan Documents may include material non-public information concerning the Borrower and its Affiliates and their related parties or their respective securities, and confirms that it has developed compliance procedures regarding the use of material non-public information and that it will handle such material non-public information in accordance with those procedures and applicable law, including Federal and state securities laws.

All information, including requests for waivers and amendments, furnished by the Borrower or the Administrative Agent pursuant to, or in the course of administering, this Agreement or the other Loan Documents will be syndicate-level information, which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities. Accordingly, each Lender represents to the Borrower and the Administrative Agent that it has identified in its administrative questionnaire a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law, including Federal and state securities laws.

10.18. WAIVERS OF JURY TRIAL . THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.19. [Reserved] .

10.20. USA Patriot Act Notice; Canadian AML Legislation. Each Lender hereby notifies the Borrower and each Subsidiary Guarantor that pursuant to the requirements of the USA Patriot Act (Title III of Pub.: 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify, and record information that identifies the Borrower and each Subsidiary Guarantor, which information includes the name of the Borrower and each Subsidiary Guarantor and other information that will allow such Lender to identify the Borrower and each Subsidiary Guarantor in accordance with the Patriot Act, and the Borrower and each Subsidiary Guarantor agrees to provide such information from time to time to any Lender. The Borrower acknowledges that, pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" Laws (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding the Borrower, the Subsidiary Guarantors, and its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower and the Subsidiary Guarantors, and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assignee or participant of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation and Beneficial Ownership Regulations, whether now or hereafter in existence.

10.21. CoBank Equity and Eligibility Matters

(a) So long as CoBank is a Lender hereunder, the Borrower will (a) maintain its status as an entity eligible to borrow from CoBank and (b) acquire equity in CoBank in such amounts and at such times as CoBank may require in accordance with CoBank's Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of equity that the Borrower may be required to purchase in CoBank in connection with the portion of Loans made by CoBank may not exceed the maximum amount permitted by the Bylaws and the Capital Plan at the time this Agreement is entered into. The Borrower acknowledges receipt of a copy of (i) CoBank's most recent annual report, and if more recent, CoBank's latest quarterly report, (ii) CoBank's Notice to Prospective Stockholders and (iii) CoBank's Bylaws and Capital Plan, which describe the nature of all of the Borrower's stock and other equities in CoBank acquired in connection with its patronage loan from CoBank (the "CoBank Equities") as well as capitalization requirements, and agrees to be bound by the terms thereof. CoBank acknowledges and agrees that the amount of CoBank Equities acquired by the Borrower on or prior to the Closing Date satisfies the requirements of this Section 10.21(a) in respect of CoBank's Term Loan Commitment as of the Closing Date.

(b) Each party hereto acknowledges that the Bylaws and Capital Plan, as applicable, of CoBank shall govern (i) the rights and obligations of the parties with respect to the CoBank Equities and any patronage refunds or other distributions made on account thereof or on account of the Borrower's patronage with CoBank, (ii) the Borrower's eligibility for patronage distributions from CoBank (in the form of CoBank Equities and cash) and (iii) patronage distributions, if any, in the event of a sale of a participation interest. CoBank reserves the right to assign or sell participations in all or any part of its Term Loan Commitment or its portion of the outstanding Loans hereunder on a non-patronage basis.

(c) Each party hereto acknowledges that CoBank as a Lender hereunder has a statutory first Lien pursuant to the Farm Credit Act of 1971 (as amended from time to time) on all CoBank Equities that the Borrower may now own or hereafter acquire, which statutory Lien shall be the sole and exclusive benefit of CoBank; provided that, it is understood and agreed by CoBank and the other parties hereto (and by all Participants) that such statutory Lien shall not secure an aggregate amount of Obligations in excess of the Maximum CoBank Equity Amount. Notwithstanding anything herein or in any other Loan Document to the contrary, the CoBank Equities shall not constitute security for the Obligations due to any

other Lender. To the extent that any of the Loan Documents create a Lien on the CoBank Equities or on patronage accrued by CoBank for the account of the Borrower (including, in each case, proceeds thereof), such Lien shall be for the sole and exclusive benefit of CoBank and shall not be subject to pro rata sharing hereunder. Neither the CoBank Equities nor any accrued patronage shall be offset against the Obligations except that, in the event of an Event of Default, CoBank may elect to apply the cash portion of any patronage distribution or retirement of equity to amounts owing to it under this Agreement, whether or not such amounts are currently due and payable. The Borrower acknowledges that any corresponding tax liability associated with such application is the sole responsibility of the Borrower. CoBank shall not have an obligation to retire the CoBank Equities upon any Event of Default, Default or any other default by the Borrower or any other Loan Party, or at any other time, either for application to the Obligations or otherwise.

(d) For so long as any portion of the Term Loan remains outstanding, the Borrower agrees to maintain ownership of Renewable Energy Investments (or similar assets reasonably acceptable to CoBank) such that the aggregate value thereof (as reasonably determined by the Borrower) at all times exceeds the unpaid principal amount of the Term Loan.

10.22. Most Favored Lender Provisions. If at any time the Existing Revolver Credit Agreement or any other Loan Document (as defined in the Existing Revolver Credit Agreement), or the documentation for any replacement credit facilities, includes (a) covenants (including related definitions) in favor of a Lender (as defined in the Existing Revolver Credit Agreement), or lender under any replacement credit facilities, that are not provided for in this Agreement or the other Loan Documents, and/or that are more restrictive than the same or similar provisions provided for in this Agreement and the other Loan Documents, or (b) requirements for the credit facility(ies) evidenced thereby to be secured by collateral that does not secure the Loans hereunder (on an equal and ratable basis) or guaranteed by Subsidiaries of the Borrower that are not already Subsidiary Guarantors (any or all of the foregoing, collectively, the “Most Favored Lender Provisions”); provided that the foregoing will not require any Lien to be granted or Subsidiary Guarantee to be given to the extent doing so would result in material adverse tax consequences as reasonably determined by the Borrower in consultation with the Administrative Agent, or if doing so, in the reasonable determination of the Administrative Agent and the Borrower, would be excessively expensive or burdensome in view of the benefits to be obtained by the Lenders therefrom, or if granting such Lien or giving such Subsidiary Guarantee would be prohibited by any Requirement of Law, then (i) such Most Favored Lender Provisions shall immediately and automatically be deemed incorporated into this Agreement and the other Loan Documents as if set forth fully herein and therein, *mutatis mutandis*, and no such incorporated provision may thereafter be waived, amended or modified except pursuant to the provisions of Section 10.1, and (ii) the Borrower shall promptly, and in any event within five (5) Business Days after the Borrower or any other Loan Party entering into any such Most Favored Lender Provisions, so advise the Administrative Agent in writing. Thereafter, upon the request of the Required Lenders, the Borrower and the Guarantors shall enter into an amendment to this Agreement and, if applicable, the other Loan Documents evidencing the incorporation of such Most Favored Lender Provisions, it being agreed that any failure to make such request or to enter into any such amendment shall in no way qualify or limit the incorporation described in clause (i) of the immediately preceding sentence. Notwithstanding the foregoing, the Administrative Agent and the Lenders agree that any Lien created for the benefit of the Term Loan, and any Subsidiary Guarantee arising, in either case solely pursuant to the Most Favored Lender Provisions shall provide by its terms that such Lien or Subsidiary Guarantee shall be automatically and unconditionally released and discharged upon the release and discharge of the Lien or Subsidiary Guarantee that gave rise to the Most Favored Lender Provision creating such Lien or Subsidiary Guarantee.

10.23. Acknowledgement and Consent to Bail-In of Affected Financial Institutions . Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement

or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured (all such liabilities, other than any Excluded Liability, the “Covered Liabilities”), may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such Covered Liability arising hereunder or under any other Loan Document which may be payable to it by any Lender that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such Covered Liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such Covered Liability;
 - (ii) a conversion of all, or a portion of, such Covered Liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such Covered Liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such Covered Liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

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IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BORROWER:

DOMTAR CORPORATION, as Borrower

By: /s/ Daniel

Buron

Name: Daniel Buron

Title:

Vice President and Chief Financial Officer

Ser

By: /s/ Razvan L.

Theodoru

Name:

L. Theodoru

Title:

President, Corporate Law and Secretary

Ri

Vic

ADMINISTRATIVE AGENT:

COBANK, ACB, as Administrative Agent

By: _____ /s/ Matthew Brill
Name: Matthew Brill
Title: Vic
President

LENDERS:

COBANK, ACB, as a Lender

By: _____ /s/ Matthew Brill
Name: Matthew Brill
Title: Vic
President

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John D. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Domtar Corporation;
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:
 - a) 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;
 - b) 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;
 - c) 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
 - d) 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):
 - a) 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
 - b) 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: May 8, 2020

/s/ John D. Williams

John D. Williams

President and Chief Executive Officer

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Buron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Domtar Corporation;
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:
 - a) 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;
 - b) 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;
 - c) 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 the end of the period covered by this report based on such evaluation; and
 - d) 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):
 - a) 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
 - b) 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: May 8, 2020

/s/ Daniel Buron

Daniel Buron

Senior Vice-President and Chief Financial Officer

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies that to his knowledge, the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020 (the "Form 10-Q") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2020

/s/ John D. Williams

John D. Williams

President and Chief Executive Officer

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies that to his knowledge, the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020 (the "Form 10-Q") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2020

/s/ Daniel Buron

Daniel Buron

Senior Vice-President and Chief Financial Officer