PUBLIC VERSION

IN THE MATTER OF AN ARBITRATION UNDER CHAPTER ELEVEN OF THE NORTH AMERICAN FREE TRADE AGREEMENT AND THE 1976 UNCITRAL ARBITRATION RULES

BETWEEN:

RESOLUTE FOREST PRODUCTS INC.

Claimant

AND:

GOVERNMENT OF CANADA

Respondent

PCA CASE No. 2016-13

Expert Report of Peter Steger

April 17, 2019

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1.0 INTRODUCTION AND MANDATE

1. I, Peter Steger, of Cohen Hamilton Steger & Co. Inc. ("CHS"), was retained by the Respondent in this matter, Government of Canada ("Canada"), in connection with the claims for damages made by the Claimant, Resolute Forest Products Inc. ("Resolute"), under NAFTA Article 1102 (National Treatment) and Article 1105 (Minimum Standard of Treatment). [1]

2. Specifically, Resolute's claims relate to certain assistance (or "benefits package") [2] provided by the Government of Nova Scotia ("GNS") in connection with the re-opening of the Port Hawkesbury Paper ("PHP") mill in Nova Scotia under the new ownership of Pacific West Commercial Corporation ("PWCC") [3] in Fall 2012 and the purported financial impact of such on Resolute's three Canadian paper mills in Québec, being Kénogami, Dolbeau and Laurentide.[4] Resolute's three Canadian mills produced super-calendered ("SC") paper of various grades (or quality), primarily comprising SCA, SCB, and SNC.[5] [redacted].

3. In respect of Resolute's damages claim, I was asked by Canada to:

    a) Review and provide my comments on the report prepared for Claimant by Dr. Seth Kaplan dated December 28, 2018 (the "Kaplan Report"), which opines, *inter alia*: *"[t]he PHP mill would not have opened were it not for the entire benefits package [GNS] gave PWCC"* [6] (see Section 5.0 below).

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1 *Resolute Forest Products Inc. v. Government of Canada* (UNCITRAL) Claimant's Memorial, 28 December 2019 ("Claimant's Memorial").

2 Claimant's Memorial and Claimant's experts' reports refer to such GNS assistance alternatively as the "Measures", "ensemble of benefits", and "benefits package". *See* Claimant's Memorial, for example, ¶¶ 71, 153-168, 197-202, 219-221, 253-254, 280-287.

3 Pacific West Commercial Corporation is part of the Stern group of companies.

4 Resolute operated a fourth paper mill in Catawba, South Carolina, USA, which is not addressed in Claimant's experts' reports.

5 SNC refers to a "C" grade of SC paper called "soft-nip" or SNC.

6 *See* Expert Witness Report of Seth T. Kaplan, Ph.D. (December 28, 2018) ("Kaplan Report"), ¶ 50.

b) Review and provide my comments on the report prepared for Claimant by Dr. Jerry Hausman dated December 28, 2018 (the "Hausman Report II"), which opines, *inter alia*: *"[t]he reopening of PHP added 360,000 MT of capacity to the SC Paper market, causing significant financial damage to Resolute's three [Canadian] SC Paper mills via price declines"*[7] and to prepare a price erosion analysis (see Sections 5.0 and 6.0 below). [8, 9]

c) Address, if possible, the EBITDA[10] improvements contemplated and achieved by the new owners of PHP (being PWCC), as between the GNS assistance versus PWCC's own initiatives (see Section 8.0 below).

1.1 Currency and Tonnage

4. Currency amounts herein are expressed in United States dollars (USD or US$) or Canadian dollars (CAD or C$), as indicated. A summary of exchange rates between the two currencies during 2009 – 2018 is provided in Schedule 40.

5. Tonnage is generally expressed herein as metric tonnes (MT), or alternatively as short tons (tons or ST), as noted. A conversion table is provided in Schedule 41.

2.0 STATEMENT OF QUALIFICATIONS AND INDEPENDENCE

6. I am a Canadian Chartered Professional Accountant (CPA) and Chartered Accountant with a specialist designation in Investigative and Forensic Accounting (CA●IFA), as well as a Chartered Business Valuator (CBV), a Certified Fraud Examiner (CFE), and hold a Certification in Financial Forensics (CFF). I am a founding Principal of Cohen Hamilton Steger & Co. Inc., Canada's largest

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7 Expert Witness Report of Jerry Hausman, Ph.D. (December 28, 2018) ("Hausman Report II"), ¶ 15.

8 Claimant's Memorial states: *"[b]ut for all of the Nova Scotia Measures taken together…[PHP] would not have re-opened, and would not have damaged Resolute"* (¶161). Accordingly, I have not been asked to assess damages in relation to any individual measure.

9 For purposes of assessing Resolute's losses, I have assumed that Canada is liable for losses; however, I make no representation as to legal interpretations. If Canada is found not to be liable, then my calculations in respect of Resolute's losses are not applicable.

10 EBITDA means Earnings Before Interest, Taxes, Depreciation and Amortization.

boutique firm specializing in damages quantification, business valuation and forensic accounting in litigation and other disputes. I was previously a Managing Director at Navigant Consulting (now part of Ankura) and a Principal at Kroll Lindquist Avey (now part of Duff & Phelps), two international consultancies with operations in similar fields. I have practiced exclusively in these fields for approximately 28 years.

7. I have been retained as an expert witness on hundreds of mandates involving the quantification of losses or the valuation of business interests in breach of contract disputes, patent infringement matters, shareholder disputes, class actions, and other commercial disputes. In the course of my expert witness retainers, I have submitted numerous reports and affidavits, including expert testimony related thereto, in various forums including ICC Arbitrations, domestic arbitrations, several Canadian provincial courts, and the Federal Court of Canada.

8. My loss quantification mandates have spanned many industries including pulp & paper, forest estates and various other manufacturing. I have been recognized as one of Canada's top cross-border expert witnesses in the Lexpert/American Lawyer annual guides, as well as a leading Forensic Accountant and Quantum of Damages Expert in Who's Who Legal.

9. My curriculum vitae is attached as Appendix A.

10. My report has been prepared independently and objectively. CHS has no stake, directly or indirectly, in the outcome of this arbitration and CHS's fees are not contingent on the outcome of this matter in any way.

3.0 SCOPE OF REVIEW

11. For the purpose of preparing this report, I reviewed and relied upon the documents identified in my report herein and the attached schedules.

3.1 Scope Limitations

12. There are several instances whereby the Hausman Report II references the expectations or information provided by Resolute, but which are uncited.[11] In addition, certain of Resolute's financial productions and comments provided in respect thereof during the first document production phase of this matter are incomplete, unclear or ambiguous. Accordingly, I will be asking Canada to seek clarification on such information during the upcoming additional productions request phase.

13. The production of any additional information and documents may have an impact on my conclusions as set out herein.

4.0 BACKGROUND

4.1 Resolute and PHP's SC Paper Mills

14. Resolute's three Canadian SC paper mills are/were located in the province of Québec at Jonquiere (the Kénogami mill), Dolbeau-Mistassini (the Dolbeau mill) and Shawinigan (the Laurentide mill, which closed in 2014).[12] Resolute also operated a coated paper mill at Catawba, South Carolina, USA, that periodically produced minor quantities of SC paper,[13] and which was sold in January 2019. [14] The PHP mill is located at Port Hawkesbury in the province of Nova Scotia.

15. These Canadian mills (like others in North America and Europe) have gone through a number of closures and re-openings, as follows:

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11 *See* Hausman Report II, ¶¶ 30, 42, 43, 44.

12 *See* Claimant's Memorial, ¶16.

13 *See* Claimant's Memorial, ¶142 footnote 221.

14 *See* **R-245**, Resolute Forest Products Inc., Annual Report for the Fiscal Year Ended December 31, 2018 (Form 10-K), p. 4.

Table 1 Summary of Resolute (Canada) and PHP's SC Paper Mill Closures and Re-openings

Mill	Indicated Capacity MT[15,16]	SC Paper [17]	Closure Date [18]	Re-opening Date
Dolbeau – machine #05 (entire mill)	138,000	[redacted]	June 2009	Oct. 2012
Kénogami – machine #06	68,000	[redacted]	Dec. 2011	--
-- machine #07	142,000	[redacted]		
Laurentide – machine #10	125,000	[redacted]	Nov. 2012	--
-- machine #11 (entire mill)	209,000	[redacted]	Oct. 2014	--
PHP – newsprint machine	n/a	-	Sept. 2011	--
-- SC machine	360,000	[redacted]	Sept. 2011	Oct. 2012

4.2 SC Paper Grades

16. Resolute's three Canadian mills produce(d) SC paper of various grades (or quality), primarily comprising SCA, SCB, and SNC (see Schedule 11). [redacted]

[15] Resolute's 10-Ks reported minor changes in the capacities of the mills in certain years (*see* **R-254**, Resolute Forest Products Inc., Annual Report for the Fiscal Year Ended Dec. 31, 2009 (Form 10-K); **R-255**, Dec. 31, 2010; **R-246**, Dec. 31, 2011; **R-247**, Dec. 31, 2012; **R-248**, Dec. 31, 2013; **R-249**, Dec. 31, 2014; **R-250**, Dec. 31, 2015; **R-251**, Dec. 31, 2016; **R-252**, Dec. 31, 2017; **R-245**, Dec. 31, 2018).

[16] For Resolute mill capacities, *see* **R-253**, [redacted] RFP0004782: Dolbeau at RFP0004784,86,87,92; Kénogami and Laurentide at RFP0004783. For PHP mill capacity and paper types *see* **C-163**, [redacted] CAN000004, p. 12.

[17] For Resolute paper types, see also Schedules 14 A/B summarizing Resolute's Supercalendered Paper Sales Data.

[18] For closure/re-open dates, for Dolbeau: *see* **C-023**, Ross Marowits, "AbitibiBowater may restart Dolbeau Mill after workers endorse changes, The Canadian Press" (Sept. 23, 2011) and **C-255,** [redacted] (RFP0009302); for Kénogami: *see Resolute Forest Products Inc. v. Government of Canada* (UNCITRAL) Counter-Memorial on Jurisdiction, 22 February 2017, ¶ 44; for Laurentide: *see* **R-014**, Resolute Forest Products, News Release, "Resolute Forest Products announces permanent shutdown of paper machine at its Laurentide mill" (Nov. 6, 2012); and **R-016**, Resolute Forest Products, News Release, "Resolute Announces Permanent Closure of Laurentide Mill in Shawinigan, Québec" (Nov. 6, 2012); for PHP: *see* **C-163**, [redacted], p. 11 and **R-100**, Article, PaperAge, "Papermaking Rolls Again at Port Hawkesbury Mill in Nova Scotia"(Oct. 5, 2012).

4.3 Summary of Resolute's Canadian Mills' Financial Results 2010 - 2017

17. The following table summarizes Resolute's reported net profits before tax (in CAD) for its three Canadian mills during 2010 – 2017.[19] During this period, there were several capacity changes that affected Resolute's three Canadian mills as well as PHP (see Section 4.1 above). Of note, after these changes in capacity, including PHP's re-opening, Resolute generated its [redacted] during 2015 – 2017.

Table 2 Summary of Resolute's Reported Net Profits Before Tax (C$ millions)

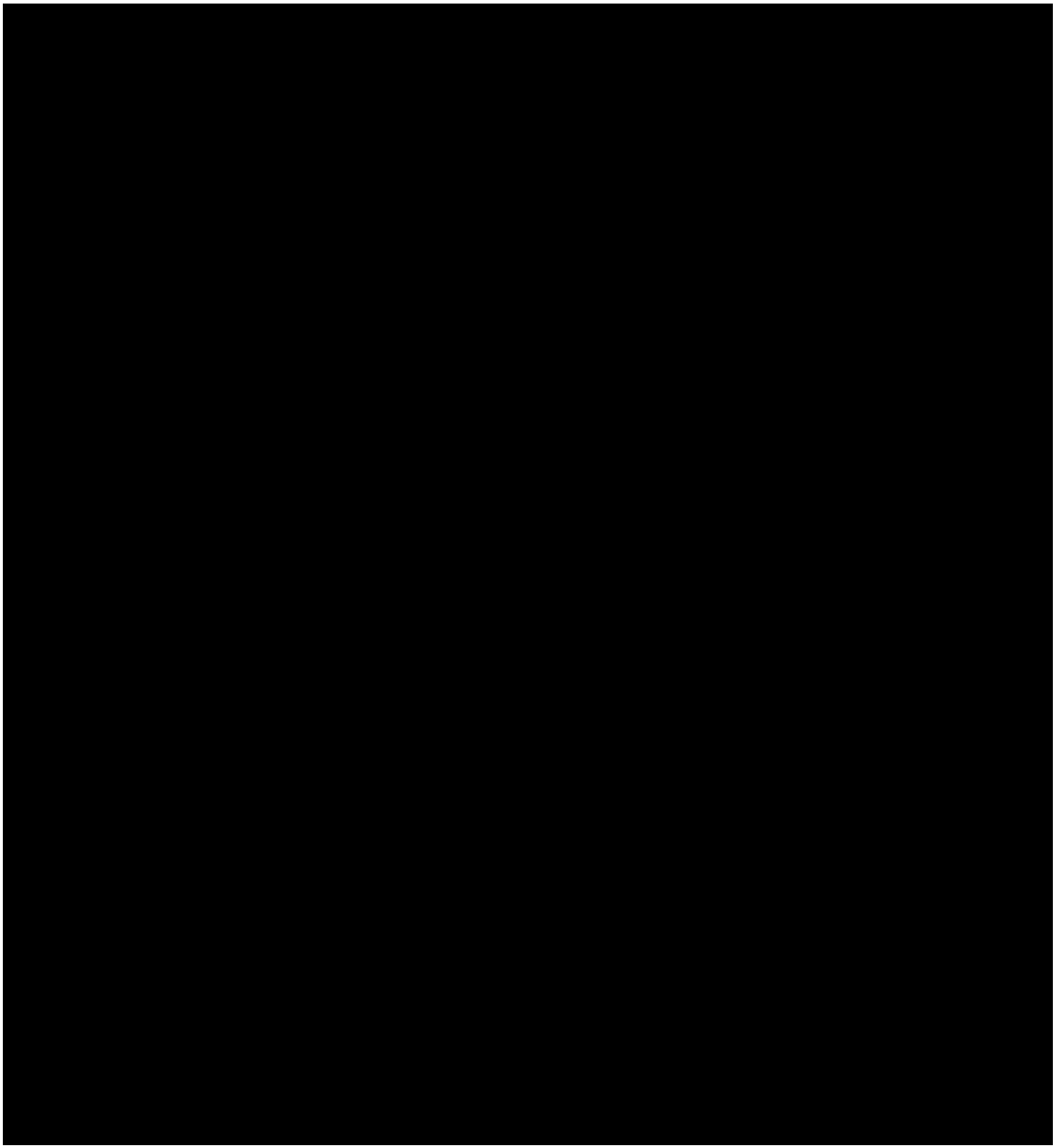
Mill	2010	2011	2012	2013	2014	2015	2016	2017
Kénogami	[redacted]							
Dolbeau	[redacted]							
Laurentide	[redacted]							
Total	[redacted]							

* includes losses from "Mill Closure Elements" during the year.
** includes losses from restarted operations during the year.
See Schedules 12K, 12D, 12L

18. The primary reason for Resolute's [redacted] is that while selling prices denominated in US$/MT have fallen during 2013 – 2017, the CAD has weakened relative to the USD during this period, such that the USD:CAD exchange rate went from par in 2012 to USD 1:00 = CAD 1.30 in 2015 -2017. Resolute's [redacted].

19. The following graphs illustrate the changes in annual USD- and CAD-denominated net sales, cash costs,[20] and profit before SG&A allocation[21] and depreciation (per MT) of Resolute's three Canadian mills:

[19] Resolute has not produced its 2018 results.
[20] Cash costs comprise freight, variable and fixed costs (but excludes SG&A allocation and depreciation).
[21] SG&A is generally understood to mean selling, general & administrative expenses.



See Schedule 12D

See Schedule 12L

4.4 Summary of North American SC Paper Volumes 2010 - 2018

20. The following table summarizes the reported shipment volumes for Resolute's mills and the total North American market (domestic shipments and foreign imports) during 2010 - 2018. As noted above, there were several capacity changes affecting Resolute's three Canadian mills as well as PHP during this period (see Section 4.1 above). Of note,

    a) Since 2013, North American shipments for SCA paper , while shipments for .

    b) Imports of SCA paper while imports for SCB/SNC paper .

c) During 2013 – 2015 (last year of available Resolute data of SC volumes segregated by grade), Resolute's shipments for SCA paper [redacted] while shipments for SCB/SNC paper [redacted]

d) Resolute's total SCA shipments [redacted] despite PHP's absence in 2012 (PHP exited in September 2011 and did not fully re-enter until 2013).[22] Conversely, Resolute's total SCA shipments [redacted] despite PHP's full re-entry in 2013.

Table 3 Summary of SCA / SCB/SNC Shipment Volumes (MT 000s)

Mill	Paper	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kénogami	SCA	[redacted]								
	SCB/SNC									
	Total									
Dolbeau	SCA	[redacted]								
	SCB/SNC									
	Total									
Laurentide	SCA	[redacted]								
	SCB/SNC									
	Total									
Catawba[23] and other differences	SCA	[redacted]								
	SCB/SNC									
	Total									
Total Resolute	SCA	[redacted]								
	SCB/SNC									
	Total									

22 *See* Kaplan Report, ¶13 footnote 11.

23 While the Catawba mill is not part of the Claimant's claim, it is included here for completeness in respect of Resolute's SC papers produced. Minor rounding reconciliations have been ignored.

Table 3 (cont'd) Summary of SCA / SCB/SNC Shipment Volumes (MT 000s)

	Paper	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total North America	SCA-N.Am	[redacted]								
	SCA-Imports									
	SCA-Total									
	SCB/SNC-NAm									
	SCB/SNC-Imp									
	SCB/SNC-Tot									
	Total-N.Am.									
	Total-Imports									
	Total									

See Schedules 11, 12K, 12D, and 20.

21. The following graph illustrates the above-noted sales tonnages for North American shipments and by Resolute: [24]

[redacted]

See Schedule 11 (North America shipments shown)

[24] Resolute's breakdown between SCA and SCB/SNC paper sales volumes has not been produced for 2016-2018.

4.5 SC Paper Prices 2010 - 2018

22. The following graph summarizes the reported North American pricing for SCA and SCB paper during 2010 – 2018:

See Schedule 21

5.0 DETAILED COMMENTS IN RESPECT OF THE KAPLAN REPORT

5.1 Summary of Dr. Kaplan's Conclusions

23. The Kaplan Report opines, *inter alia*, that:

a) *"NSG [Nova Scotia Government] eventually granted PHP over [CAD] $124.5 million in aid."*[25]

b) *"[t]he PHP mill would not have opened were it not for the entire benefits package the NSG gave PWCC."* [26]

[25] *See* Kaplan Report, ¶24.
[26] *See* Kaplan Report, ¶50.

c) *"The full re-entry* [27] *of the PH mill introduced 360,000 MT of SCP [SC paper] capacity to a declining market with moderately elastic demand. This significant addition of supply was not due to, or met with, a significant increase in demand, thus, prices for SCP fell."*[28]

d) *"The addition of 360,000 MT of capacity of SCP from the low-cost producer led to a substantial price decrease."* [29]

e) *"The NSG's actions impacted adversely the profitability of Resolute's three mills."* [30]

5.2 My Concerns with These Conclusions

24. Regarding Dr. Kaplan's first two statements that: *"NSG eventually granted PHP over [CAD] $124.5 million in aid"* and *"[t]he PHP mill would not have opened were it not for the entire benefits package the NSG gave PWCC"*, my concerns are as follows:

a) Dr. Kaplan does not specify which "aid" comprises his *"over [CAD] $124.5 million"* figure or what constitutes "*the entire benefits package"* given by GNS to PWCC. Instead, Dr. Kaplan lists 13 bullets of purported *"aid"* in the *"benefits package"* that totals, for those items that include a dollar figure, to approximately C$ 1.164 billion.

b) In contrast, according to my review of [redacted] (see Schedule 27).

c) And, [redacted]

i. [redacted].

ii. [redacted]

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27 PHP exited in September 2011 and did not "fully re-enter" until 2013 (*see* Kaplan Report, ¶13 footnote 11).

28 *See* Kaplan Report, ¶50.

29 *See* Kaplan Report, ¶48.

30 *See* Kaplan Report, ¶51.

31 PHPLP is the PWCC entity operating the PH mill.

iii. [redacted].

iv. [redacted].

v. [redacted].

vi. [redacted].

vii. [redacted].

viii. [redacted][32] (see Section 8.3 below)

25. Regarding Dr. Kaplan's next two statements that: *"[t]he full re-entry of the PH mill introduced 360,000 MT of SCP [SC paper] capacity"* and that such *"led to a substantial price decrease"*, my concerns are as follows:

a) Dr. Kaplan refers to PHP's "capacity", rather than its actual volumes sold into the North American market. As noted in Section 8.3.1 below, [redacted]

b) Dr. Kaplan also refers to PHP's capacity being added generically to the "SCP" market, rather than stratifying such as between the various grades of SC paper. As noted in Section 4.1 and as further described in the 2019 Pöyry Expert Report,[33] the table below summarizes the grades in which PHP and Resolute compete.

SC Paper Grade	PHP vs. Resolute Markets	Other Competition
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

32 **R-269**, [redacted] CAN000012; **C-220**, [redacted], CAN000013, **C-225**, [redacted] CAN000014; **C-238**, [redacted] CAN000015.

33 *See* Expert Report of Pöyry (April 16, 2019) ("Pöyry Report"), Section 2.1.

34 [redacted] (see Schedule 14D). - *see* **R-230** [redacted] RFP0011677; [redacted] – *see* **R-272**, [redacted] RFP0011702; and [redacted] – *see* **R-273**, [redacted] RFP0011595.

c) Based on the foregoing, [redacted] Dr. Kaplan makes no inquiry or statement as to the impact of such as related to competition or prices.

d) Regarding the "substantial" price decrease in the first half of 2013 following PHP's re-opening in October 2012, Dr. Kaplan fails to address the price rebound that occurred in the second half of 2013 to pre-PHP levels. In addition, he fails to address that the existence and reasons for why there was conversely no "substantial" price increase when PHP exited the market in September 2011 (in fact, prices were flat, then declined after PHP's exit). [35]

26. Regarding Dr. Kaplan's fifth statement that: *"[t]he NSG's actions impacted adversely the profitability of Resolute's three mills"*, my concerns are as follows:

a) Dr. Kaplan provides no attempt at quantifying said "adverse impact on Resolute's profitability" despite providing several "theoretical" supply and demand curves of the *"SCP market without PHP"*. [36]

b) Dr. Kaplan does not comment as to any real world events having occurred during 2013 to date, nor any forecasted to occur thereafter, and their impact on SC paper volumes and prices, such as: (i) continued secular reductions in SC demand; (ii) grade substitutions between the coated mechanical ("CM" or "coated") and SCA+ grades or between SNC and uncoated mechanical ("UM" or generally "improved newsprint"); (iii) Resolute's re-opening of the Dolbeau mill (machine #05) in October 2012 and close Laurentide machine #10 in November 2012 around the time PHP re-entered in Sept./Oct. 2012; (iv) Resolute's own deliberations to close the Laurentide mill in October 2014, and to sell the

[35] *See* diagrams in Kaplan Report, ¶ 48.
[36] *See* diagrams in Kaplan Report, ¶¶ 40, 43, 46.

Catawba mill in January 2019; [37] or (v) any other supply or demand factors. In other words, Dr. Kaplan considers no hindsight against his "theoretical" supply and demand curves for actual real world events having occurred or expected to occur with the passage of time since 2012.

6.0 DETAILED COMMENTS IN RESPECT OF THE HAUSMAN REPORT II

6.1 Summary of Dr. Hausman's Conclusions

27. The Hausman Report II opines, *inter alia*, that *"[t]he reopening of PHP added 360,000 MT of capacity to the SC paper market, causing significant financial damage to Resolute's three [Canadian] SC Paper mills via price declines."*[38] He adds: *"[the] analysis does not include PHP's negative effects on Resolute's quantities via lowered shipments and market related downtime at its three mills… the damages calculation only includes the price effects* (underlining added)" [39] In other words, Dr. Hausman's model is that of a price erosion claim only; such that Resolute's [redacted] sold in the real world during 2013 - 2018 (including Resolute's closure of the Laurentide mill in 2014) are assumed by Dr. Hausman to be the same as his But-for world, resulting in no loss of Resolute volumes due to PHP's re-entry.[40]

6.2 My Concerns with These Conclusions

28. Similar to Dr. Kaplan,[41] Dr. Hausman states that *"[t]he reopening of PHP added 360,000 MT of capacity to the SC paper market."* My concerns with this statement are:

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37 Resolute's productions of its deliberations surrounding the Laurentide closure in 2014 are minimal, contrary to expectation. Further, Resolute has not produced any of its deliberations surrounding the sale of Catawba in 2019.

38 *See* Hausman Report II, ¶15.

39 *See* Hausman Report II, ¶22.

40 Resolute's claim in the Damages phase now abandons its prior Article 1110 (Expropriation) claim in respect of the closure of its Laurentide mill in 2014 (Claimant's Memorial ¶14). As a result, Dr. Hausman's price erosion damages calculations in respect of Laurentide terminate with its closure in 2014.

41 See Section 5.0 above.

a) Dr. Hausman refers to PHP's "capacity", rather than its actual volumes sold into the North American market. As noted in Section 8.3.1 below, [redacted]

b) Dr. Hausman also refers to PHP's capacity being added generically to the "SC paper market", rather than stratifying such as between the various grades of SC paper. As noted in Section 4.1 and as further described in the 2019 Pöyry Expert Report,[42] the table below summarizes the grades in which PHP and Resolute compete.

SC Paper Grade	PHP vs. Resolute Markets	Other Competition
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

c) Based on the foregoing, [redacted]. Dr. Hausman makes no inquiry or statement as to the impact of such as related to competition or prices.

6.3 Summary of Dr. Hausman's Loss Calculations

29. Dr. Hausman then proceeds to calculate Resolute's losses under two scenarios and two loss periods, culminating in a range from USD $163.7 million (which Hausman concludes is "more conservative" and his "final" amount) to USD $201.9 million[43] using the following inputs, each of which I address in Sections 6.4 to 6.10 below.

[42] *See* Pöyry Report, Section 2.1.

[43] *See* Hausman Report II, ¶48.

Table 4 Summary of Hausman's Model Inputs and Assumptions

Input	Hausman's Assumption	Section
Loss Period	Past Loss period of 2013 – 2017 (5 years) Future Loss period of 2018 – 2028 (11 years)	6.4
2013-17 Past Loss Period:		
But-for selling prices	[redacted] % changes.	6.5
But-for variable costs	Scenario 1: [redacted] % changes. Scenario 2: Resolute's purported expectations of a [redacted] per annum.	6.6
Interest rate	Government of Canada T-Bill rates, compounded annually.	6.7
2018-28 Future Loss Period:		
But-for profits	[redacted] YoY decrement applied to his 2017 estimated But-for profit levels.	6.8
Discount rate	[redacted] purported to be Resolute's internal WACC.	6.9
Currency	USD	6.10

6.4 Loss Periods

30. Dr. Hausman splits his analysis into two periods: 2013-2017 and 2018-2028; effectively a "Past Loss period" and a "Future Loss period". My comments in respect of this assumption are addressed in Sections 6.5 and 6.8 below.

6.5 But-for Selling Prices in the Past Loss Period

31. To determine the purported *"price effects"* of PHP's re-entry, Dr. Hausman starts by applying the RISI October 2011 five-year forecast (the "RISI October 2011 Five-Year Forecast") [44] for SCA prices (year-over-year ("YoY") % changes only) to each of Resolute's three Canadian mills' actual average mix of SC prices per MT (i.e. SCA, SCB, and SNC) in 2012, as set out in the table below.

[44] **R-257**, [redacted] p.94.

Dr. Hausman states that he has used the RISI October 2011 forecast because *"this was the last year without price effects from PHP's reopening."* [45, 46]

Table 5 RISI October 2011 Five-Year Forecast for SCA Prices (YoY % Change)[47]

2012	2013	2014	2015	2016	2017
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] assumed by Hausman

32. Dr. Hausman then compares the selling price assumptions (per MT) so derived for his But-for world for 2013 – 2017 versus Resolute's actual average selling prices for 2013 – 2017, which results in [redacted] selling price differentials or erosion, purportedly on account of PHP's re-entry, as follows: [48]

Table 6 Hausman's Selling Price Erosion (But-for Prices less Actual Prices) 2013 - 2017[49]

US$/MT		2013	2014	2015	2016	2017
Kénogami	But-for price Actual avg. price Differential (erosion)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dolbeau	But-for price Actual avg. price Differential (erosion)	[redacted]				
Laurentide	But-for price Actual avg. price Differential (erosion)	[redacted]				

See Schedules 30K, 30D, 30L.

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45 *See* Hausman Report II, ¶26.

46 Dr. Hausman cites the above-noted forecast to a [redacted] at Hausman Report II, Exhibit 2, 18th page. He does not reference the [redacted] (which Resolute produced on February 8, 2019 as **R-257**, [redacted] RFP0012034, nor whether he has reviewed and/or considered any of the [redacted].

47 *See* Hausman Report II, ¶27 and Exhibit 2, 18th page.

48 In his model, Dr. Hausman presents his loss calculations as: But-for profits (= But-for revenues less But-for variable costs) less Actual profits (= Actual revenues less Actual variable costs).

49 *See* Hausman Report II, page 12, Table 2.

33. My concerns with Dr. Hausman's selling price assumption follow.

6.5.1 No Support for PHP's "Price Effect" Lasting from 2013 to 2017

34. Dr. Hausman's 2013 – 2017 past loss period assumes that PHP's re-entry in 2013 had a lasting and increasingly decremental effect on SC prices, without support for such, including that the [redacted], as follows.

6.5.2 RISI's [redacted]

35. The table below compares the RISI October 2011 Five-Year Forecast for SCA prices versus the actuals that occurred. In contrast to the [redacted] as noted above, the [redacted], such that [redacted], culminating in its 2016 forecast of [redacted] being [redacted] than actuals of [redacted], as shown in the table below.

Table 7 Comparison of RISI October 2011 Five-Year Forecast 2012-2016 versus Actuals 2012-2016 for SCA Prices

Forecast/Actuals	2011	2012	2013	2014	2015	2016
RISI Forecast Oct. 2011, without PHP re-entry (US$/ton)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Forecast converted to (US$/MT)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Actuals (per RISI) with PHP re-entry (US$/MT) / YoY %	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
RISI Forecast prices (US$/MT) [redacted] than Actuals	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

See Schedule 22 (Forecast); Schedule 21 (Actuals)

36. Comparing Table 7 pricing differentials above to the price erosion assumed by Dr. Hausman in Table 6 (ranging from [redacted]), he effectively attributes the majority of the price difference to PHP's re-entry.

37. However, a closer look at 2013 prices and beyond show that:

a) A price drop did temporarily occur in the first half of 2013 after PHP re-entry, but it was followed by a return to 2012 pricing (before PHP re-entry) in the second half of 2013. As further described in 7.2 below, various contemporaneous industry commentary (including RISI) largely determined [redacted].

b) In the year prior, during 2012 (when NewPage PH had exited the market), pricing did not exhibit the opposite phenomenon of a price hike over 2011 (with NewPage PH in the market). For example, RISI had forecasted a [redacted] for 2012 when, in fact, prices [redacted] (see Schedule 22).

c) The 2019 Pöyry Expert Report similarly concludes that "*the impact of PHP's exit and re-entry on SC-paper market prices was temporary and negligible in the long term.*"[50]

d) RISI's previous February and June 2011 five-year price forecasts (each with New Page PH in the market) predicted [redacted] (with PHP now out of the market) (see Schedule 22).

e) RISI's follow-on February/June/November 2013 price forecasts (all with PHP having re-entered) continued to [redacted] in subsequent years, thereby [redacted] (see Schedule 22).

6.5.3 RISI's [redacted]

38. In addition to forecasted SCA prices, the table below compares the RISI October 2011 Five-Year

[50] *See* Pöyry Report, Sections 1.5 and 5.1.

Forecast for SC volumes[51] versus the market actuals that occurred.[52] Forecasted pricing is made in conjunction with forecasted volumes, and [redacted] For example, [redacted] without PHP re-entry, [redacted], with PHP re-entry [redacted] (see Section 8.3.1).

39. As a result, the RISI forecasted [redacted] as shown in the table below.

Table 8 Comparison of RISI October 2011 Five-Year Forecast 2012-2016 versus Actuals 2012-2016 for SC Volumes (North American Demand/Consumption)[53]

Forecast/Actuals	2011	2012	2013	2014	2015	2016
RISI Forecast Oct. 2011, without PHP re-entry (000 tons)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Forecast converted to (000 MTs)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Actuals (per PPPC), with PHP re-entry (000 MTs)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
RISI Forecast volumes (000 MTs) [redacted] than Actuals	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

See Schedule 23 (Forecast); Schedule 20 (Actuals)

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51 Whereas the [redacted] (*see* **R-257**, [redacted] RFP0012034, p. 94 and p. 102, respectively.

52 The Hausman Report II does not consider sales volumes.

53 North American consumption (or demand) comprises North American shipments plus imports (but excludes exports).

54 [redacted] (see Schedule 23).

40. Given that the volume levels forecasted by RISI for 2012 - 2016 were [redacted] by the real world market that unfolded, and given the tied nature of a volume forecast with a price forecast, I consider it inappropriate to use the RISI October 2011 Five-Year Forecast as the basis for the 2013-2017 price forecast as Dr. Hausman has done in his But-for world.

6.5.4 Dr. Hausman's Model is Flawed

41. In addition to the foregoing, Dr. Hausman's model itself is flawed, which is best illustrated by the damages figure it calculates if one were to substitute an alternate price forecast for that of Dr. Hausman's RISI 2011 forecast. As noted in Section 6.5 (Tables 5 and 6) above, Dr. Hausman's use of RISI's October 2011 forecasts of YoY percentage changes in SCA prices generated price differentials or erosion ranging from [redacted] for Kénogami, [redacted] for Dolbeau, and [redacted] for Laurentide.

42. In contrast to Dr. Hausman's price differentials, [redacted] ."[55]

43. In the 2019 Pöyry Expert Report, Pöyry concludes, with retrospect, that [redacted], and that the July 2013 price increase "*is proof of a strong market in 2013 rather than the market weakness that PHP's re-entry was expected to cause, and it indicates a short-term price impact, if any, of PHP's re-entry.*"[56]

44. Notwithstanding, using Dr. Hausman's model, if one were to substitute the RISI October 2011 Five Year Forecast with the [redacted] estimated [redacted] of what the market (and

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55 **R-161**, [redacted].

56 *See* Pöyry Report, Section 5.3.

thus, Resolute's) selling prices would have been but-for PHP's re-entry, Dr. Hausman's loss quantum would change from US$163.7 million to <u>negative</u> US$109.3 million [!], thus negating any loss claim (see Schedule 31). This irrational result clearly renders Dr. Hausman's model and conclusions as untenable (see also Section 6.6 re: variable costs below).

45. [redacted], Resolute also had a 2012 forecast as contained in its [redacted] which stated: [redacted][7]

46. Again, using Dr. Hausman's model, if one were to substitute the [redacted] estimated by Resolute in 2012 of what the market (and thus, Resolute's) selling prices would have been but-for PHP's re-entry, Dr. Hausman's loss quantum would change from US$163.7 million to <u>negative</u> US$39.9 million [!], again negating any loss claim (see Schedule 32).

6.5.5 No Hindsight for 2013-2017 Applied and No New Forecasts for 2018-2028

47. Dr. Hausman assumes that the only market changes that would have manifested during his combined loss periods of 16 years would have been: (i) the selling price changes forecasted by RISI in October 2011; (ii) the [redacted] (see Section 6.6); and (iii) the [redacted] for 2018 – 2028 (see Section 6.8). This is despite the secular downward trend referenced by Dr. Hausman and Dr. Kaplan, and as evidenced in the 2013 – 2018 shipment volumes showing [redacted] (as noted in Section 4.4 Table 3 above).

48. Dr. Hausman does not comment as to any real world events having occurred during 2013 – 2017, nor any forecasted to occur during 2018-2028, and their impact on SC paper volumes and prices (across all SC grades of SCA+/++, SCA, SCB and SNC), such as: (i) continued reductions in SC demand; (ii) grade substitutions between the coated mechanical ("CM" or "coated") and SCA+ grades or between SNC and uncoated mechanical ("UM" or generally "improved newsprint"); (iii)

[57] **R-258** [redacted] RFP011901.

Resolute's re-opening of the Dolbeau mill (machine #05) in October 2012 and close Laurentide machine #10 in November 2012 around the time PHP re-entered in Sept./Oct. 2012; (iv) Resolute's own deliberations to close the Laurentide mill in October 2014, and to sell the Catawba mill in January 2019; [58] or (v) any other supply or demand factors. In other words, Dr. Hausman applies no hindsight to his damages calculations for actual real world events having occurred or expected to occur with the passage of time since 2011.

49. Finally, Dr. Hausman makes no reference to real world deliberations expressed in [redacted], or [redacted].

6.5.6 Incongruent Selections

50. Dr. Hausman selects RISI's selling price forecast over Resolute's own forecasts of the possible selling price impact of a PHP re-opening.[59] Yet, for his variable costs assumption, Dr. Hausman conversely selects Resolute's forecasts (for his "final" conclusion) over RISI (see also Section 6.6 below).

6.6 But-for Variable Costs in the Past Loss Period

51. In his first Scenario of the But-for world, Dr. Hausman applies RISI's October 2011 Five-Year Forecast for US Uncoated Mechanical Paper "variable" costs (YoY % changes only) to each of Resolute's three Canadian mills' average "Direct" costs (per MT) in 2012 (for Kénogami) or Q1 2013 (for Dolbeau, Laurentide). In his second Scenario, which his "final" conclusion represents, Dr. Hausman applies Resolute's purported expectations of a [redacted] per annum (per MT) to the same 2012 / Q1 2013 bases noted above, as follows:

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[58] Resolute's productions of its deliberations surrounding the Laurentide closure in 2014 are minimal, contrary to expectation. Further, Resolute has not produced any of its deliberations surrounding the sale of Catawba in 2019.

[59] *See* Hausman Report II, ¶ 24 footnote 25 states:*"Resolute had some internal forecasts with constant prices for all of their paper products [uncited]; however, RISI prices are a better indicator of the market. RISI is accepted as the industry standard on pricing in the SCP market.[uncited]"*

Table 9 Dr. Hausman's Variable Costs Scenarios (YoY % Change) 2013 – 2017 [60]

Alternative:	**2013**	**2014**	**2015**	**2016**	**2017**
1) RISI 5-yr forecast for US Uncoated Mech.	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] assumed by Hausman
2) Resolute "expectation"	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

52. From both of these variable costs (per MT) assumptions in Dr. Hausman's But-for world for 2013 - 2017, he effectively deducts Resolute's actual variable costs during 2013 - 2017.[61]

53. My concerns with Dr. Hausman's two alternative variable costs assumptions follow.

6.6.1 Variable Cost Assumption Flawed

54. As noted in Section 6.1 above, Dr. Hausman assumes that Resolute's [redacted] in the Real world (with PHP re-entry) would have been the same as with his But-for world (without PHP re-entry). However, he then assumes that Resolute's variable costs on these identical volumes would have been higher in his But-for world versus the Real world. I consider this a flaw and it is unclear why Dr. Hausman applies this divergence (his report is silent on the issue).

55. While market selling prices and producers' costs may move somewhat in tandem (albeit with constant changes in producers' resultant gross margins as they continually adjust to the matrix of increases/decreases in input costs and increases/decreases in selling prices),[62] it is not clear why Dr. Hausman appears to be claiming that absent PHP's re-entry: (a) market selling prices would have

60 *See* Hausman Report II, ¶¶ 31-32 and Tables 3, 4, 6 and 7.

61 In his model, Dr. Hausman presents his loss calculations as: But-for profits (= But-for revenues less But-for variable costs) less Actual profits (= Actual revenues less Actual variable costs).

62 According to Resolute's 10-Ks "Risk Factors" during 2013 – 2018, it states: "*For our commodity products, the relationship between industry supply and demand, rather than changes in the cost of raw materials, will determine our ability to increase prices. Consequently, we may be unable to pass along increases in our operating costs to our customers.*" *See* **R-248**, Resolute Forest Products Inc., Annual Report for the Fiscal Year Ended Dec. 31, 2013 (Form 10-K); **R-249**, Dec. 31, 2014, **R-250**, Dec. 31, 2015, **R-251**, Dec. 31, 2016, **R-252**, Dec. 31, 2017, **R-245**, Dec. 31, 2018.

been higher due to lessened competition; as well as (b) Resolute's three primary (and Québec-based) input costs of wood fibre, labour and power would have also been higher.[63]

6.6.2 RISI Forecast for Variable Costs

56. In respect of the RISI forecast for variable costs (first Scenario), [redacted] and, thus, does not accord with Dr. Hausman's usage of such to equate to Resolute's "Direct Costs". That is, [redacted][64], whereas [redacted][65] (see also Section 6.6.4 below).

57. Further, the historical variable cost "actuals" displayed in the RISI forecasts are nonetheless still only an estimate (as RISI is a third-party commentator) and not true actuals as derived from Resolute's financials. In addition, RISI's "variable costs" relate to [redacted] not just SC paper costs,[66] nor Canadian mills.

58. Dr. Hausman implicitly assumes (but does not affirmatively comment on) that RISI's variable cost forecasts of YoY % changes apply equally across SCA/SCB/SNC production and across all its mills.

6.6.3 Resolute's [redacted]" for Increased Variable Costs

59. In respect of Resolute's [redacted] for increased variable costs (second Scenario), Dr. Hausman references no Witness Statement, production, Resolute representative or meeting notes in support of same.

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63 As discussed in Section 7.2, I have calculated Resolute's price erosion loss that reflects the six-month temporary decline in selling prices observed in the first half of 2013 after PHP's re-entry, while keeping costs constant.

64 *See* **R-257**, [redacted] RFP012143, p. 94.

65 *See* Schedules 12K, 12D, 12L.

[redacted] - *see* **R-257**, [redacted], RFP012143, p. 102.

60. In fact, Resolute's expectation of a [redacted] by Resolute's actual "Direct Costs" for 2012/13 - 2017 for each of its Kénogami, Dolbeau and Laurentide mills, which [redacted] respectively (see Schedule 16).

6.6.4 Resolute's Fixed versus Variable Costs

61. Dr. Hausman implicitly assumes (but does not affirmatively comment on) that the components of the "Variable Costs" per RISI's forecast are equivalent to Resolute's "Direct Costs" per its Profit & Loss Statements ("P&Ls"). [68] As noted in Section 6.6.2 above, they are [redacted], whereas [redacted]

62. Dr. Hausman also makes no reference to querying whether any "Fixed Costs" reported in Resolute's P&Ls should instead be included in its Direct Costs (the latter of which Dr. Hausman equates to variable costs for his calculations). I note that, on the basis of the names alone of various line items in Resolute's Fixed Costs, the following may, in whole or in part, be more accurately described as Variable Costs (and which are, as such, included in RISI's figures):

a) [redacted],
b) [redacted]
c) [redacted],
d) [redacted],
e) [redacted]
f) [redacted], and
g) [redacted].[69]

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[67] CAGR means compounded annual growth rate. The CAGR in respect of [redacted] while [redacted]

[68] I refer to Resolute's [redacted] as "P&Ls" (or Profit & Loss Statements, which I have summarized at Schedules 12K, 12D, 12L and 12C); whereas Dr. Hausman refers to same as "Scorecards".

[69] Further information from Resolute is required to conclude in this regard.

63. As one example of the foregoing, Resolute's P&Ls do, in fact, display a [redacted] which Dr. Hausman overrode and made adjustments to his calculations to exclude such change.

64. As a second example, Resolute's P&Ls [redacted] that are unaddressed and, therefore, excluded from the Hausman Report II. Further, Resolute has not produced any supporting documents to describe these [redacted].

6.6.5 Incongruent Selections

65. By selecting his "Resolute [redacted]" scenario over the "RISI Oct. 2011 forecast" scenario for his "final" opinion, Dr. Hausman is incongruent in that, for selling prices, he selects RISI over Resolute (see Section 6.5).

6.7 Interest Rate and Compounding in the Past Loss Period

66. Dr. Hausman's loss calculation of US$ 163.7 million includes interest at the Government of Canada T-Bill rate, compounded annually.[70]

67. My concerns with Dr. Hausman's interest assumptions are:

a) It is incongruent to apply Canadian T-Bill interest rates to the USD-denominated lost profits that Dr. Hausman calculates (see also Section 6.10 below).

6.8 But-for Profits in Dr. Hausman's Future Loss Period 2018-2028

68. Dr. Hausman applies a [redacted] to his 2017 estimated But-for profit levels by mill, as calculated in his Past Loss period, and continuing thereafter until 2028. His purported support for the [redacted] is that he *"understand[s] Resolute expects a [redacted] in future profits"* and with

[70] Hausman Report II, Appendix A also includes alternative compound interest calculations using (i) Canadian Prime Rate; and (ii) Canadian Prime Rate +1%.

reference to the [redacted].[71]

69. My concerns with Dr. Hausman's future period lost profits assumptions follow.

6.8.1 Resolute's "[redacted]" Decline in YoY Profits

70. In respect of Resolute's [redacted], Dr. Hausman references no Witness Statement, production, Resolute representative or meeting notes in support of same.

71. The [redacted] is [redacted] nor the SC market during 2013 – 2018. For example:

a) As noted in Section 4.3 above, Resolute's Kénogami and Dolbeau mills experienced [redacted] whereby increasing weakness in the CAD [redacted] denominated in USD, thus [redacted]. With the USD:CAD exchange rate differential moderating at approximately 1.00:1.30 since 2015-16, Resolute's [redacted][72]

b) In addition, as noted in Section 4.4 Table 3 above, overall SC paper market volumes experienced [redacted]. This secular decline is noted by Dr. Hausman and by Dr. Kaplan.[73] Yet, neither expert cites any current date forecasts of Resolute or others in respect of future sales volumes (or selling prices or variable costs).

72. In summary, Dr. Hausman's adoption of a [redacted] for 2018 - 2028 translates, in effect, into either a [redacted] or a [redacted]

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71 *See* Hausman Report II, ¶42.

72 Resolute has not produced its 2018 results by mill, showing the impact of the 2018 SC price increases.

73 *See* Hausman Report II, ¶8; Kaplan Report ¶17.

(or a combination thereof), [redacted], nor reflects appropriate risk (see also Section 6.9 below).

6.8.2 11-Year Future Loss Period

73. Dr. Hausman states that his future loss period of 2018 - 2028 derives from his *"understanding that Resolute has plans to run the Dolbeau and Kénogami mills beyond 2028 without large planned investments"* and his *"confidence that the SCP industry will exist in its present state in 10 years, but beyond 10 years I am less certain."* [74] For this, Dr. Hausman references no Witness Statement, production, Resolute representative or meeting notes in support of same.

74. Most important is that Dr. Hausman's 11-year future loss period assumes that PHP's full re-entry in the SC paper market in 2013 continues to cause a lasting and permanent decremental effect on SC prices (at least to 2028) without any support for such.

75. The arbitrariness of Dr. Hausman's 11-year future loss period of 2018 – 2028 and the cut-off at a 2028 terminal year is also shown by how the lost profits calculated by Dr. Hausman suddenly end in 2028 despite his calculations of Resolute nonetheless generating [redacted]. [75] In my view, this also indicates that Dr. Hausman's Future Loss period is inappropriate, even on his own theory.

76. Finally, as noted in Section 6.5.5, Dr. Hausman does not comment as to any real world events having occurred during 2013 – 2017, nor any forecasted to occur during 2018 - 2028, and their impact on SC paper volumes and prices such as: (i) continued reductions in SC demand; (ii) grade substitutions; (iii) Resolute's decision to close the Laurentide mill in October 2014, and to sell the Catawba mill in January 2019; or (iv) any other supply or demand factors.

[74] *See* Hausman Report II, ¶43.

[75] *See* Hausman Report II, ¶43 and Exhibit 2.

6.9 Discount Rate in the Future Loss Period

77. Dr. Hausman applies a [redacted] discount rate to present value his 2018 – 2028 Future Loss period damages to January 1, 2018. He states that the [redacted] represents *"Resolute's internal weighted average cost of capital (WACC)."* [76]

78. My concerns with Dr. Hausman's future period discount rate assumption are:

a) Dr. Hausman references no Witness Statement, production, Resolute representative or meeting notes in support of same.

b) While unstated, I presume Dr. Hausman is referring to the internal WACC of Resolute Forest Products Inc., being the U.S. parent company, and not necessarily the remaining two Canadian SC paper mills (Kénogami and Dolbeau). In my view, the discounting of the cash flows of the Kénogami and Dolbeau SC paper mills should reflect the higher risks of those two mills alone compared to the more-diversified parent company. For example, Resolute's total company sales in 2018 were US$ 3.756 billion,[77] whereas the Kénogami and Dolbeau mills sales were [redacted][78]

79. Accordingly, the appropriate discount rate to present value Resolute's future losses should be significantly higher to reflect:

a) The likelihood of the premise that PHP's full re-entry in 2013 continues to have a lasting and permanent decremental effect on SC selling prices through to 2028;

b) The risks embedded in Dr. Hausman's future cash flows as derived from a [redacted] noted above;

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[76] *See* Hausman Report II, ¶44.

[77] **R-245**, Resolute Forest Products Inc., Annual Report for the Fiscal Year Ended December 31, 2018 (Form 10-K), p. 31.

[78] Calculated from Resolute's P&Ls for 2017 (last year available) of [redacted], respectively (*see* Schedules 12K and 12D), totaling [redacted] at 1.2986 F/X rate (*see* Schedule 40).

c) The risk of Resolute closing or selling Kénogami or Dolbeau, as it did with Laurentide in 2014 and Catawba in 2019, respectively;

d) The potential for other SC paper producers' closures or re-starts, as well as changes in foreign imports.

80. Finally, Dr. Hausman employs an "end-of-year" convention to discount his future cash flows to a current date (being January 1, 2018 in the Hausman Report II). By doing so, Dr. Hausman's model calculates as if Resolute's (lost) profits were generated at the end of each future year. In my view, this is an error. The use of a "mid-year" convention is generally considered more appropriate in damages quantification.

6.10 Currency

81. Dr. Hausman conducts his analysis of Resolute's But-for and actual selling prices, variable costs and (lost) profits all in USD.

82. My concerns with Dr. Hausman's currency assumption are:

a) Resolute's three Canadian mills reported their financial results [redacted].

b) As noted in Section 6.7, it is incongruent to calculate USD-denominated lost profits but then apply Canadian T-Bill interest rates thereto.

c) In my view, it is more appropriate to calculate Resolute's losses in CAD, and convert to USD either annually, or as a lump-sum at the date of judgment.

6.11 Conclusion

83. Based on the foregoing, it is my view that Dr. Hausman's model, assumptions, and conclusions so derived are inappropriate and untenable. My calculations of Resolute's price erosion loss are presented in Section 7.2.

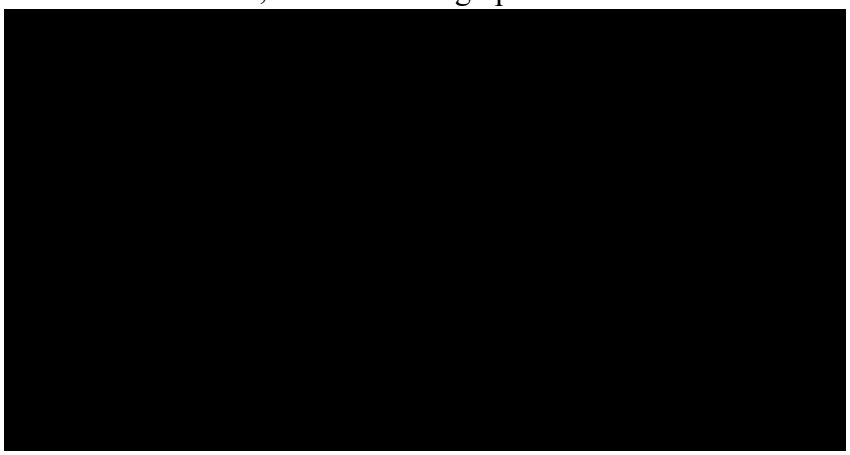
7.0 CALCULATION OF RESOLUTE'S LOST PROFITS FROM PRICE EROSION

7.1 Introduction

84. I have been asked to quantify the price erosion loss incurred by Resolute, if any, using the assumption provided by Canada that the entire benefits package provided by GNS to PWCC breached NAFTA Articles 1102 and 1105, and was the sole reason PHP re-entered the SC paper market.

7.2 Lost Profits from Price Erosion

85. When PHP fully re-entered the SC paper in 2013, there was an observed price decline in the first half of the year, followed by a rebound in the second half of 2013 to the price levels of 2012 before PHP re-entered, as seen in the graph below:



See Schedule 1

86. The industry commentary prepared at the time in 2013 largely determined the price decline to be temporary and that PHP's added volumes from re-entry were absorbed in the market with little impact. For example:

a) [redacted][79]

[79] **R-236**, [redacted] p. 77.

b) *"...there was not a sustained drop in price that resulted from the Port Hawkesbury resumption. It is true initially there was a small impact, but that was mainly speculative because people remembered what the product mix of NewPage owned PH mill was. However, after it became apparent that the new PH was servicing customers that had been absent from the SC paper market prices came back up."* [80]

c) [redacted] [81]

d) [redacted] [82]

e) [redacted] [83]

f) [redacted] [84]

g) [redacted] [85]

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80 **C-236**, Transcript of Proceedings before U.S. International Trade Commission in re Supercalendered Paper from Canada, Inv. No. 701-TA-530 (Oct. 22, 2015), pp. 170-171, Testimony of John Coche, an independent consulting specialist in the paper business for 45 years whose major clients include purchasers of SC paper such as Parade Magazine.

81 **R-259**, [redacted] p. 15.

82 **R-259**, [redacted] p. 15.

83 **R-260**, [redacted], p. 20.

84 **R-261**, [redacted] p. 24.

85 **R-262**, [redacted] p. 21.

h) [redacted] [86]

i) [redacted] [87]

j) [redacted] [88]

k) [redacted] [89]

87. In contrast to the above, one observation appeared to go against the otherwise consistent commentary:

a) [redacted]

[86] **R-262** [redacted] p. 22.
[87] **R-263**, [redacted] p. 23.
[88] **R-263**, [redacted] p. 24.
[89] **R-264**, [redacted] p. 26.

[redacted] [90]

88. Based on the foregoing largely consistent commentary in 2013 concluding as to the temporary price effects of PHP's re-entry, I have calculated a six-month price erosion loss as follows:

    a) For the period January to June 2013, I determined the actual volumes sold by Kénogami, Dolbeau and Laurentide; and

    b) I applied the estimated selling price differential experienced during January to June 2013 of [redacted] (calculated as the difference between the lower selling prices in Q1/Q2 2013 compared to the higher prices of Q4 2012 and Q3 2013).

89. The 2019 Pöyry Expert Report similarly concludes that "*the impact of PHP's exit and re-entry on SC-paper market prices was temporary and negligible in the long term.*"[91]

7.2.1 Price Erosion Conclusion

90. Based on the foregoing, I calculated the lost profits from price erosion at C$9.419 million (see Schedule 1).

7.3 Interest

91. I have been asked by Canada not to include interest.

7.4 Currency

92. Resolute's three Canadian mills reported their financial results [redacted]. Accordingly, I have calculated Resolute's lost profits in 2013 [redacted].

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90 **R-265**, [redacted] p 25.

91 *See* Pöyry Report, Sections 1.5 and 5.1.

7.5 Conclusion

93. Based on the foregoing, and under the assumption (pursuant to Resolute's allegations) that, but for the entire benefits package provided by GNS to PWCC, PHP would not have re-entered the SC paper market in 2013 (or ever), I have calculated Resolute's price erosion loss as follows:

Table 10 Summary of Resolute's Price Erosion Losses

$ millions	**Amount**
Price Erosion loss (2013)	CAD 9.419
Interest	not calculated
Total	CAD 9.419

94. The following table compares my loss quantum conclusions to that of the Hausman Report II:

Table 11 Comparison of Steger's versus Hausman's Loss Quantum

$ millions	**Steger**			**Hausman [92]**	
Past Loss Period	2013	CAD 9.419		2013 - 2017	USD 100.248
Future Loss Period	n/a	--		2018 - 2028	USD 60.646
Interest (Past Loss period)		not calculated			USD 2.802 (compound)
Total		CAD 9.419			USD 163.695

8.0 PWCC / PHP – ELECTRICITY AND EBITDA IMPROVEMENTS, AND FINANCIAL RESULTS

8.1 PWCC's Electricity Initiatives

95. Claimant's Memorial takes issue with the [redacted] on electricity that PWCC received as part of the agreement to purchase the PH mill (where it is frequently mentioned as one of the [redacted]

[92] Reflects Dr. Hausman's "final" conclusion (*see* Hausman Report II, ¶48).

[redacted].[93, 94] While it does appear that [redacted] compared to previous owner NewPage, the [redacted] than Claimant's Memorial would suggest.

96. Electricity [redacted] under PWCC's original proposed (but failed) partnership arrangement with NSPI (the "PWCC/NSPI Proposal") would have been [redacted] – the projected annual [redacted] from the proposed electricity arrangement in the [redacted][95] were [redacted] compared to the PH mill's actual electricity costs under NewPage in 2011.[96] However, PWCC's proposed arrangement fell apart in September 2012 when the CRA issued an Advanced Tax Ruling (ATR) rejecting the PWCC/NSPI Proposal.[97]

97. In summary, under the terms of the PWCC/NSPI Proposal:

a) PWCC would acquire control of NewPage Port Hawkesbury ("NPPH") and enter into agreements that would enable NPPH to self-supply electricity to the PH mill. The self-supply would require a relationship with NSPI whereby certain electricity generation assets were dedicated to the use by a partnership in which each of NPPH and NSPI would initially be limited partners;[98]

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93 *See* Claimant's Memorial, Sections II-D (1) at pp. 17-20 and II-E (1) at pp. 25-30.

94 My review of the electricity issue is to provide context for the [redacted] in GNS's assistance and the other EBITDA improvements [redacted].

95 **R-266**, [redacted], CAN000082 [redacted]; **R-266**, [redacted], CAN000082 [redacted].

96 The terms of the PWCC/NSPI Proposal are set out in the application that was jointly submitted by NSPI and PWCC for *Approval of a Load Retention Rate* filed with the Nova Scotia Utility and Review Board (NSUARB) on April 27, 2012 (Claimant's Memorial Exhibit **C-166**) (the "Application"). The PWCC/NSPI Proposal addressed, *inter alia*, the applicants' proposed arrangement for paying the costs of electricity used by the PH mill. The terms of the PWCC/NSPI Proposal are also generally described in the NSUARB's subsequent decision approving the Application dated August 20, 2012 (Claimant's Memorial Exhibit **C-184**) (the "Decision"), whereby the regulator approved the PWCC/NSPI Proposal pending the Canada Revenue Agency's (CRA's) acceptance of the proposed arrangement from a tax perspective.

97 The CRA's ATR has not been produced. NSUARB's approval of the Application was conditional upon the CRA's acceptance of the arrangement, for which PWCC and NSPI had jointly filed a request for an Advanced Tax Ruling ("ATR") (**C-166** Application Section 4.1 pg. 17, and **C-184** Decision ¶31 pg. 11 and ¶144 pg. 48).

98 **C-184**, *In re an Application by Pacific West Commercial Corporation and Nova Scotia Power Incorporated*, Decision (UARB) (Aug. 20, 2012), ¶ 17 p. 7.

b) NSPI would subsequently transfer its partnership interest to NPPH in exchange for 30% of the common shares and all of the first and second preferred shares of NPPH;[99]

c) In exchange for dedicated use of NSPI's electricity generation assets, NSPI would receive weekly preferred share dividends for the after-tax value of electricity consumed by the PH mill. The proposed structure would allow PWCC to utilize tax losses of NPPH, and NSPI to receive inter-corporate dividends which, unlike revenue from the sale of electricity, would not be subject to income tax;[100]

d) The Application stated: "*NS Power will not receive tariff revenue in respect of the electricity production from the Facilities subject to the DUA [Dedication of Use Agreement]. However, it will receive preferred share dividends, calculated on the basis described above, which will leave NS Power in the same after-tax position as if it had received tariff revenue. It is intended that this structure will be tax-efficient for NPPH given its substantial tax loss carry forwards (this result will be confirmed in the ATR). From the perspective of NS Power, the key aspect of the ATR is to confirm that the payments by NPPH of the preferred share dividends will be treated as tax-free dividends for income tax purposes.*";[101] and,

e) Preferred share dividends paid by NPPH to NSPI would be equal to the costs of the partnership's electricity usage, minus a facilities Operating & Maintenance (O&M) charge of C$10/MWh.[102]

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99 **C-166**, April 2012 Application for approval for a LRR for facility at Port Hawkesbury (April 27, 2012), Section 4.1 sub(12) p. 15, and **C-184**, *In re an Application by Pacific West Commercial Corporation and Nova Scotia Power Incorporated* , Decision (UARB) (Aug. 20, 2012), ¶ 34 sub(11) p. 15.

100 **C-166**, April 2012 Application for approval for a LRR for facility at Port Hawkesbury (April 27, 2012), Section 4.1 p. 17, and **C-184**, *In re an Application by Pacific West Commercial Corporation and Nova Scotia Power Incorporated*, Decision (UARB) (Aug. 20, 2012), ¶ 17 p. 8.

101 **C-166**, April 2012 Application for approval for a LRR for facility at Port Hawkesbury (April 27, 2012), Section 4.1 p. 17.

102 **C-166**, April 2012 Application for approval for a LRR for facility at Port Hawkesbury (April 27, 2012), Section 4.1 sub (9) pg. 14, and **C-184**, *In re an Application by Pacific West Commercial Corporation and Nova Scotia Power Incorporated*, Decision (UARB) (Aug. 20, 2012), ¶ 34 sub(6) p. 13.

98. The NSUARB's Decision included an illustration of the settlement mechanism for electricity in the PWCC/NSPI Proposal.[103] In the illustration, an assumed total variable electricity rate of C$48.67/MWh (including both usage and capex adder) is reduced by the C$10/MWh O&M charge, and the resultant rate of C$38.67/MWh is then tax-effected at a 31% tax rate to come to a net tax-effected rate of C$26.68/MWh (i.e., a tax-effect = C$11.99/MWh). The C$10/MWh O&M charge is then re-added to the net tax-effected rate of C$26.68/MWh to calculate the final overall variable electricity cost to be settled of C$36.68/MWh:

> **3.4 Settlement Mechanism**
>
> [128] NPPH has significant tax losses and, accordingly, the earnings of the partnership that flow through it will not attract income tax (subject to a favourable ATR). As such, PHP will be able to pay dividends on the earnings at a tax efficient rate. These dividends are the means within the settlement mechanism to enable the partnership to discharge the liability for the supply of electricity and steam, as illustrated by PWCC for electricity:
>
> | | |
> |---|---|
> | PTP inclusive of variable OM&G (per MWh) (for illustration only, will be based on actual cost experienced) | $47.50 |
> | Variable Capex adder | 1.17 |
> | | $48.67 |
> | Minus Facilities O&MG | 10.00 |
> | | $38.67 |
> | Minus 31% tax savings (based on 31% Income Tax rate) | $11.99 |
> | | $26.68 |
> | Add back (since paid to NSPI for facilities OM&G) | 10.00 |
> | | $36.68 |
>
> [Exhibit P-3, p. 12]

99. Regarding the fixed component of electricity costs under the PWCC/NSPI Proposal:

    a) The NSUARB approved that the partnership: "… *make a minimum $2 per MWh contribution towards the Fixed Cost Recovery (FCR) Deferral. This is less than the $4 per MWh contribution to fixed costs in Bowater's LRT. As noted by PWCC and NSPI, Bowater was not assuming the fuel price risk, and hence a higher contribution to fixed*

[103] **C-184**, *In re an Application by Pacific West Commercial Corporation and Nova Scotia Power Incorporated*, Decision (UARB) (Aug. 20, 2012), ¶ 128 p. 43.

costs was required. As well, NSPI has the ability to earn more than the $2 per MWh, and even more than the $4 per MWh for the FCR Deferral through its 30% interest in PHP. The dividend policy of PHP will be to pay 60% of the profits to the common shareholders. The business plan projects this to yield, in the near future, more than $4 per MWh." [104]

b) The NSUARB also stated, "*PWCC's acceptance of the fuel risk justifies a lower minimum contribution to fixed costs than under the current load retention rate. There is an expectation that there will be an additional contribution from common share dividends. If the $2 per MWh contribution and the additional common share dividends do not result in a minimum $20 million total contribution to fixed costs, then the rate will be re-opened after five years. The Board believes customers are clearly better off with this contribution than if the PH mill does not operate over the course of the next five to seven and a half years.*" [105]

100. The PWCC/NSPI Proposal was rejected by the CRA in September 2012. As a result, the PH mill did not benefit from electricity [redacted] that PWCC originally contemplated in the [redacted] [106] of [redacted]. Instead, the PH mill's actual electricity [redacted], [107] or [redacted] than projected under the PWCC/NSPI Proposal.

101. In contrast, Claimant's Memorial estimates that the PH mill's electricity [redacted]. However, this results from Claimant's Memorial

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104 **C-184**, *In re an Application by Pacific West Commercial Corporation and Nova Scotia Power Incorporated*, Decision (NSUARB) (Aug. 20, 2012), ¶ 115 p. 40.

105 **C-184**, *In re an Application by Pacific West Commercial Corporation and Nova Scotia Power Incorporated*, Decision (NSUARB) (Aug. 20, 2012), ¶ 119-120 pp. 41-42.

106 See **R-266** [redacted], CAN000082 [redacted]; See **R-266**, [redacted], CAN000082 [redacted].

107 Claimant's Memorial estimates PH mill's actual electricity costs/usage to be approximately [redacted] with an average annual load of approximately [redacted] during 2013-2015 (refer to paras. 118-120 of Claimant's Memorial, Section II-G). An average rate of approximately [redacted] is [redacted] than the 2011 rate PH mill paid of [redacted] indicated in the **R-266**, [redacted], CAN000082 [redacted], which, for an average annual load of approximately [redacted], represents an annual savings of approximately [redacted] per year compared to electricity costs under previous owner NewPage in 2011. See also Schedule 28B.

comparing the PH mill's estimated actual costs to the higher electricity costs that Claimant claims the PH mill would have paid during 2013-2015 under the LRT "previously given to NewPage-Port Hawkesbury".[108]

102. By virtue of CRA's ATR, the electricity tariffs received by NSPI from the PH mill are not treated as tax-free receipts for income tax purposes, and NSPI therefore pays tax to GNS in respect of these receipts.

103. Following the CRA's issuance of its ATR in September 2012, PWCC and GNS [redacted], such that up to [redacted] subject to the amount of taxes that NSPI paid on revenues that it earned from PHP's electricity purchases (i.e., on the electricity tariffs that NSPI collected from PHP, which were now made taxable in NSPI's hands by virtue of the CRA's rejection of the PWCC/NSPI Proposal where NSPI would have otherwise received the equivalent value of these tariffs via non-taxable preferred share dividends). The [redacted] are set out in Item #3 of GNS' [redacted] amending the agreement, as follows:[109]

[redacted]

[108] Claimant's Memorial, ¶¶ 118-120, Section II-G. I note that the Witness Statement of Murray Coolican (April 17, 2019), ¶ 10, indicated that, while the NSUARB approved the requested amendments to the LRT *and* a specific LRR for Resolute's Bowater Mersey mill effective from January 1, 2012, the NSUARB deferred a decision on a LRR for Port Hawkesbury until a new owner came forward since the PH mill had been in creditor protection proceedings under Canada's *Companies' Creditors Arrangement Act* since September 2011 and it was uncertain whether the PH mill would continue as a going concern.

[109] Claimant's Memorial, Exhibit **C-195**, [redacted]

[redacted]

104. Pursuant to the amended terms of the [redacted], the amount, if forgiven in its entirety, would represent the equivalent of roughly [redacted] that PWCC lost pursuant to the estimated savings under the original PWCC/NSPI Proposal (i.e., [redacted]); while GNS would still recoup its [redacted] investment through the additional taxes that it collects from NSPI, thereby putting GNS in the same position it would have otherwise been in if the original PWCC/NSPI Proposal had been implemented.

105. As stated in the Witness Statement of Jeannie Chow, "*… the GNS is only required to forgive as much of the loan as it receives from corresponding tax revenue from NSPI,* [redacted]. *From the GNS' perspective, the forgiveness provision effectively offsets the loan because the amount forgiven will correspond with the amount received in additional tax revenue.*" [110]

[110] Witness Statement of Jeannie Chow (April 17, 2019), ¶ 10.

8.2 PWCC's EBITDA Initiatives

106. As discussed above, the collapse of the PWCC/NSPI Proposal resulted in [redacted] of the overall electricity [redacted] for the PH mill of [redacted] annually. However, even without the PWCC/NSPI Proposal, [redacted][111] were possible by implementing other initiatives, unrelated to the PWCC/NSPI Proposal, which would take the PH mill from a [redacted][112] to generating [redacted] (see Schedules 28A and 28B).[113, 114]

107. Based on my analysis of [redacted],[115] the [redacted] (see Schedule 29), reflecting an [redacted] versus the [redacted] for PM2 under New Page's ownership.

108. The [redacted] actually achieved in just over three years is proximate to the roughly [redacted] that PWCC projected in the [redacted] over three years[116] when excluding the projected benefits of the PWCC/NSPI Proposal. Thus, it appears that PWCC

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111 *See* **R-266**, [redacted], CAN000082 [redacted]; see also Schedule 28B.

112 The [redacted] – **see R-266**, [redacted], CAN000082 [redacted]; See **R-266**, [redacted], CAN000082 [redacted].

113 [redacted].

114 See **R-266**, [redacted], CAN000082 [redacted] (see Schedule 28A), [redacted] (see Schedule 28B), [redacted]

115 See Schedule 25 summarizing, **R-269**, [redacted], CAN000012; **C-220**, [redacted]), CAN000013, **C-225**, [redacted] CAN000014; **C-238**, [redacted], CAN000015.

116 **R-266**, [redacted], CAN000082 [redacted]; see also Schedule 28B.

did [redacted], [117] and with comparable results to its projection of [redacted].

109. Based on my review and analyses of the various planned EBITDA-improvement initiatives set out in the [redacted] (CAN000082) and the [redacted] (CAN000004), I segregated the [redacted] into two groups, as follows (see Schedule 28B):

a) [redacted] related to [redacted] initiatives that I estimate are attributable to the GNS measures, including those [redacted] that were made possible by virtue of the C$24 million Capital Loan (forgivable) to make capital improvements to the PH mill; and,

b) [redacted] related to [redacted] initiatives that I estimate were achievable through PWCC's own efforts and expertise, unrelated to any of the GNS measures. These include:

i. [redacted]

ii. [redacted];

iii. [redacted];

iv. [redacted];

v. [redacted]; and,

vi. [redacted].

110. Based on the foregoing, I estimate that the PH mill's financial position would have been [redacted] from an estimated annual [redacted] for PM2 under NewPage to

[117] See **C-163**, [redacted], (CAN000004) pp. 10 and 43-44. [redacted]

generating [redacted][118] after implementing the various management-directed initiatives contemplated by PWCC and before any assistance derived from GNS measures.

111. I further note that [redacted] by similarly [redacted].[119]

112. Finally, in conjunction with my estimate of the [redacted] based solely on management-directed initiatives contemplated by PWCC (and before any assistance derived from GNS measures), I note that the [redacted] (see Schedule 28C).

8.3 PHP's Financial Results 2010 - 2015

113. PHP's financial results are available for the years 2010 – 2015 and are summarized below:

[redacted]

[118] [redacted] as calculated on Schedule 28B.

[119] **C-109**, Resolute [redacted]), RFP0004981.

114. As described in Schedules 25 – 27 and the [redacted],[120] of note:

a) [redacted].

b) [redacted].

c) [redacted].

d) [redacted].

e) [redacted]:

i. [redacted].

ii. [redacted].

iii. [redacted].

iv. [redacted].

v. [redacted].

vi. [redacted].

vii. [redacted].

viii. [redacted].

f) [redacted].

[120] **R-269**, [redacted] CAN000012; **C-220**, [redacted], CAN000013, **C-225** [redacted] CAN000014; **C-238**, [redacted] CAN000015.

8.3.1 PHP's Capacity versus Actual Production

115. The stated SC paper capacity of PHP is 360,000 MTs, however, its actual annual volumes sold are not known as PHP is a private company and it has not disclosed such directly. However, other sources of information indicate that PHP [redacted]. For example:

a) The USITC testimony of Mr. Mike Ostrowski, VP of SC Sales for West Linn Paper, which provides sales and marketing services for PHP. In October 2015, Mr. Ostrowski stated: *"400,000 tons [360,000 MT], that's our stated capacity. You can look at the briefs and look at the production for the last two years, it's a far cry from 400,000 tons [360,000 MT]."* [121]

b) In its Initial Questionnaire Responses to the US Department of Commerce's investigation on Supercalendered Paper, PHP provided is sales and exports figures for 2012 – 2014, as follows: [122]

Table 13 Summary of PHP Volumes 2012 - 2014

Year	Total Sales – tons (MTs)	Total Exports – tons (MTs)	Total Exports to U.S. – tons (MTs)
2012	72,000 (65,300)	70,000 (63,500)	60,000 (54,400)
2013	330,000 (299,400) [123]	350,000 (317,500)	325,000 (294,800)
2014	375,000 (340,200)	325,000 (294,800)	300,000 (272,200)

c) In [redacted], calculated as follows: in 2015, PHPLP's gross revenue was [redacted]; and, Resolute's Kénogami mill earned an average selling price of [redacted] of SCA/SCB paper sold. Applying Kénogami's

[121] **C-236**, Transcript of Proceedings before U.S. International Trade Commission in re Supercalendered Paper from Canada, Inv. No. 701-TA-530 (Oct. 22, 2015), pg 164:4-7. I have not found a statement as to PHP's actual volume figures therein.

[122] **C-046**, Port Hawkesbury Paper Initial Questionnaire Response, 27 May 2015, pp. 13-14.

[123] The 2013 and 2014 figures appear to be transposed in this column compared to the other two columns.

average selling price per MT to PHP's gross revenues, generates a PHP volume figure of approximately [redacted].

116. Based on the foregoing, the available data for PHP's actual volumes indicate volumes [redacted] rather than stated capacity of 360,000 MT.

9.0 ASSUMPTIONS

117. Assumptions used in the preparation of this report are set out in the report and attached schedules.

118. Information indicating assumptions contrary to those noted in this report and the attached schedules would require a review of the conclusions reached herein.

10.0 RESTRICTIONS

119. This report has been prepared only for the purpose described herein and is not intended for general circulation or publication. It is not to be reproduced or used for any other purpose without our prior written permission in each specific instance. CHS does not assume any responsibility or liability for losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

120. CHS reserves the right (but will be under no obligation) to review and/or revise any and all assumptions and/or calculations included in or referred to in this report, and if considered necessary, to revise this report in light of further information which becomes known after the date of this report.

121. The analysis, calculations and considerations contained herein must be considered as a whole; selecting portions thereof could lead to a misleading view of the conclusions set out in this report.

Yours truly,

COHEN HAMILTON STEGER & CO. INC.

Per: Peter Steger CPA, CA●IFA, CBV, CFE, CFF
Principal

:nm
Encl

SCHEDULES

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

Estimate of Resolute's Lost Profits from Price Erosion **Schedule 1**

		Notes	Ref	Total Jan to June 2013	2013 - Monthly Actual Volumes					
					January	February	March	April	May	June
Actual Sales Volumes (MT)	Kénogami	[1]	**A1**	[redacted]						
	Dolbeau	[2]	**A2**							
	Laurentide	[3]	**A3**							
	Total		**A**							
Estimated Selling Price Erosion - January to June 2013 (CAD$/MT)		[4]	**B**							
Resolute's Total Lost Profits from Price Erosion (CAD$) [all mills]			**C = A x B**	**CAD 9,419,194**						

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

Estimate of Resolute's Lost Profits from Price Erosion

Schedule 1

Notes:

[1] Source: C-262, Kénogami "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statement] for 2013 (RFP0009312, Tab act_mnthly).

[2] Source: C-256, Dolbeau "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statement] for 2013 (RFP0009303, Tab act_mnthly).

[3] Source: C-253, Laurentide "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statement] for 2013 (RFP0009308, Tab act_mnthly).

[4] Calculation of Estimated Selling Price Erosion - January to June 2013:

Selling Prices (refer to Schedule 21)

SC-A (34lb) (US$/MT)

SC-B (34lb) (US$/MT)

Average - SC-A and SC-B (US$/MT)

[redacted]

Average - SC-A and SC-B Selling Price (US$/MT)

2012-IV

2013-III

Average -- 2012-IV and 2013-III (US$/MT) **[a]**

2013-I

2013-II

Average -- 2013-I and 2013-II (US$/MT) **[b]**

Difference in Quarterly Avg - [2012-IV + 2013-III] vs. [2013-1 + 2013-II] (US$/MT) **[c = a - b]**

Quarterly Average - Monthly CAD$/US$ Close FX Rate per Bank of Canada

2013-I	1.00860
2013-II	1.02350
Average -- 2013-I and 2013-II (CAD$/US$)	**1.01605** **[d]**

Estimated Selling Price Erosion - January to June 2013 (CAD$/MT) **[e = c x d]**

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Resolute's Sales Tonnages (MT) Reconciliation
Versus PPPC North American Tonnage (MT)

Schedule 10

		Reference	Mill		2009 [3]			2010			2011			2012			2013			2014			2015			2016			2017			2018		
					SCA	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*	*SCA*	*SCB/SNC*	*Total*
					000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT	000's MT
Resolute data	Per "Cost and Production Analysis with Budgeted Analysis" [P&L's], [1]	**Sch 12K**	*Kénogami*																														
		Sch 12D	*Dolbeau*																														
		Sch 12L	*Laurentide*																														
		Sch 14A	*Catawba (Est.)*	[2]																													
			Totals																														
	Per "Sales and Operations Review"	**Sch. 13**	*Kénogami, Dolbeau, Laurentide, Catawba (combined)*																														
	Per "Sales Ledger" and Total "Price and Volume Data" Productions	**Sch. 14A**	*Kénogami*																														
			Dolbeau																														
			Laurentide																														
			Catawba (Est.)																														
			Other/Difference																														
			Totals																														
			YoY change - Total																														
			CAGR 2010-2015																														
	Production Per Resolute 10-Ks (excluding discontinued paper machines)	[4]	*Kénogami*				203.0			204.0			137.00			134.00			135.00			131.00			133.00			130.0			122.0			120.0
			Dolbeau				106.0			-			-			26.00			124.00			141.00			139.00			143.0			140.0			140.0
			Laurentide				259.0			330.0			323.00			195.00			173.00			-			-			-			-			-
			Catawba (incl. Coated)				-			-			-			-			-			-			-			-			-			-
			Totals				568.0			534.0			460.0			355.0			432.0			272.0			272.0			273.0			262.0			260.0

Per PPPC data	**Sch. 20**	*N.Am. Shipments*	
		Imports	
		N. Am. Demand	
		YoY change - N.Am. Shipments	
		YoY change - N. Am. Demand	
		CAGR - N.Am. Shipments 2010-201	
		CAGR - N. Am. Demand 2010-2015	

Notes:

[1] The "Cost and Production Analysis with Budgeted Analysis" (P&L's) productions do not provide a breakdown of Total Sales Tonnage by SC paper grade.

[2] The Catawba Mill produces primarily Coated paper. The P&L for Catawba does not provide a breakdown between Coated Paper and SC Paper. Accordingly, Catawba's volumes of SC Paper have been estimated in Schdule 14A.

[3] The sales data for Dolbeau for 2009 as between (i) the P&Ls; (ii) the Sales Ledger and Price and Volume Schedules; and (iii) the 10-Ks do not agree; it is not clear why.

[4] Listing of pulp and paper manufacturing facilities and production information in Resolute's annual 10-Ks (see R-254, Dec. 31, 2009; R-255, Dec. 31, 2010; R-246, Dec. 31, 2011; R-247, Dec. 31, 2012; R-248, Dec. 31, 2013; R-249, Dec. 31, 2014; R-250, Dec. 31, 2015; R-251, Dec. 31, 2016; R-252, Dec. 31, 2017; R-245, Dec. 31, 2018).

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Resolute's Market Share by SC Paper Grade
2009-2018

Schedule 11

	Reference	Mill		2009 SCA 000's MT	2009 SCB/SNC 000's MT	2009 Total 000's MT	2010 SCA 000's MT	2010 SCB/SNC 000's MT	2010 Total 000's MT	2011 SCA 000's MT	2011 SCB/SNC 000's MT	2011 Total 000's MT	2012 SCA 000's MT	2012 SCB/SNC 000's MT	2012 Total 000's MT	2013 SCA 000's MT	2013 SCB/SNC 000's MT	2013 Total 000's MT	2014 SCA 000's MT	2014 SCB/SNC 000's MT	2014 Total 000's MT	2015 SCA 000's MT	2015 SCB/SNC 000's MT	2015 Total 000's MT	2016 SCA 000's MT	2016 SCB/SNC 000's MT	2016 Total 000's MT	2017 SCA 000's MT	2017 SCB/SNC 000's MT	2017 Total 000's MT	2018 SCA 000's MT	2018 SCB/SNC 000's MT	2018 Total 000's MT
																									Resolute data from Schs 12K/D			Resolute data from Schs 12K/D			Resolute data from 10-K (Sch 10)		
Per Resolute's "Sales Ledger Data" and "Price and Volume" Schedules	**Sch 14A**	*Kénogami*		[redacted]																				Data not available	[redacted]		Data not available	[redacted]		Data not available		120.0
		Dolbeau																														140.0
		Laurentide																														-
		Catawba (Est.)																														
		Other/Difference																														
		Totals - Resolute	**A**																													260.0
Per PPPC data	**Sch 20**	*N.Am. Shipments*		[redacted]																												
		Imports																														
		N.Am. Demand	**B**																													
Calculation of Resolute's Share of Total North American Demand		*SCA*	**C1 A/B**	[redacted]																												
		SCB/SNC	**C2 A/B**																													
		Total	**C3 A/B**																													

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2017
• Kénogami

Schedule 12K

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reference	R-281	R-282	R-283	C-261	C-262	C-263	C-264	C-265	C-266
Production Tonnage (MT)	[redacted]								
Sales Tonnage (MT)									
				machine #06 closed Dec. 2011					
	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]	C$000's, C$/MT [1], US$/MT [2]
Net Sales	[redacted]								
Freight [Expense]									
Mill Net									
Direct Costs [5a]									
Fixed Costs [5a]									
COGS Reconciliation									
Cash Cost of Sales, [5]									
Profit before SG&A Alloc. and Depreciation [3]									
S. G. & A. Allocation, [4]									
Depreciation									
Operating Profit									
Mill Closure Elements									
Net Operating Profit, [3]									

Notes:

[1] Calculated with reference to Sales Tonnage (MT).

[2] The U.S. Dollar to Canadian Dollar average (closing) annual exchange rate is as follows (Sch 40):

	1 USD = __ CAD
2009:	1.1420
2010:	1.0299
2011:	0.9891
2012:	0.9996
2013:	1.0299
2014:	1.1045
2015:	1.2787
2016:	1.3248
2017:	1.2986

Source: Bank of Canada Website

[3] Line added for presentation purposes herein.

[4] Resolute's "Cost and Production Analysis with Budgeted Analysis" do not provide: (i) a breakdown of the amounts of S.G.&A. Allocation and (ii) the allocation methodology.

[5] Cash Cost of Sales is divided into three sub-categories: Direct, Fixed, and COGS [Cost of Goods Sold] Reconciliation, as summarized in Note [5a] and on detailed Note [5b] below:

[5a] **Cash Cost of Sales:**		2009	2010	2011	2012	2013	2014	2015	2016	2017
Direct Costs	Note [5b]	[redacted]								
Direct Costs - Adjustment										
Direct Costs - Revised										
Fixed Costs	Note [5b]									
Fixed Costs - Adjustment										
Fixed Costs - Revised										
COGS Reconciliation	Note [5b]									

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2017
• Kénogami

Schedule 12K

[5b]

			2009			2010			2011			2012			2013			2014			2015			2016			2017		
Reference			R-281 RFP0009301, tab act_mnthly			R-282 RFP0009296, tab act_mnthly			R-283 RFP0009310, tab act_mnthly			C-261 RFP0009311, tab act_mnthly, [7]			C-262 RFP0009312, tab act_mnthly			C-263 RFP0009313, tab act_mnthly			C-264 RFP0009314, tab act_mnthly			C-265 tab act_mnthly			C-266 tab act_mnthly		
Production Tonnage (MT)			[redacted]																										
Sales Tonnage (MT)			[redacted]																										
			C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]
WOOD			[redacted]																										
Kraft																													
Other purchased pulps																													
PURCHASED PULPS																													
BEATER ROLLS																													
CULLS & W.I.P.																													
RECYCLE FIBER																													
COATING CHEMICALS																													
CLAY																													
CLAY / STARCH																													
CHEMICALS																													
PULPING CHEMICALS																													
RETENTION AGENTS & PITCH CONTROL																													
D.I.P. CHEMICALS																													
BLEACHING CHEMICALS																													
OTHER CHEMICALS																													
STEAM FUELS																													
POWER (@ Cost)																													
FINISHING MATERIAL & SUPP.																													
DIRECT REVENUE																													
DIRECT REVENUE - BY PRODUCTS																													
TOTAL DIRECT COSTS		A																											
Direct Cost - Formula Check (CHS)																													
SALARIED - NON UNION																													
SALARIED - UNION																													
OPERATING LABOR																													
MAINTENANCE LABOR																													
FRINGE BENEFITS																													
Management																													
Fringe benefits																													
MANAGEMENT LABOUR																													
Clerical salaries																													
Fringe benefits																													
CLERICAL LABOUR																													
Management & Clerical salaries																													
Fringe benefits																													
ADMINISTRATIVE LABOUR																													
Labour Operating & Non operating																													
Fringe benefits																													
OPERATING & NON OPERATING LABOUR & BEN.																													
Labour Maintenance																													
Fringe benefits																													
MAINTENANCE LABOUR & BEN.																													
Material - ord. rep.																													
Material - extr.ord. rep.																													
MAINTENANCE MATERIAL																													
MAINTENANCE MATERIAL - ORDINARY																													
MAINTENANCE MATERIAL - MAJOR																													
MACHINE CLOTHING																													
CHEM FIXED (Effluent,Boiler,Sludge)																													
SLUDGE DIPOSAL AND LANDFILL																													
EFFLUENT TREAT. & BOILER CHEMICALS																													
OPERATING SUPPLIES																													
TOTAL MATERIAL																													
STEAM FUELS																													
POWER (@ Cost)																													
TAXES & INSURANCE																													
TAXES																													
INSURANCE																													
CLAIMS																													
OTHER EXPENSES																													
PENSION & OPEB																													
PENSION																													
OPEB																													
PURCHASED SERVICES																													
R&D CREDIT																													
GENERAL ADMINISTRATION OVERHEAD																													
TOTAL FIXED COSTS		B																											
Fixed Costs - Formula Check (CHS)																													
TOTAL MANUFACTURING CASH COST		C=A B																											
Total Manufacturing Costs - Formula Check (CHS)																													

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2017
• Kénogami

Schedule 12K

	2009			2010			2011			2012			2013			2014			2015			2016			2017		
	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]	C$000's	C$/MT [6]	US$/MT [2], [6]
COGS reconciliation:																											
Inventory variation																											
Bris Foudre																											
Forfaitaire programme attrition																											
Provision Désuétude MRO																											
Ajustement pièces CB 2006-2009																											
Crédit R&D 2004/2005																											
Papier planté > 1 an avec commande																											
Annulation charges IT provisionnées 2008-2009																											
Annulation provision Paprican 2009																											
Disposition source radio-active MP 6																											
Transfert de broke de Whse vers autres usines PFR																											
Récupération de transfo déluge 1996																											
Aide au reclassement suite à la fermeture MP 6																											
Variation d inventaire PTM																											
Projet Capex approuve a radier																											
Vacation Policy change																											
Ventes PF WHSE A GATINEAU																											
Sécurisation MP 6																											
Crédit TVQ Energie																											
Politique Vacances cadres																											
Ventes PF WHSE A THOROLD																											
Transport glaise 2014																											
Crédit R&D																											
Taux de change																											
Cell. Filam. Project Curley Fiber Project / Etudes																											
Réclamation Munger Arrêt de production																											
Ecart des coûts de fabrication (G/L VS DR)																											
Variation Inventaire PF																											
FX - Changement de devises																											
Variation Inventaire Assembly																											
Variation Inventaire Beater																											
Ajustement CSST Cas Retraite 1990																											
Crédit R&D années antérieures																											
Vacation Policy chg - 2014 mthly vs annual difference																											
Total COGS Reconciliation			D																								
Total COGS			E=C D																								
Cash Cost of Sales			F, pg. 1																								
Rounding/Unreconciled Difference:			G=E-F																								

[6] Calculated with reference to Production Tonnage (MT).

[7]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2017
• Dolbeau

Schedule 12D

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reference	R-284 RFP0009299, Tab act_mnthly	R-285 RFP0009300, Tab act_mnthly, [4]	[4]	C-255 RFP0009302, Tab act_mnthly, [8]	C-256 RFP0009303, Tab act_mnthly	C-257 RFP0009304, Tab act_mnthly	C-258 RFP0009305, Tab act_mnthly	C-259 Tab act_mnthly	C-260 Tab act_mnthly
Production Tonnage (MT)	[redacted]								
Sales Tonnage (MT)	[redacted]								
	machine #05 (mill) closed Jun. 2009			machine #05 (mill) re-opened Oct. 2012					
	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]	C$000's C$/MT US$/MT [1] [2]
Net Sales	[redacted]								
Freight [Expense]									
Mill Net									
Direct Costs [6a]									
Fixed Costs [6a]									
COGS Reconciliation									
Cash Cost of Sales, [6]									
Profit before SG&A Alloc. and Depreciation [3]									
S. G. & A. Allocation, [5]									
Depreciation									
Operating Profit									
Mill Closure Elements									
Net Operating Profit, [3]									

Notes:

[1] Calculated with reference to Sales Tonnage (MT).

[2] The U.S. Dollar to Canadian Dollar average (closing) annual exchange rate is as follows (Sch 40):

	1 USD = CAD
2009	1.1420
2010	1.0299
2011	0.9891
2012	0.9996
2013	1.0299
2014	1.1045
2015	1.2787
2016:	1.3248
2017:	1.2986

Source: Bank of Canada Website

[3] Line added for presentation purposes herein.

[4] [redacted]

[5] Resolute's "Cost and Production Analysis with Budgeted Analysis" do not provide: (i) a breakdown of the amounts of S.G.&A. Allocation and (ii) the allocation methodology.

[6] Cash Cost of Sales is divided into three sub-categories: Direct, Fixed, and COGS [Cost of Goods Sold] Reconciliation, as summarized in Note [6a] and on detailed Note [6b] below:

[6a] **Cash Cost of Sales:**		2009	2010	2011	2012	2013	2014	2015	2016	2017
Direct Costs	Note [6b]	[redacted]								
Direct Costs - Adjustment										
Direct Costs - Revised										
Fixed Costs	Note [6b]									
Fixed Costs - Adjustment										
Fixed Costs - Revised										
COGS Reconciliation	Note [6b]									

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2017
• Dolbeau

Schedule 12D

[6b]	2009			2010			2011			2012			2013			2014			2015			2016			2017		
Reference	R-284 RFP0009299, Tab act_mnthly			R-285 RFP0009300, Tab act_mnthly, [4]			[4]			C-255 RFP0009302, Tab act_mnthly, [8]			C-256 RFP0009303, Tab act_mnthly			C-257 RFP0009304, Tab act_mnthly			C-258 RFP0009305, Tab act_mnthly			C-259 Tab act_mnthly			C-260 Tab act_mnthly		
Production Tonnage (MT)	[redacted]																										
Sales Tonnage (MT)																											
	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT
		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[6a], [6b]		[7]	[7], [2]
WOOD	[redacted]																										
Kraft																											
Other purchased pulps																											
PURCHASED PULPS																											
BEATER ROLLS																											
CULLS & W.I.P.																											
RECYCLE FIBER																											
COATING CHEMICALS																											
CLAY																											
CLAY / STARCH																											
CHEMICALS																											
PULPING CHEMICALS																											
RETENTION AGENTS & PITCH CONTROL																											
D.I.P. CHEMICALS																											
BLEACHING CHEMICALS																											
OTHER CHEMICALS																											
STEAM FUELS																											
POWER (@ Cost)																											
FINISHING MATERIAL & SUPP.																											
DIRECT REVENUE																											
DIRECT REVENUE - POWER																											
DIRECT REVENUE - BY PRODUCTS																											
TOTAL DIRECT COSTS																											
Direct Cost - Formula Check (CHS)																											
SALARIED - NON UNION																											
SALARIED - UNION																											
OPERATING LABOR																											
MAINTENANCE LABOR																											
FRINGE BENEFITS																											
Management																											
Fringe benefits																											
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Clerical salaries																											
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Management & Clerical salaries																											
Fringe benefits																											
ADMINISTRATIVE LABOUR																											
Labour Operating & Non operating																											
Fringe benefits																											
OPERATING & NON OPERATING LABOUR & BEN.																											
Labour Maintenance																											
Fringe benefits																											
MAINTENANCE LABOUR & BEN.																											
Material - ord. rep.																											
Material - extr.ord. rep.																											
MAINTENANCE MATERIAL																											
MAINTENANCE MATERIAL - ORDINARY																											
MAINTENANCE MATERIAL - MAJOR																											
MACHINE CLOTHING																											
CHEM FIXED (Effluent,Boiler,Sludge)																											
SLUDGE DISPOSAL AND LANDFILL																											
EFFLUENT TREAT. & BOILER CHEMICALS																											
OPERATING SUPPLIES																											
TOTAL MATERIAL																											
STEAM FUELS																											
POWER (@ Cost)																											
TAXES & INSURANCE																											
TAXES																											
INSURANCE																											
CLAIMS																											
OTHER EXPENSES																											
PENSION & OPEB																											
PENSION																											
OPEB																											
PURCHASED SERVICES																											
R&D CREDIT																											
GENERAL ADMINISTRATION OVERHEAD																											
TOTAL FIXED COSTS																											
Fixed Costs Formula Check (CHS)																											
TOTAL MANUFACTURING CASH COST																											
Total Manufacturing Costs - Formula Check (CHS)																											

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2017
• Dolbeau

Schedule 12D

	2009			2010			2011			2012			2013			2014			2015			2016			2017		
	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT
		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[ca], [08]		[7]	[7], [2]
COGS reconciliation																											
Inventory variation																											
Severance																											
Radiation HRU Mtl																											
Radiation HRU Dolbeau																											
Ajust. Prov. Vacance cadres																											
Ajust. CSST Usine Fermé																											
Ajust. Assurance incendie Précipitateur 2012																											
Ajust. IT 2012																											
Profit et perte disposition d'actif																											
Ecart DR et GL																											
Variation inventaire Produits Fini																											
Impact Taux de change																											
Variation inventaire Produits assemblés																											
Crédit année antérieur																											
Ecart calcul COGS																											
Impact Taux de change - 2017 mthly vs annual difference																											
Total COGS reconciliation			D																								
Total COGS			E=C D																								
Per Dolbeau Cash Cost of Sales			F, pg.																								
Rounding/Unreconciled Difference:			G=E-F																								

[redacted]

[7] Calculated with reference to Production Tonnage (MT).

[8] [redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2015
• Laurentide

Schedule 12L

	2009	2010	2011	2012	2013	2014	2015
Reference	R-286 RFP0009297, tab act_mnthly	R-287 RFP0009298, tab act_mnthly	R-288 RFP0009306, tab act_mnthly	C-252 RFP0009307, tab act_mnthly	C-253 RFP0009308, tab act_mnthly, [4]	C-254 RFP0009309, tab act_mnthly, [5]	[5]
Production Tonnage (MT)	[redacted]						
Sales Tonnage (MT)					machine #10 closed Nov. 2012	machine #11 (mill) closed Oct. 2012	
	C$000's C$/MT US$/MT	C$000's C$/MT US$/MT	C$000's C$/MT US$/MT	C$000's C$/MT US$/MT	C$000's C$/MT US$/MT	C$000's C$/MT US$/MT	C$000's C$/MT US$/MT
Net Sales	[redacted]						
Freight							
Mill Net							
Direct Costs [6a]							
Fixed Costs							
COGS Reconciliation							
Cash Cost of Sales, [6]							
Profit before SG&A Alloc. and Depreciation [3]							
S. G. & A. Allocation [5]							
Depreciation							
Operating Profit							
Mill Closure Elements							
Net Operating Profit, [3]							

Notes:

[1] Calculated with reference to Sales Tonnage (MT).

[2] The U.S. Dollar to Canadian Dollar average (closing) annual exchange rate is as follows (Sch 40):

	1 USD = CAD
2009	1.1420
2010	1.0299
2011	0.9891
2012	0.9996
2013	1.0299
2014	1.1045
2015	1.2787

Source: Bank of Canada Website

[3] Line added for presentation purposes herein.

[4] [redacted]

[5] Resolute's "Cost and Production Analysis with Budgeted Analysis" do not provide: (i) a breakdown of the amounts of S.G.&A. Allocation and (ii) the allocation methodology.

[6] Cash Cost of Sales is the total of several cost types. Per the "Cost and Production Analysis with Budgeted Analysis" productions provided, these costs are labelled as either 'Direct' or 'Fixed'. Further, Cash Cost of Sales is the sum of all "Total Manufacturing Cash Costs" and "COGS Reconciliation" items per each year's respective "Cost and Production Analysis with Budgeted Analysis". See below for each year's breakdown of Cash Cost of Sales:

[6a] **Cash Cost of Sales:**	2009	2010	2011	2012	2013	2014	2015
Direct Costs	Note [6b]						
Fixed Costs	Note [6b]						
COGS Reconciliation	Note [6b]						

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2015
• Laurentide

Schedule 12L

[6b]

	2009			2010			2011			2012			2013			2014			2015		
Reference	R-286 RFP0009297, tab act_mnthly			R-287 RFP0009298, tab act_mnthly			R-288 RFP0009306, tab act_mnthly			C-252 RFP0009307, tab act_mnthly			C-253 RFP0009308, tab act_mnthly, [4]			C-254 RFP0009309, tab act_mnthly, [8]			[8]		
Production Tonnage (MT)	[redacted]																				
Sales Tonnage (MT)																					
	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT
		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]
WOOD	[redacted]																				
Kraft																					
Other purchased pulps																					
PURCHASED PULPS																					
CULLS & W.I.P.																					
RECYCLE FIBER																					
COATING CHEMICALS																					
CLAY / STARCH																					
PULPING CHEMICALS																					
RETENTION AGENTS & PITCH CONTROL																					
D.I.P. CHEMICALS																					
BLEACHING CHEMICALS																					
OTHER CHEMICALS																					
STEAM FUELS																					
POWER (@ Cost)																					
FINISHING MATERIAL & SUPP.																					
DIRECT REVENUE																					
TOTAL DIRECT COSTS																					
Direct Cost - Formula Check (CHS)																					
Management																					
Fringe benefits																					
MANAGEMENT LABOUR																					
Clerical salaries																					
Fringe benefits																					
CLERICAL LABOUR																					
Management & Clerical salaries																					
Fringe benefits																					
ADMINISTRATIVE LABOUR																					
Labour Operating & Non operating																					
Fringe benefits																					
OPERATING & NON OPERATING LABOUR & BEN.																					
Labour Maintenance																					
Fringe benefits																					
MAINTENANCE LABOUR & BEN.																					
Material - ord. rep.																					
Material - extr.ord. rep.																					
MAINTENANCE MATERIAL																					
MACHINE CLOTHING																					
SLUDGE DIPOSAL AND LANDFILL																					
EFFLUENT TREAT. & BOILER CHEMICALS																					
OPERATING SUPPLIES																					
TOTAL MATERIAL																					
STEAM FUELS																					
POWER (@ Cost)																					
TAXES & INSURANCE																					
TAXES																					
INSURANCE																					
CLAIMS																					
OTHER EXPENSES																					
PENSION & OPEB																					
PENSION																					
OPEB																					
PURCHASED SERVICES																					
R&D CREDIT																					
GENERAL ADMINISTRATION OVERHEAD																					
TOTAL FIXED COSTS																					
Fixed Costs Formula Check (CHS)																					
TOTAL MANUFACTURING CASH COST																					
Total Manufacturing Costs - Formula Check (CHS)																					

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2009-2015
• Laurentide

Schedule 12L

			2009			2010			2011			2012			2013			2014			2015		
			C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]
COGS reconciliation:																							
Inventory variation																							
Divers																							
Adjustment inventaire entrepôt 90 tm																							
Other 4																							
Facturation Demurrage CN 2009																							
Other 1																							
Other 2																							
Other 10																							
Total COGS Reconciliation		D																					
Total COGS		E=C D																					
Per Laurentide Cash Cost of Sales		F, pg. 1																					
Rounding/Unreconciled Difference		G=E-F																					

[redacted]

[7] Calculated with reference to Production Tonnage (MT).

[8] [redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2010-2015
• Catawba

Schedule 12C

	2009	2010	2011	2012	2013	2014	2015
Reference	[4]	R-289 RFP0012027, Tab Act_mnthly	R-289 RFP0012027, Tab Act_mnthly	R-290 RFP0012028, Tab Act_mnthly	R-291 RFP0012029, Tab Act_mnthly	R-292 RFP0012030, Tab Act_mnthly	R-293 RFP0012031, Tab Act_mnthly
Production Tonnage (MT), [8]	[redacted]						
Sales Tonnage (MT), [8]							

	C$000's	C$/MT [1]	US$/MT [2]	C$000's	C$/MT [1]	US$/MT [2]	C$000's	C$/MT [1]	US$/MT [2]	C$000's	C$/MT [1]	US$/MT [2]	C$000's	C$/MT [1]	US$/MT [2]	C$000's	C$/MT [1]	US$/MT [2]	C$000's	C$/MT [1]	US$/MT [2]
Net Sales	[redacted]																				
Freight [Expense]																					
Mill Net																					
Direct Costs																					
Fixed Costs																					
COGS Reconciliation																					
Cash Cost of Sales, [6]																					
Profit before SG&A Alloc. and Depreciation [3]																					
S. G. & A. Allocation, [5]																					
Depreciation																					
Operating Profit																					
Mill Closure Elements																					
Net Operating Profit, [3]																					

Notes:

[1] Calculated with reference to Sales Tonnage (MT).

[2] The U.S. Dollar to Canadian Dollar average (closing) annual exchange rate is as follows (Sch 40):

	1 USD __ CAD
2009	1.1420
2010	1.0299
2011	0.9891
2012	0.9996
2013	1.0299
2014	1.1045
2015	1.2787

Source: Bank of Canada Website

[3] Line added for presentation purposes herein.

[4] Catawba was in operation in 2009; however, Resolute has not provided a Cost and Production Analysis with Budgeted Analysis production for this year.

[5] Resolute's "Cost and Production Analysis with Budgeted Analysis" do not provide: (i) a breakdown of the amounts of S.G.&A. Allocation and (ii) the allocation methodology.

[6] Cash Cost of Sales is the total of several cost types. Per the "Cost and Production Analysis with Budgeted Analysis" productions provided, these costs are labelled as either 'Direct' or 'Fixed'. Further, Cash Cost of Sales is the sum of all "Total Manufacturing Cash Costs" and "COGS Reconciliation" items per each year's respective "Cost and Production Analysis with Budgeted Analysis". See below for each year's breakdown of Cash Cost of Sales:

[6a] **Cash Cost of Sales:**	2009	2010	2011	2012	2013	2014	2015
Direct Costs	Note [6b]	[redacted]					
Fixed Costs	Note [6b]						
COGS Reconciliation	Note [6b]						

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2010-2015
• Catawba

Schedule 12C

[redacted]

[6b]			2009			2010			2011			2012			2013			2014			2015		
Reference			[4]			R-289 RFP0012027, Tab Act_mnthly			R-289 RFP0012027, Tab Act_mnthly			R-290 RFP0012028, Tab Act_mnthly			R-291 RFP0012029, Tab Act_mnthly			R-292 RFP0012030, Tab Act_mnthly			R-293 RFP0012031, Tab Act_mnthly		
Production Tonnage (MT)																							
Sales Tonnage (MT)																							
			C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT	C$000's	C$/MT	US$/MT
				[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]		[7]	[7], [2]
WOOD																							
Kraft																							
Other purchased pulps																							
PURCHASED PULPS																							
CULLS & W.I.P.																							
RECYCLE FIBER																							
COATING CHEMICALS																							
CLAY / STARCH																							
PULPING CHEMICALS																							
RETENTION AGENTS & PITCH CONTROL																							
D.I.P. CHEMICALS																							
BLEACHING CHEMICALS																							
OTHER CHEMICALS																							
STEAM FUELS																							
POWER (@ Cost)																							
FINISHING MATERIAL & SUPP.																							
DIRECT REVENUE																							
TOTAL DIRECT COSTS		A																					
Direct Cost - Formula Check (CHS)																							
Management																							
Fringe benefits																							
MANAGEMENT LABOUR																							
Clerical salaries																							
Fringe benefits																							
CLERICAL LABOUR																							
Management & Clerical salaries																							
Fringe benefits																							
ADMINISTRATIVE LABOUR																							
Labour Operating & Non operating																							
Fringe benefits																							
OPERATING & NON OPERATING LABOUR & BEN.																							
Labour Maintenance																							
Fringe benefits																							
MAINTENANCE LABOUR & BEN.																							
Material - ord. rep.																							
Material - extr.ord. rep.																							
MAINTENANCE MATERIAL																							
MACHINE CLOTHING																							
SLUDGE DIPOSAL AND LANDFILL																							
EFFLUENT TREAT. & BOILER CHEMICALS																							
OPERATING SUPPLIES																							
TOTAL MATERIAL																							
STEAM FUELS																							
POWER (@ Cost)																							
TAXES & INSURANCE																							
TAXES																							
INSURANCE																							
CLAIMS																							
OTHER EXPENSES																							
PENSION & OPEB																							
PENSION																							
OPEB																							
PURCHASED SERVICES																							
R&D CREDIT																							
DEFERRED MAJOR MAINTENANCE																							
GENERAL ADMINISTRATION OVERHEAD																							
TOTAL FIXED COSTS		B																					
Fixed Costs Formula Check (CHS)																							
TOTAL MANUFACTURING CASH COST		C=A B																					
Total Manufacturing Costs - Formula Check (CHS)																							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's "Cost and Production Analysis with Budgeted Analysis" [Profit & Loss Statements], 2010-2015
• Catawba

Schedule 12C

			2009			2010			2011			2012			2013			2014			2015		
			C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]	C$000's	C$/MT [7]	US$/MT [7], [2]
COGS reconciliation																							
Inventory variation																							
Other 10																							
Vacation Policy change																							
2010 inferred (not indicated in RFP0012027, Tab Act_mnthly)																							
Total COGS Reconciliation		D																					
Total COGS		E=C D																					
Per Catawba Cash Cost of Sales		F, pg.1																					
Rounding/Unreconciled Difference:		G E-F																					

[redacted]

[7] Calculated with reference to Production Tonnage (MT).

[8] Unlike Kénogami, Dolbeau, and Laurentide, Catawba produces coated mechanical paper in addition to producing supercalendered paper. Therefore, the above production and costing information is the aggregate of both coated mechanical and supercalendered paper produced at Catawba. Resolute has not provided the above Cost and Production Analysis with Budgeted Analysis on a supercalendered paper-only basis.

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of SC Paper Sales by Volume (000s MT) by Grade, 2011-2015
Per Resolute's "Sales and Operating Planning Review" Productions (Kénogami, Dolbeau, Laurentide, and Catawba) [1]

Schedule 13

	2011			2012			2013			2014			2015		
	SCA	SCB/SNC, [2]	Total	SCA	SCB/SNC, [2]	Total	SCA	SCB/SNC, [2]	Total	SCA	SCB/SNC, [2]	Total	SCA	SCB/SNC, [2]	Total
	000's MT	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*	*000's MT*
January															
February															
March															
April															
May															
June															
July															
August															
September															
October															
November															
December															
Total															

Note:

[1] Source: Resolute "Sales and Operating Planning Review" productions, as follows:

Period	Exhibit	Bates No.
January 2011	R-300	RFP000092
February 2011	R-301	RFP0000203
March 2011	R-302	RFP0000328
April 2011	R-267	RFP0000421
May 2011	R-268	RFP0000518
June 2011	R-278	RFP0000643
July 2011	R-279	RFP0000744
August 2011	R-280	RFP0000871
September 2011	R-294	RFP0000973
October 2011	R-295	RFP0001072
November 2011	R-296	RFP0001190
December 2011	R-297	RFP0001261
January 2012 - December 2012	R-298	RFP0007239
January 2013 - December 2013	R-298	RFP0007240
January 2014 - December 2014	R-298	RFP0007241
January 2015 - December 2015, [1a]	R-298	RFP0007242

[1a] Reflects the "2015 Total/Actual" volumes at RFP0007242, though the month of December 2015 is indicated to be "Forecast" volumes.

[2] SCB/SNC sales volumes per above are calculated as the sum of SCB and SNC volume sales per the "Sales and Operating Planning Review" productions noted above.

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of SC Paper Sales by Volume (MT) by Mill, 2009-2015 (Kénogami, Dolbeau, Laurentide, and Catawba)
Per Resolute's "Sales Ledger Data" and "Price and Volume" Schedules **Schedule 14A**

	2009 MT	2010 MT	2011 MT	2012 MT	2013 MT	2014 MT	2015 MT
Supercalendered - SCA Total per "Price and Volume" Schedules [1]	[redacted]						
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Catawba Mill/Other/Difference, estimated [3]							
Subtotal							
Supercalendered - SCB & SNC Total per "Price and Volume" Schedules [1]							
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Other/Difference, estimated [3]							
Subtotal							
Total - All Mills							

Notes:

[1] Source: Resolute's "Price and Volume" schedules for 2009 to 2015, as follows: R-305 (RFP0009321) for 2009; R-306 (RFP0009320) for 2010; R-307 (RFP0011931) for 2011; R-308 (RFP0011929) for 2012; R-303 (RFP0011932) for 2013; R-304 (RFP0011933) for 2014; and R-299 (RFP0011930) for 2015.

[2] Source: Summarization of Resolute SC paper sales data from R-256 (Resolute Sales Ledger Data for years 2009-2015, RFP00011533) for supercalendered paper sold by mill. See Schedule 14D.

[3] Reflects the difference between total SC paper sales per Resolute's "Price and Volume" Schedules (see Note 1) less the sum of SC paper sales sold by Dolbeau, Kénogami, and Laurentide per Resolute Sales Ledger Data (see Note 2). Catawba's SC paper sales were not included in the Sales Ledger Data at R-256 (RFP00011533) and are assumed to be equal to the difference in SCA paper sales volumes between Resolute's "Price and Volume" Schedules and the Sales Ledger Data at R-256 (RFP00011533); the remaining difference in SCB and SNC paper sales volumes is assumed to relate to other differences in the sales data between Resolute's documents.

[4] The below provides a further breakdown between SC-B and SN-C paper sold from 2009-2015:

	2009 MT	2010 MT	2011 MT	2012 MT	2013 MT	2014 MT	2015 MT
Supercalendered - SCB Total per Price and Volume Data [1]	[redacted]						
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Other/Difference, estimated [3]							
Totals							
Supercalendered - SNC Total per Price and Volume Data [1]							
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Other/Difference, estimated [3]							
Totals							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of SC Paper Sales (USD $000's) by Mill, 2009-2015 (Kénogami, Dolbeau, Laurentide, and Catawba)
Per Resolute's "Sales Ledger Data" and "Price and Volume" Schedules **Schedule 14B**

	2009 US$'000s	2010 US$'000s	2011 US$'000s	2012 US$'000s	2013 US$'000s	2014 US$'000s	2015 US$'000s
Supercalendered - SCA Total per "Price and Volume" Schedules [1]	[redacted]						
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Catawba Mill/Other/Difference, estimated [3]							
Subtotal							
Supercalendered - SCB & SNC Total per "Price and Volume" Schedules [1]							
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Other/Difference, estimated [3]							
Subtotal							
Total - All Mills							

Notes:

[1] Source: Resolute's "Price and Volume" schedules for 2009 to 2015, as follows: R-305 (RFP0009321) for 2009; R-306 (RFP0009320) for 2010; R-307 (RFP0011931) for 2011; R-308 (RFP0011929) for 2012; R-303 (RFP0011932) for 2013; R-304 (RFP0011933) for 2014; and R-299 (RFP0011930) for 2015. All amounts are denominated in $USD.

[2] Source: Summarization of Resolute SC paper sales data from R-256 (Resolute Sales Ledger Data for years 2009-2015, RFP00011533) for supercalendered paper sold by mill. All amounts were converted to $USD based on average monthly noon CAD:USD exchange rate. See Schedule 14C.

[3] Reflects the difference between total SC paper sales per Resolute's "Price and Volume" Schedules (see Note 1) less the sum of SC paper sales sold by Dolbeau, Kénogami, and Laurentide per Resolute Sales Ledger Data (see Note 2). Catawba's SC paper sales were not included in the Sales Ledger Data at R-256 (RFP00011533) and are assumed to be equal to the difference in SCA paper sales volumes between Resolute's "Price and Volume" Schedules and the Sales Ledger Data at R-256 (RFP00011533); the remaining difference in SCB and SNC paper sales volumes is assumed to relate to other differences in the sales data between Resolute's documents.

[4] The below provides a further breakdown between SC-B and SN-C paper sold from 2009-2015:

	2009 US$'000s	2010 US$'000s	2011 US$'000s	2012 US$'000s	2013 US$'000s	2014 US$'000s	2015 US$'000s
Supercalendered - SCB Total per Price and Volume Data [1]	[redacted]						
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Other/Difference, estimated [3]							
Totals							
Supercalendered - SNC Total per Price and Volume Data [1]							
Dolbeau Mill per Sales Ledger Data [2]							
Kénogami Mill per Sales Ledger Data [2]							
Laurentide Mill per Sales Ledger Data [2]							
Other/Difference, estimated [3]							
Totals							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of SC Paper Sales (US$) by Grade, 2009-2015
Per Resolute's "Sales Ledger Data" [1] [2] [3]

Schedule 14C

Sum of Amount Converted to USD								
Grade		**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
A+	**[a]**	[redacted]						
KN								
A								
KN								
LA								
Subtotal - A/A+								
B								
J3								
KN								
LA								
C								
J3								
LA								
Subtotal - B/C								
Grand Total	**[b]**							
A+ Percentage of Total	**[c = a ÷ b]**							

Notes:

[1] Source: R-256 (Resolute Sales Ledger Data for years 2009-2015, RFP00011533).

[2] I have created a Pivot Table of Resolute Sales Ledger Data at R-256 (RFP00011533, tab "2009-15"). I have grouped data by Mill (J3 = Dolbeau, KN = Kénogami, LA = Laurentide) and by Grade (Product).

[3] Sales were recorded in several currencies in Resolute Sales Ledger Data at R-256 (RFP00011533, tab "2009-15"). I converted all sales to USD using the average monthly CAD:USD FX Rate per the Bank of Canada in the month of each respective invoice.

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of SC Paper Sales (MT) by Grade, 2009-2015
Per Resolute's "Sales Ledger Data" [1] [2]

Schedule 14D

Sum of Billing Wt (MT)								
Grade		**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
A+	**[a]**	[redacted]						
KN								
A								
KN								
LA								
Subtotal - A/A+								
B								
J3								
KN								
LA								
C								
J3								
LA								
Subtotal - B/C								
Grand Total	**[b]**							
A+ Percentage of Total	**[c = a ÷ b]**							

Notes:

[1] Source: R-256 (Resolute Sales Ledger Data for years 2009-2015, RFP00011533).

[2] I have created a Pivot Table of Resolute Sales Ledger Data at R-256 (RFP00011533, tab "2009-15"). I have grouped data by Mill (J3 = Dolbeau, KN = Kénogami, LA = Laurentide) and by Grade (Product).

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Resolute s Selling Price (US$/MT) Reconciliation

Schedule 15

	Reference	Paper Grade		2009	2010	2011	2012	2013	2014	2015
				US$/MT	US$/MT	US$/MT	US$/MT	US$/MT	US$/MT	US$/MT
Per "Price and Volume" Schedule	[1]	Weighted SCA/SCB/SNC [2]	**A**	[redacted]						
				C$'000s, [4] US$'000s, [5]	C$'000s, [4] US$'000s, [5]	C$'000s, [4] US$'000s, [5]	C$'000s, [4] US$'000s, [5]	C$'000s, [4] US$'000s, [5]	C$'000s, [4] US$'000s, [5]	C$'000s, [4] US$'000s, [5]
Net Sales per "Cost and Production Analysis with Budgeted Analysis" [P&L's] [3]	Sch 12K	Kénogami								
	Sch 12D	Dolbeau								
	Sch 12L	Laurentide								
		Total	**B**	[redacted]						
				MT	MT	MT	MT	MT	MT	MT
Sales Tonnage per "Cost and Production Analysis with Budgeted Analysis" [P&L's]	Sch 12K	Kénogami								
	Sch 12D	Dolbeau								
	Sch 12L	Laurentide								
		Total	**C**	[redacted]						
				US$/MT	US$/MT	US$/MT	US$/MT	US$/MT	US$/MT	US$/MT
Calculated Weighted Average Selling Price per "Cost and Production Analysis with Budgeted Anaysis"			**D=(B/C) x 1,000**	[redacted]						

Notes:

[1] Source: Resolute's "Price and Volume" schedules for 2009 to 2015, as follows: R-305 (RFP0009321) for 2009; R-306 (RFP0009320) for 2010; R-307 (RFP0011931) for 2011; R-308 (RFP0011929) for 2012; R-303 (RFP0011932) for 2013; R-304 (RFP0011933) for 2014; and R-299 (RFP0011930) for 2015:

Total Sales (US$'000s):	Reference			2009	2010	2011	2012	2013	2014	2015
	Sch 14B	SCA	**E**	[redacted]						
	Sch 14B	SCB	**F**							
	Sch 14B	SNC	**G**							
		Total	**H=E+F+G**							
Total Volume Sold (MT):										
	Sch 14A	SCA	**I**							
	Sch 14A	SCB	**J**							
	Sch 14A	SNC	**K**							
		Total	**L=I+J+K**							
Total Average Selling Price (US$/MT):										
		SCA	**M1=(E/I) x 1,000**							
		SCB	**M2=(F/J) x 1,000**							
		SNC	**M3=(G/K) x 1,000**							
		Average Selling price (weighted)	**M4=(H/L) x 1,000**							

[2] The "weighted" average selling price was calculated from total dollar sales for all SC paper grades divided by the volumes sold per grade.

[3] "Net Sales" is the selling price of paper inclusive of any freight costs - see Schedules 12K, 12D, 12L, and 12C.

[4] Revenues and costs per Resolute's "Cost and Production Analysis with Budgeted Analysis" (P&Ls) are recorded in Canadian Dollars. However, prices per Resolute's "Price and Volume" Schedules are in U.S. Dollars and additionally, Resolute's "Sales Ledger" records amounts in multiple currencies. For consistency, all amounts are converted to U.S. Dollars using the average annual USD to CAD foreign exchange rates per Note 4 below.

[5] The U.S. Dollar to Canadian Dollar average (closing) annual exchange rate is as follows (Sch 40):

	1 USD = __ CAD
2009:	1.1420
2010:	1.0299
2011:	0.9891
2012:	0.9996
2013:	1.0299
2014:	1.1045
2015:	1.2787

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Resolute's Direct Costs per "Cost and Production Analysis with Budgeted Analysis" (P&Ls)
Resolute's Actual Direct Costs as Compared to Hausman Report II **Schedule 16**

	Ref.	2009	2010	2011	2012	2013	2014	2015	2016	2017	CAGR (%)
Direct Costs per Cost and Production Analysis with Budgeted Analysis Reports (P&Ls)											
											2012-2017
Kénogami Mill (C$/MT)	Sch 12K	[redacted]									
Year-over-year Change (%)											
Dolbeau Mill (C$/MT)	Sch 12D										
Year-over-year Change (%)											
Laurentide Mill (C$/MT)	Sch 12L										
Year-over-year Change (%)											
Hausman Report II Variable Costs [1]:											2012-2017
Resolute Expected Increase in Varaible Costs (%)	Hausman Report II ¶ 32				[redacted]						
RISI October 2011 Variable Cost Forecast (%) [2]	Hausman Report II ¶ 31 and Table 3										

Notes:

[1] [redacted]

[2]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

Summary of North American Consumption of SCA and SCB/SNC Shipments (MTs) per PPPC [1]

2009-2018 **Schedule 20**

		2009	YoY	2010	YoY	2011	YoY	2012	YoY	2013	YoY	2014	YoY	2015	YoY	2016	YoY	2017	YoY	2018	YoY
		000 MTs	%	000 MTs	%	000 MTs	%	000 MTs	%	000 MTs	%	000 MTs	%	000 MTs	%	000 MTs	%	000 MTs	%	000 MTs	%
SC-A/A+																					
Shipments - North America	B1	[redacted]																			
Imports	E1																				
Demand [North America]	F1=B1+E1																				
SC-B / SNC+ [2]																					
Shipments - North America	B2																				
Imports	E2																				
Demand [North America]	F2=B2+E2																				
TOTAL HIGH-GLOSS GRADES [TOTAL SC]																					
Shipments - North America	ΣB																				
Imports	ΣE																				
Demand [North America]	ΣF=ΣB+ΣE																				

Notes:

[1] Source: Annual PPPC Data.

[2] [redacted]

1 MT = 1.10231 ST

1 ST = 0.907185 MT

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

SC Prices 2000-2018 — **Schedule 21**

[R-274, as provided by Poyry]

** Source: RISI*

Conversion Factor 0.907184

Year	Period	Quarter	Nominal SC-A (34lb) USD / **Short Ton**	SC-B (34lb) USD / **Short Ton**	SC-A (34lb) USD / Metric Ton	SC-B (34lb) USD / Metric Ton
2000	2000	I	[redacted]			
2000		II				
2000		III				
2000		IV				
2001	2001	I				
2001		II				
2001		III				
2001		IV				
2002	2002	I				
2002		II				
2002		III				
2002		IV				
2003	2003	I				
2003		II				
2003		III				
2003		IV				
2004	2004	I				
2004		II				
2004		III				
2004		IV				
2005	2005	I				
2005		II				
2005		III				
2005		IV				
2006	2006	I				
2006		II				
2006		III				
2006		IV				
2007	2007	I				
2007		II				
2007		III				
2007		IV				
2008	2008	I				
2008		II				
2008		III				
2008		IV				
2009	2009	I				
2009		II				
2009		III				
2009		IV				
2010	2010	I				
2010		II				
2010		III				
2010		IV				
2011	2011	I				
2011		II				
2011		III				
2011		IV				
2012	2012	I				
2012		II				
2012		III				
2012		IV				
2013	2013	I				
2013		II				
2013		III				
2013		IV				
2014	2014	I				
2014		II				
2014		III				
2014		IV				
2015	2015	I				
2015		II				
2015		III				
2015		IV				
2016	2016	I				
2016		II				
2016		III				
2016		IV				
2017	2017	I				
2017		II				
2017		III				
2017		IV				
2018	2018	I				
2018		II				
2018		III				
2018		IV				

Simple Quarterly Average [Calculated]

	SC-A (34lb) USD / **Short Ton**	SC-B (34lb) USD / **Short Ton**	SC-A (34lb) USD / Metric Ton	SC-B (34lb) USD / Metric Ton
2010	[redacted]			
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				

GOVERNMENT OF CANADA ATS RESOLUTE FOREST PRODUCTS INC.
Summary of RISI's Five-Year Forecasts
for SCA Prices US$/ton (Short Ton) with YoY Change [1]

Schedule 22

	Version	Date	Ref.	2009 US$/ton	2010 US$/ton	2011 US$/ton	2012 US$/ton	2013 US$/ton	2014 US$/ton	2015 US$/ton	2016 US$/ton	2017 US$/ton	2018 US$/ton	2019 US$/ton	2020 US$/ton
US	16 2011.1	2/7/2011		[redacted]											
	16 2011.2	6/3/2011													
	16 2011.3	10/21/2011													
	16 2012.1	2/6/2012													
	16 2012.2	6/7/2012													
	16 2012.3	11/1/2012													
	16 2013.1	2/13/2013													
	16 2013.2	6/24/2013													
	16 2013.3	11/11/2013													
	16 2014.1	2/25/2014													
	16 2014.2	6/27/2014													
	16 2014.3	10/14/2014													
	16 2015.1	2/19/2015													
	16 2015.2	6/2/2015													
	16 2015.3	10/26/2015													

Comparison to Market Actual Selling Prices

Actual Selling Prices per RISI [via Poyry]:	Sch. 21	2010	2011	2012	2013	2014	2015	2016	2017	2018
Simple quarterly average for year (US$/ton)		[redacted]								
Simple quarterly average for year (US$/MT)										
YoY change										

Comparison to Resolute's Actual Selling Prices

SC-A Selling Prices:		2009	2010	2011	2012	2013	2014	2015
SC-A Selling Prices (US$/MT)	Sch. 15	[redacted]						
MT:ST Factor		0.9072	0.9072	0.9072	0.9072	0.9072	0.9072	0.9072
SC-A Selling Prices (US$/ST)		[redacted]						

All Grades Selling Prices (weighted):								
All Grades Selling Prices (US$/MT)	Sch. 15	[redacted]						
MT:ST Factor		0.9072	0.9072	0.9072	0.9072	0.9072	0.9072	0.9072
All Grades Selling Prices (US$/ST)		[redacted]						

Notes

[1] Source: R-275, RISI five-year forecasted per file titled "UGW forecast archives 2011-2015.xls".
The RISI pricing data is per "Ton" (ie. Short Ton). It is assumed this refers to Short Tons given that the RISI report refers to other data in "Tonnes" (ie. Metric Tonnes).

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of RISI s Five-Year Forecasts
for SC Volumes (Tons [Short Tons]) [1]

Schedule 23

	Version	Date			2009 ST 000s	2010 ST 000s	2011 ST 000s	2012 ST 000s	2013 ST 000s	2014 ST 000s	2015 ST 000s	2016 ST 000s	2017 ST 000s	2018 ST 000s	2019 ST 000s	2020 ST 000s
US	23 2011.1	2/7/2011	A	B+D-C	Apparent Consumption	[redacted]										
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2011.2	6/3/2011	A	B+D-C	Apparent Consumption	[redacted]										
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2011.3	10/21/2011	A	B+D-C	Apparent Consumption	[2]	[redacted]									
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2012.1	2/6/2012	A	B+D-C	Apparent Consumption		[redacted]									
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2012.2	6/7/2012	A	B+D-C	Apparent Consumption											
			B		Imports	[3]										
			C		Exports											
			D		Shipments											
North America	23 2012.3	11/1/2012	A	B+D-C	Apparent Consumption	[2]										
			B		Imports	[3]										
			C		Exports											
			D		Shipments											
	23 2013.1	2/13/2013	A	B+D-C	Apparent Consumption											
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2013.2	6/24/2013	A	B+D-C	Apparent Consumption											
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2013.3	11/11/2013	A	B+D-C	Apparent Consumption											
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2014.1	2/25/2014	A	B+D-C	Apparent Consumption											
			B		Imports											
			C		Exports											
			D		Shipments											
	23 2014.2	6/27/2014	A	B+D-C	Apparent Consumption											
			B		Imports											
			C		Exports											
			D		Shipments											
	24 2014.3	10/14/2014	A	B+D-C	Apparent Consumption											
			B		Imports											
			C		Exports											
			D		Shipments											

= volume forecast is not included in Hausman Report II (whereas Pricing forecast is at Exh 2 pg 18)

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of RISI s Five-Year Forecasts
for SC Volumes (Tons [Short Tons]) [1] **Schedule 23**

	Version	Date				2009 ST 000s	2010 ST 000s	2011 ST 000s	2012 ST 000s	2013 ST 000s	2014 ST 000s	2015 ST 000s	2016 ST 000s	2017 ST 000s	2018 ST 000s	2019 ST 000s	2020 ST 000s
North America	24 2015.1	**2/19/2015**	**A**	**B+D-C**	Apparent Consumption												
			B		Imports												
			C		Exports												
			D		Shipments												
	24 2015.2	**6/2/2015**	**A**	**B+D-C**	Apparent Consumption												
			B		Imports												
			C		Exports												
			D		Shipments												
	24 2015.3	**10/26/2015**	**A**	**B+D-C**	Apparent Consumption												
			B		Imports												
			C		Exports												
			D		Shipments												

Comparison to Market Actual Shipments	**Ref.**	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actual Shipments per PPPC:											
SC-A/A+:											
Shipments - North America (MT 000s)	Sch 20										
MT:ST factor											
Shipments - North America (ST 000s)											
SC-B/SN-C+:											
Shipments - North America (MT 000s)	Sch 20										
MT:ST factor											
Shipments - North America (ST 000s)											
Total (All Grades)											
Shipments - North America (MT 000s)											
MT:ST factor		1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023
Shipments - North America (ST 000s)											
Per RISI Oct/Nov versions in respect of prior year (above)											
Imports:											
SC-A/A+:											
Imports (MT 000s)	Sch 20										
MT:ST factor		1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023
Imports (ST 000s)											
SC-B/SN-C+:											
Imports (MT 000s)	Sch 20										
MT:ST factor		1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023
Imports (ST 000s)											
Total (All Grades)											
Imports (MT 000s)											
MT:ST factor		1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023	1.1023
Imports (ST 000s)											

Note:

[1] Source: R-275, RISI five-year forecasted per file titled "UGW forecast archives 2011-2015.xls".
The RISI pricing data is per "Ton" (ie. Short Ton). It is assumed this refers to Short Tons given that the RISI report refers to other data in "Tonnes" (ie. Metric Tonnes).

[2]

[3] Reflects change in classification of Canadian shipments from Imports to U.S. to North American shipments.

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Port Hawkesbury Paper Limited Partnership Income Statements
For the Years Ended December 31, 2010 - 2015

Schedule 25

		for the Years Ended December 31,						
		NewPage		*PHPLP (PWCC/Stern)*				
	Ref.	**2010**	**2011 (9 mos.)**	**2012 (3 mos.)** [3]	**2013**	**2014**	**2015**
		C$'000s	C$'000s	C$'000s	C$'000s	C$'000s	C$'000s
	Source >>	[1]	[1]	R-269 (CAN000012)	C-220 (CAN000013)	C-225 (CAN000014)	C-238 (CAN000015)
Sales								
PM2 - SC paper								
PM1 - Newsprint								
Cost of Sales								
Raw material and consumables	**a**							
Power, fuel and other energy	**b**							
Freight costs incurred for paper sold	**c**							
Wages and salaries	**d**							
Outside services								
Stores and finishing supplies	**e**							
Change in fin. goods and WIP inventory								
Amortization								
Gross Profit (Loss)								
Selling expenses								
General and administrative expenses	**f**							
Other income (expense)	[4]							
Interest income								
Government training assistance incentive								
Amortization of deferred financing fees								
Net foreign exchange gains (loss)								
Unreal. for. exch. loss on derivative fin. instruments, net								
Bank charges								
Gain from sale of equipment								
Miscellaneous income								
Other charges from related parties								
Net income (loss) for the period								

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Port Hawkesbury Paper Limited Partnership Income Statements
For the Years Ended December 31, 2010 - 2015

Schedule 25

Notes:

[1] Source: R-266, "Stern Model" (CAN000082) tab: Summary. See also R-276, NewPage Port Hawkesbury Mill Pro Forma (RFP0005440) at RFP0005441 to RFP0005443 for similar figures. Note: not all Income Statement line item categories (i.e. certain expenses) are identified in R-266, (CAN000082) tab: Summary.

[2] The PHP financial results for 2010-2011 per R-266, (CAN000082) tab: Summary reflect slightly different line descriptions than the PHPLP 2012-2015 audited financial statements. I have cross-referenced such via the letters below.

		2010	2011
Fiber (Wood-Chips-Pulp)		[redacted]	
Other Raw Material			
	a		
Power			
Other Energy			
	b		
Pack.Supplies	**e**		
Compensation	**d**		
Other Fixed Cost	**f**		
Freigh[t] & Other Sale Deduction	**c**		

[3] On September 28, 2012, PacificWest Commercial Corporation ("PWCC"), an affiliate of Stern Partners Inc., acquired NewPage Port Hawkesbury Corporation ("NPPH"). Therefore, Fiscal 2012 above represents a stub-year from September 28, 2012 to December 31, 2012 [source: R-269, PHPLP Financial Statements (Dec. 31, 2012) at CAN000012_0007].

[4] According to CICA Handbook Accounting Standards for Private Enterprises (ASPE) Section 3800 - Government Assistance, forgivable loans and other government assistance are recorded when the entity is entitled to receive such (and not upon forgiveness of the loans). The accounting entries are: Dr. Cash (or Receivable) and Cr. either (i) revenue or contra-expense (for non-capital items); or (ii) contra-cost of capital assets. Refer to R-277, ASPE Sections 3800 and 3805 Government Assistance and ITCs (EY).

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Port Hawkesbury Paper Limited Partnership Balance Sheets
For the Years Ended As At December 31, 2012 - 2015

Schedule 26

[redacted]

Notes:

[1] According to CICA Handbook Accounting Standards for Private Enterprises (ASPE) Section 3800 - Government Assistance, forgivable loans and other government assistance are recorded when the entity is entitled to receive such (and not upon forgiveness of the loans). The accounting entries are: Dr. Cash (or Receivable) and Cr. either (i) revenue or contra-expense (for non-capital items); or (ii) contra-cost of capital assets. Refer to R-277, ASPE Sections 3800 and 3805 Government Assistance and ITCs (EY).

[2] [redacted]

[3] On September 28, 2012, PacificWest Commercial Corporation ("PWCC"), an affiliate of Stern Partners Inc., acquired NewPage Port Hawkesbury Corporation ("NPPH"). Therefore, Fiscal 2012 above represents a stub-year from September 28, 2012 to December 31, 2012 [source: R-269, PHPLP Financial Statements (Dec. 31, 2012) at CAN000012_0007].

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Government Assistance as per PHPLP Financial Statements **Schedule 27**

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Summary of Government Assistance as per PHPLP Financial Statements **Schedule 27**

Notes:

[1] Training Assistance figures calculated as:

Income 2012	[redacted]
Income 2013	
Income 2014	
Income 2015	
Subtotal	
Less: Receivable EOY	
Cumulative Cash received BOY	
Cash received during Year	
Cumulative Cash received EOY	

[2] [redacted]

[3] [redacted]

[4] According to CICA Handbook Accounting Standards for Private Enterprises (ASPE) Section 3800 - Government Assistance, forgivable loans and other government assistance are recorded when the entity is entitled to receive such (and not upon forgiveness of the loans). The accounting entries are: Dr. Cash (or Receivable) and Cr. either (i) revenue or contra-expense (for non-capital items); or (ii) contra-cost of capital assets. Refer to R-277, ASPE Sections 3800 and 3805 Government Assistance and ITCs (EY).

[redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

PWCC's EBITDA Initiatives

[redacted]

Schedule 28A

[redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

PWCC's EBITDA Initiatives

[redacted] [redacted]

Schedule 28A

[redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
PWCC's EBITDA Initiatives

[redacted]

Schedule 28B

[redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
PWCC's EBITDA Initiatives

[redacted] Schedule 28B

Notes:

[redacted]

[2] I made the following adjustments to the original Stern Model at R-266 (CAN000082) to remove the projected savings related to the PWCC/NSPI Proposal:

(a) [redacted]

[redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
PWCC's EBITDA Initiatives

[redacted] **Schedule 28B**

Notes (continued):

[redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

PWCC's EBITDA Initiatives

[redacted]

Schedule 28C

all figures C$ 000s

EBITDA Improvement from 2011to 2014

[8] [redacted] [a]

	Ref	H2 - 2012	2013	2014	2015	2016	Total Projected Cash Flow[9]	4.5 yr Avg
[redacted]	[1]							
EBITDA	[2]	[redacted]						
Gov t Loan (Capex portion) - Forgiveable	[3]							
Fixed Assets - Capital Expenditures	[4]							
Start-up Costs, Training, Marketing, Severance	[5]							
Total Cash Flow (before w/c, profit share, dividends)	[6]							
EBITDA Improvement	[7]			[redacted]				**[c = b - a]**
[redacted]	[10]							
EBITDA	[2]	[redacted]						
Gov t Loan (Capex portion) - Forgiveable	[3]							
Fixed Assets - Capital Expenditures	[4]							
Start-up Costs, Training, Marketing, Severance	[5]							
Total Cash Flow (before w/c, profit share, dividends)	[6]							
EBITDA Improvement	[11]			[redacted]				**[e = d - a]**
[redacted]	[12]				[redacted]			
				Ref				
	[13]			Sch 28B	[redacted]			**[g]**
	[13]			Sch 28B				**[h]**
EBITDA Improvement	[14]							**[i = g - a]**

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
PWCC's EBITDA Initiatives

[redacted] **Schedule 28C**

Notes:

[1] Source: R-266, [redacted]" (CAN000082) [redacted].

[2] Source: R-266, CAN000082 [redacted].

[3] [redacted]

[4] Source: R-266, CAN000082 [redacted]

[5] Source: R-266, CAN000082 [redacted].

[6] Reflects total projected cash flows at R-266, CAN000082 [redacted]

[7] Source: R-266, CAN000082 [redacted].

[8] Source: R-266, CAN000082 [redacted].

[9] Source: R-266, CAN000082 [redacted]".

[10] Refer to adjustments to the [redacted]

[11] [redacted]

[12] [redacted]

[13] [redacted]

[14] [redacted]

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Estimate of Port Hawkesbury Paper Sales Net of Cash Costs
For the Years Ended December 31, 2012 - 2015

Schedule 29

		for the Years Ended December 31,					
		2012 (3 mos.)	**2013**	**2014**	**2015**	**Average 2013-2015**	**Average 2014-2015**
		C$'000s	C$'000s	C$'000s	C$'000s	C$'000s	C$'000s
		Sch 25	Sch 25	Sch 25	Sch 25		
Sales		[redacted]					
Freight costs incurred for paper sold							
Sales less freight costs							
Raw material and consumables							
Power, fuel and other energy							
Wages and salaries							
Outside services							
Stores and finishing supplies							
Selling expenses							
General and administrative expenses							
Estimated Cash Costs	[1]						
Estimate of Sales net of Cash Costs							
("EBITDA" in Stern Model at CAN-000082)	[2]						

Notes:

[1] [redacted]

[2] [redacted]

		2012 (3 mos.)	**2013**	**2014**	**2015**	**Average 2013-2015**	**Average 2014-2015**
		C$'000s	C$'000s	C$'000s	C$'000s	C$'000s	C$'000s
		Sch 25	Sch 25	Sch 25	Sch 25		
Net income (loss) for the period		[redacted]					
Addback Amortization							
Addback Amort. of deferred financing fees							
Estimated EBITDA							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Replication of Hausman Report II Damages Calculation
• Summary - All Mills

Schedule 30

	Ref.		Past Loss Period 2013-2017 [1] US$ 000	Future Loss Period 2018-2028 [2] US$ 000	Total US$ 000
Kénogami	Sch. K		[redacted]		
Dolbeau	Sch. D	[3]			
Laurentide	Sch. L				
Total					163,616
Per Hausman Report II with 2% variable costs (Exh. 2, pg. 1) / ¶48 Table 18					163,695
Per Hausman Report II with RISI % variable costs (Exh. 2 pg. 1) / ¶48 Table 17					201,903

Notes:

[1] Lost Profits for the Past Loss Period include compound interest to December 31, 2017.

[2] Lost Profits for the Future Loss Period are calculated as the present value of future cash flows discounted back to January 1, 2018.

[3] [redacted]

Variables employed in the Hausman Report II	Hausman	Replicated model herein uses:
in Past Loss Period, 5 years 2013-17:		[redacted]
But-for Selling price US$/MT		
But-for Variable Costs US$/MT		
Interest on Lost profits US$/MT		
Lost profits term		
in Future Loss Period, 11 years 2018-28:		
Lost profits US$/MT YoY decrement		
Lost profits term		
PV Rate		
Discount Convention		

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Replication of the Hausman Report II Damages Calculation
• Kénogami

Schedule 30K

	Notes	Reference		Past Loss Period						Future Loss Period											
				For the Year Ended December 31,																	
				2013	2014	2015	2016	2017	Subtotal 2013-2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures										PV LPs -	[redacted]										
Estimated Mill Net Price Forecast Used: [redacted]				[redacted]																	
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 12/15	A																		
Estimated Variable Costs (US$/MT) Used: [redacted]																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 12/15	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 12/15	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 12/15*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)	[3]	Hausman II Exh. 3 pg. 3	F																		
Actual Variable Costs (US$/MT)	[4]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 3	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 3*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 12/15*																			
[Compound] Interest per Year	[5]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 14/17*																			
PV Rate [redacted]			N																		
Discount Convention																					
PV Factor		*Hausman II Exh. . 2*																			
Present Value of Lost Profits			O	M x N																	
Present Value of Lost Profits per Hausman Report II (RISI)		*Hausman II Exh. 2 pg. 16*																			

Notes:

[1] The Hausman Report II (¶ 26) estimates But-for net mill prices by applying the RISI October 2011 5-year forecast price change per year, using each mill's 2012 Net Mill Price as the base starting point:

RISI:	Ref.	2012	2013	2014	2015	2016	2017
Actual Net Mill Price (US$/MT) [2012]	Hausman II ¶27	[redacted]					
Estimated % Price Change year-over-year	Hausman II ¶27/Exh. 2 pg. 18						
Estimated Net Mill Price (US$/MT)	Hausman II ¶27						

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying; (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33). The Resolute 2% Expectation is carried up to line B above.

(i) RISI:	Ref.	2012	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶33	[redacted]					
Estimated % Price Change year-over-year	Hausman II ¶33/Exh. 2 pg. 18						
Estimated Variable Costs (US$/MT)							
(ii) Resolute expectation 2%							
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶33						
Estimated % Price Change year-over-year	Hausman II ¶32						
Estimated Variable Costs (US$/MT)							

[3] The lost profits attributable to price erosion is as follows:

	2013 *US$/MT*	2014 *US$/MT*	2015 *US$/MT*	2016 *US$/MT*	2017 *US$/MT*
Estimated Net Mill Price "But For" Scenario	[redacted]				
Actual Net Mill Price					
Price Erosion Per Metric Tonne					

[4] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2012	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 3	[redacted]					
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 3						
Variable costs per Metric Tonne (US$/MT)							

[5] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY		[redacted]					
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 14	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount		[redacted]					
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Replication of the Hausman Report II Damages Calculation
• Dolbeau

Schedule 30D

	Notes	Reference		Past Loss Period 2013	2014	2015	2016	2017	Subtotal 2013-2017	Future Loss Period 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures										PV LPs -											
Estimated Mill Net Price Forecast Used:																					
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 6/9	A																		
Estimated Variable Costs (US$/MT) Used:																					
Estimated Variable Costs (US$/MT)			B																		
Estimated Net Profit (US$/MT)			C A-B																		
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 6/9	D																		
Estimated Profits (US$)			E C x D																		
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 6/9*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)	[3]	Hausman II Exh. 3 pg. 2	F																		
Actual Variable Costs (US$/MT)	[4]		G																		
Actual Net Profit (US$/MT)			H F-G																		
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 2	I																		
Actual Profits (US$)			J H x I																		
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 2*																			
Estimated Lost Profits per Year			K E-J																		
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 6/9*																			
[Compound] Interest per Year	[5]		L																		
Lost profits including interest			M K+L																		
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 11*																			
PV Rate			N																		
Discount Convention																					
PV Factor		*Hausman II Exh. 2*								0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554	0.35049	
Present Value of Lost Profits			O M x N																		
Present Value of Lost Profits per Hausman Report II (RISI)		*Hausman II Exh. 2 pg. 7/10*																			

Notes:

[1] The Hausman Report II (¶ 26) estimates But-for net mill prices by applying the RISI October 2011 5-year forecast price change per year, using each mill's 2012 Net Mill Price as the base starting point:

RISI:	Ref.	2012	2013	2014	2015	2016	2017
Actual Net Mill Price (US$/MT) [2012]	Hausman II ¶27						
Estimated % Price Change year-over-year	Hausman II ¶27/Exh. 2 pg. 18						
Estimated Net Mill Price (US$/MT)	Hausman II ¶27						

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33). The Resolute 2% Expectation is carried up to line B above.

(i) RISI:	Ref.	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35					
Estimated % Price Change year-over-year	Hausman II ¶35/Exh. 2 pg. 18					
Estimated Variable Costs (US$/MT)						
(ii) Resolute expectation 2%						
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35					
Estimated % Price Change year-over-year	Hausman II ¶32					
Estimated Variable Costs (US$/MT)						

[3] The lost profits attributable to price erosion is as follows:

	2013 US$/MT	2014 US$/MT	2015 US$/MT	2016 US$/MT	2017 US$/MT
Estimated Net Mill Price "But For" Scenario					
Actual Net Mill Price					
Price Erosion Per Metric Tonne					

[4] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 2					
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 2					
Variable costs per Metric Tonne (US$/MT)						

[5] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY							
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 8	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount							
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.
Replication of the Hausman Report II Damages Calculation
• Laurentide

Schedule 30L

	Notes	Reference		Past Loss Period						Future Loss Period											
				For the Year Ended December 31,																	
				2013	2014	2015	2016	2017	Subtotal 2013-2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures									PY LPs -												
Estimated Mill Net Price Forecast Used:																					
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 2/4	A																		
Estimated Variable Costs (US$/MT) Used:																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 2/4	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 2/4	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 2/4*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)	[3]	Hausman II Exh. 3 pg. 1	F																		
Actual Variable Costs (US$/MT)	[4]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 1	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 1*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 2/4*																			
[Compound] Interest per Year	[5]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 3/5*																			
PV Rate			N																		
Discount Convention																					
PV Factor		*Hausman II Exh. 2*								0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554	0.35049	
Present Value of Lost Profits			O	M x N																	
Present Value of Lost Profits per Hausman Report II (RISI)		*n/a*																			

Notes:

[1] The Hausman Report II (¶ 26) estimates But-for net mill prices by applying the RISI October 2011 5-year forecast price change per year, using each mill's 2012 Net Mill Price as the base starting point:

RISI:	Ref.	2012	2013	2014	2015	2016	2017
Actual Net Mill Price (US$/MT) [2012]	Hausman II ¶27						
Estimated % Price Change year-over-year	Hausman II ¶27/Exh. 2 pg. 18						
Estimated Net Mill Price (US$/MT)	Hausman II ¶27						

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33). The Resolute 2% Expectation is carried up to line B above.

(i) RISI:	Ref	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35					
Estimated % Price Change year-over-year	Hausman II ¶35/Exh. 2 pg. 18					
Estimated Variable Costs (US$/MT)						
(ii) Resolute expectation 2%						
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35					
Estimated % Price Change year-over-year	Hausman II ¶32					
Estimated Variable Costs (US$/MT)						

[3] The lost profits attributable to price erosion is as follows:

	2013	2014	2015	2016	2017
	US$/MT	*US$/MT*	*US$/MT*	*US$/MT*	*US$/MT*
Estimated Net Mill Price "But For" Scenario					
Actual Net Mill Price					
Price Erosion Per Metric Tonne					

[4] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 1					
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 1					
Variable costs per Metric Tonne (US$/MT)						

[5] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY							
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 3	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount							
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC. [redacted]

• Summary - All Mills — Schedule 31

	Ref.		Past Loss Period 2013-2017 [1] US$ 000	Future Loss Period 2018-2028 [2] US$ 000	Total US$ 000
Kénogami	Sch. K		[redacted]		
Dolbeau	Sch. D	[3]			
Laurentide	Sch. L				
Total					(109,272)
Per Hausman Report II with 2% variable costs (Exh. 2, pg. 1) / ¶48 Table 18					163,695
Per Hausman Report II with RISI % variable costs (Exh. 2 pg. 1) / ¶48 Table 17					201,903

Notes:

[1] Lost Profits for the Past Loss Period include compound interest to December 31, 2017.

[2] Lost Profits for the Future Loss Period are calculated as the present value of future cash flows discounted back to January 1, 2018.

[3] [redacted]

Variables employed in the Hausman Report II	Hausman	Replicated model herein uses:
in Past Loss Period, 5 years 2013-17:		
But-for Selling price US$/MT	[redacted]	
But-for Variable Costs US$/MT		
Interest on Lost profits US$/MT		
Lost profits term		
in Future Loss Period, 11 years 2018-28:		
Lost profits US$/MT YoY decrement		
Lost profits term		
PV Rate		
Discount Convention		

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

[redacted]

• Kénogami

Schedule 31K

	Notes	Reference		Past Loss Period 2013	2014	2015	2016	2017	Subtotal 2013-2017	Future Loss Period 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures										PY LPs -	[redacted]										
Estimated Mill Net Price Forecast Used: [redacted]																					
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 12/15	A																		
Estimated Variable Costs (US$/MT) Used: [redacted]																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 12/15	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 12/15	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 12/15*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)		Hausman II Exh. 3 pg. 3	F																		
Actual Variable Costs (US$/MT)	[3]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 3	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 3*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 12/15*																			
[Compound] Interest per Year	[4]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 14/17*																			
PV Rate			N							0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554	0.35049	
Discount Convention [redacted]																					
PV Factor		*Hausman II Exh. 2*																			
Present Value of Lost Profits			O	M x N																	
Present Value of Lost Profits per Hausman Report II (RISI)		*Hausman II Exh. 2 pg. 13/16*																			

Notes:

[1] Poyry had contemporaneously estimated the price erosion caused by the re-opening of the Port Hawkesbury Mill ("PH Mill"):

Actual Net Mill Price (US$/MT)	[redacted]
Estimated Price Erosion from re-opening of PH Mill	Poyry Report pg. 53 [July 23, 2012]
Estimated Net Mill Price absent the re-opening of the PH Mill (US$/MT)	

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33).

(i) RISI:	Ref.	2012	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶33	[redacted]					
Estimated % Price Change year-over-year	Hausman II ¶33/Exh. 2 pg. 18						
Estimated Variable Costs (US$/MT)							
(ii) Resolute expectation 2%							
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶33						
Estimated % Price Change year-over-year	Hausman II ¶32						
Estimated Variable Costs (US$/MT)							

[3] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2012	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 3	[redacted]					
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 3						
Variable costs per Metric Tonne (US$/MT)							

[4] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY		[redacted]					
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 14	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount							
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

[redacted]

• Dolbeau

Schedule 31D

	Notes	Reference		Past Loss Period 2013	2014	2015	2016	2017	Subtotal 2013-2017	Future Loss Period 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures										PY LPs -	[redacted]										
Estimated Mill Net Price Forecast Used: [redacted]																					
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 6/9	A																		
Estimated Variable Costs (US$/MT) Used: [redacted]																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 6/9	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 6/9	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 6/9*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)		Hausman II Exh. 3 pg. 2	F																		
Actual Variable Costs (US$/MT)	[3]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 2	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 2*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 6/9*																			
[Compound] Interest per Year	[4]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 8/11*																			
PV Rate			N							0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554	0.35049	
Discount Convention [redacted]																					
PV Factor		*Hausman II Exh. 2*																			
Present Value of Lost Profits			O	M x N																	
Present Value of Lost Profits per Hausman Report II (RISI)		*Hausman II Exh. 2 pg. 7/10*																			

[redacted]

Notes:

[1] Poyry had contemporaneously estimated the price erosion caused by the re-opening of the Port Hawkesbury Mill ("PH Mill"):

Actual Net Mill Price (US$/MT)	[redacted]
Estimated Price Erosion from re-opening of PH Mill	Poyry Report pg. 53 [July 23, 2012]
Estimated Net Mill Price absent the re-opening of the PH Mill (US$/MT)	

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33).

(i) RISI:	Ref.	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35	[redacted]				
Estimated % Price Change year-over-year	Hausman II ¶35/Exh. 2 pg. 18					
Estimated Variable Costs (US$/MT)						
(ii) Resolute expectation 2%						
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35					
Estimated % Price Change year-over-year	Hausman II ¶32					
Estimated Variable Costs (US$/MT)						

[3] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 2	[redacted]				
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 2					
Variable costs per Metric Tonne (US$/MT)						

[4] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY		[redacted]					
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 8	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount							
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC. [redacted]

• Laurentide

Schedule 31L

	Notes	Reference		Past Loss Period 2013	2014	2015	2016	2017	Subtotal 2013-2017	Future Loss Period 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures				[redacted]																	
Estimated Mill Net Price Forecast Used:																					
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 2/4	A																		
Estimated Variable Costs (US$/MT) Used:																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 2/4	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 2/4	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 2/4*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)		Hausman II Exh. 3 pg. 1	F																		
Actual Variable Costs (US$/MT)	[3]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 1	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 1*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 2/4*																			
[Compound] Interest per Year	[4]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 3/5*																			
PV Rate	[redacted]		N																		
Discount Convention																					
PV Factor		*Hausman II Exh. 2*								0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554	0.35049	
Present Value of Lost Profits			O	M x N																	
Present Value of Lost Profits per Hausman Report II (RISI)		*n/a*																			

Notes:

[1] Poyry had contemporaneously estimated the price erosion caused by the re-opening of the Port Hawkesbury Mill ("PH Mill"):

Actual Net Mill Price (US$/MT)	[redacted]
Estimated Price Erosion from re-opening of PH Mill	Poyry Report pg. 53 [July 23, 2012]
Estimated Net Mill Price absent the re-opening of the PH Mill (US$/MT)	

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33).

(i) RISI:	Ref.	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35	[redacted]				
Estimated % Price Change year-over-year	Hausman II ¶35/Exh. 2 pg. 18					
Estimated Variable Costs (US$/MT)						
(ii) Resolute expectation 2%						
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35					
Estimated % Price Change year-over-year	Hausman II ¶32					
Estimated Variable Costs (US$/MT)						

[3] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 1	[redacted]				
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 1					
Variable costs per Metric Tonne (US$/MT)						

[4] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY		[redacted]					
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 3	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount		[redacted]					
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

[redacted]

• Summary - All Mills

Schedule 32

	Ref.		Past Loss Period 2013-2017 [1] US$ 000	Future Loss Period 2018-2028 [2] US$ 000	Total US$ 000
Kénogami	Sch. K		[redacted]		
Dolbeau	Sch. D	[3]			
Laurentide	Sch. L				
Total					(39,850)
Per Hausman Report II with 2% variable costs (Exh. 2, pg. 1) / ¶48 Table 18					163,695
Per Hausman Report II with RISI % variable costs (Exh. 2 pg. 1) / ¶48 Table 17					201,903

Notes:

[1] Lost Profits for the Past Loss Period include compound interest to December 31, 2017.

[2] Lost Profits for the Future Loss Period are calculated as the present value of future cash flows discounted back to January 1, 2018.

[3] [redacted]

Variables employed in the Hausman Report II	Hausman	Replicated model herein uses:
in Past Loss Period, 5 years 2013-17:		
But-for Selling price US$/MT	[redacted]	
But-for Variable Costs US$/MT		
Interest on Lost profits US$/MT		
Lost profits term		
in Future Loss Period, 11 years 2018-28:		
Lost profits US$/MT YoY decrement		
Lost profits term		
PV Rate		
Discount Convention		

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

[redacted]

• Kénogami

Schedule 32K

	Notes	Reference		Past Loss Period						Future Loss Period											
				For the Year Ended December 31,																	
				2013	2014	2015	2016	2017	Subtotal 2013-2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures										PY LPs -	[redacted]										
Estimated Mill Net Price Forecast Used:				[redacted]																	
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 12/15	A																		
Estimated Variable Costs (US$/MT) Used:																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 12/15	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 12/15	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 12/15*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)		Hausman II Exh. 3 pg. 3	F																		
Actual Variable Costs (US$/MT)	[3]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 3	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 3*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 12/15*																			
[Compound] Interest per Year	[4]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 14/17*																			
PV Rate	[redacted]		N																		
Discount Convention																					
PV Factor		*Hausman II Exh. 2*								0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554	0.35049	
Present Value of Lost Profits			O	M x N						[redacted]											
Present Value of Lost Profits per Hausman Report II (RISI)		*Hausman II Exh. 2 pg. 13/16*																			

Notes:

[1] Resolute had contemporaneously estimated the price erosion caused by the re-opening of the Port Hawkesbury Mill ("PH Mill"):

Actual Net Mill Price (US$/MT)	[redacted]
Estimated Price Erosion from re-opening of PH Mill	
Estimated Net Mill Price absent the re-opening of the PH Mill (US$/MT)	Resolute Prod. RFP00011892

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33).

(i) RISI:	Ref.	2012	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶33	[redacted]					
Estimated % Price Change year-over-year	Hausman II ¶33/Exh. 2 pg. 18						
Estimated Variable Costs (US$/MT)							
(ii) Resolute expectation 2%							
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶33						
Estimated % Price Change year-over-year	Hausman II ¶32						
Estimated Variable Costs (US$/MT)							

[3] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2012	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 3	[redacted]					
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 3						
Variable costs per Metric Tonne (US$/MT)							

[4] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY		[redacted]					
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 14	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount		[redacted]					
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

[redacted]

• Dolbeau

Schedule 32D

	Notes	Reference		Past Loss Period						Future Loss Period											
				For the Year Ended December 31,																	
				2013	2014	2015	2016	2017	Subtotal 2013-2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures										PY LPs -	[redacted]										
Estimated Mill Net Price Forecast Used: [redacted]																					
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 6/9	A																		
Estimated Variable Costs (US$/MT) Used: [redacted]																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 6/9	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 6/9	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 6/9*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)		Hausman II Exh. 3 pg. 2	F																		
Actual Variable Costs (US$/MT)	[3]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 2	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 2*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 6/9*																			
[Compound] Interest per Year	[4]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 8/11*																			
PV Rate [redacted]			N																		
Discount Convention																					
PV Factor		*Hausman II Exh. 2*																			
Present Value of Lost Profits			O	M x N																	
Present Value of Lost Profits per Hausman Report II (RISI)		*Hausman II Exh. 2 pg. 7/10*																			

Notes:

[1] Resolute had contemporaneously estimated the price erosion caused by the re-opening of the Port Hawkesbury Mill ("PH Mill"):

Actual Net Mill Price (US$/MT)	[redacted]
Estimated Price Erosion from re-opening of PH Mill	
Estimated Net Mill Price absent the re-opening of the PH Mill (US$/MT)	Resolute Prod. RFP00011892

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33).

(i) RISI:	Ref.	[redacted]
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35	
Estimated % Price Change year-over-year	Hausman II ¶35/Exh. 2 pg. 18	
Estimated Variable Costs (US$/MT)		
(ii) Resolute expectation 2%		
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35	
Estimated % Price Change year-over-year	Hausman II ¶32	
Estimated Variable Costs (US$/MT)		

[3] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 2	[redacted]				
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 2					
Variable costs per Metric Tonne (US$/MT)						

[4] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY		[redacted]					
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 8	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount							
Lost Profits EoY							

GOVERNMENT OF CANADA ATS. RESOLUTE FOREST PRODUCTS INC.

[redacted]

• Laurentide

Schedule 32L

	Notes	Reference		Past Loss Period 2013	2014	2015	2016	2017	Subtotal 2013-2017	Future Loss Period 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Subtotal 2018-2028
Estimated Profits "But For" Nova Scotia Measures										PY LPs -	[redacted]										
Estimated Mill Net Price Forecast Used:																					
Estimated Mill Net Price (US$/MT)	[1]	Hausman II Exh. 2 pg. 2/4	A																		
Estimated Variable Costs (US$/MT) Used:																					
Estimated Variable Costs (US$/MT)	[2]	Hausman II Exh. 2 pg. 2/4	B																		
Estimated Net Profit (US$/MT)			C	A-B																	
Actual/Estimated Actual Sales Tonnage (MT)		Hausman II Exh. 2 pg. 2/4	D																		
Estimated Profits (US$)			E	C x D																	
Estimated But-For Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 2/4*																			
Actual Profits																					
Actual Mill Net Price (US$/MT)		Hausman II Exh. 3 pg. 1	F																		
Actual Variable Costs (US$/MT)	[3]		G																		
Actual Net Profit (US$/MT)			H	F-G																	
Actual Sales Tonnage (MT)		Hausman II Exh. 3 pg. 1	I																		
Actual Profits (US$)			J	H x I																	
Actual Profits (US$) per Hausman Report II		*Hausman II Exh. 3 pg. 1*																			
Estimated Lost Profits per Year			K	E-J																	
Lost Profits (US$) per Hausman Report II		*Hausman II Exh. 2 pg. 2/4*																			
[Compound] Interest per Year	[4]		L																		
Lost profits including interest			M	K+L																	
Lost profits including interest per Hausman Report II		*Hausman II Exh. 2 pg. 3/5*																			
PV Rate			N																		
Discount Convention																					
PV Factor		*Hausman II Exh. 2*								0.90909	0.82645	0.75131	0.68301	0.62092	0.56447	0.51316	0.46651	0.42410	0.38554	0.35049	
Present Value of Lost Profits			O	M x N																	
Present Value of Lost Profits per Hausman Report II (RISI)		*n/a*																			

[redacted]

Notes:

[1] Resolute had contemporaneously estimated the price erosion caused by the re-opening of the Port Hawkesbury Mill ("PH Mill"):

Actual Net Mill Price (US$/MT)	[redacted]
Estimated Price Erosion from re-opening of PH Mill	
Estimated Net Mill Price absent the re-opening of the PH Mill (US$/MT)	Resolute Prod. RFP00011892

[2] The Hausman Report II (¶ 30) estimates But-for variable costs using two methodologies, by applying: (i) the RISI October 2011 5-year forecast cost change per year; or (ii) a 2% increase per year (per "Resolute's expectation"). Both methodologies use as its base starting point for each mill as follows: Kénogami's 2012 actual variable costs; whereas Dolbeau and Laurentide use 2013 Q1 actual variable costs (¶ 33).

(i) RISI:	Ref.	2013	2014	2015	2016	2017
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35	[redacted]				
Estimated % Price Change year-over-year	Hausman II ¶35/Exh. 2 pg. 18					
Estimated Variable Costs (US$/MT)						
(ii) Resolute expectation 2%						
Actual Variable Costs (US$/MT) [2012]	Hausman II ¶35					
Estimated % Price Change year-over-year	Hausman II ¶32					
Estimated Variable Costs (US$/MT)						

[3] Actual Variable Costs per Metric Tonne are not explicitly stated in the Hausman Report II. Accordingly, to calculate variable costs per metric tonne, total variable costs are divided by actual sales tonnage as follows:

	Ref.	2013	2014	2015	2016	2017
Total Variable Costs (US$)	Hausman II Exh. 3 pg. 1	[redacted]				
Sales Tonnage (MT)	Hausman II Exh. 3 pg. 1					
Variable costs per Metric Tonne (US$/MT)						

[4] The Hausman Report II compound interest calculation is as follows:

	Ref.	2013	2014	2015	2016	2017	Subtotal
Lost Profits BoY		[redacted]					
Lost Profits CY							
Subtotal, for interest							
Interest Rate	Hausman II Exh. 2 pg. 3	1.05%	0.99%	0.53%	0.56%	0.99%	
Interest Amount		[redacted]					
Lost Profits EoY							

GOVERNMENT OF CANADA ATS RESOLUTE FOREST PRODUCTS INC.
Summary of USD:CAD Exchange Rates, 2009-2018 [1]

Schedule 40

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
_ CAD:1USD Average Annual	1.1420	1.0299	0.9891	0.9996	1.0299	1.1045	1.2787	1.3248	1.2986	1.2957
_ USD:1CAD Average Annual	0.8757	0.9710	1.0110	1.0004	0.9710	0.9054	0.7820	0.7548	0.7701	0.7718
_ CAD:1USD as at December 31, (closing)	1.0510	0.9946	1.0170	0.9949	1.0636	1.1601	1.3840	1.3427	1.2545	1.3642
_ USD:1CAD as at December 31, (closing)	0.9515	1.0054	0.9833	1.0051	0.9402	0.8620	0.7225	0.7448	0.7971	0.7330

Notes

[1] Source: Bank of Canada website

GOVERNMENT OF CANADA ATS RESOLUTE FOREST PRODUCTS INC.

Summary of Unit Conversion Factors [1]

Schedule 41

1 Short Ton (ST) is equivalent to:

1 ST =	2,000 pounds (lbs.)
1 ST =	907.2 kilograms (kg)
1 ST=	0.9072 Metric Tonnes (MT)
$100/ST =	$110.23/MT

1 Metric Tonne (MT) is equivalent to:

1 MT =	2,205 pounds (lbs.)
1 MT =	1,000 kilograms (kg)
1 MT =	1.1023 Short Tons (ST)
$100/MT =	$90.72/ST

Notes

[1] Source: https://www.metric-conversions.org/weight/ and https://go2paper.com/Tools/measurementConversionTool

APPENDIX A

cohen hamilton steger
Expertise. Independence. Objectivity.

Peter Steger CPA, CA•IFA, CBV, CFE, CFF

Principal | psteger@cohenhamiltonsteger.com

Professional Experience

Peter Steger is a founding Principal of Cohen Hamilton Steger & Co. Inc., and was previously a Managing Director / Principal at two major international consultancies. Since 1991, Peter has practiced exclusively in disputes consulting, business valuations, and forensic accounting where he has assisted Canadian, US and worldwide clients in the resolution of more than 300 cases.

Peter has been featured as one of Canada's recognized cross-border expert witnesses in the Lexpert/American Lawyer annual guides, as well as a leading Forensic Accountant and Quantum Expert in Who's Who Legal 2015 - 2018.

Peter's commercial disputes casework in litigation / arbitration forums focuses on the quantification of economic damages resulting from breach of contract, post-acquisition disputes, intellectual property matters, class actions and other financial disputes. He has also provided numerous independent valuations and due diligence reviews of business interests pursuant to shareholder disputes, related party transactions and acquisitions. Peter also has extensive experience conducting corporate and criminal investigations relating to suspected employee and management wrongdoing, kickbacks, investment scams, *Competition Act* matters and other issues.

His assignments have encompassed a diverse range of industries including manufacturing, resources, pharmaceuticals, financial services, real estate, construction, retail, sports franchises and others. Peter has prepared numerous expert reports and affidavits and has given expert witness testimony in damages quantification, business valuation, and forensic accounting in the Federal Court of Canada, the Ontario, Quebec, and Manitoba courts, and in international (ICC) and domestic arbitrations.

A frequent public speaker, Peter has presented seminars on forensic accounting and business valuation topics at professional conferences for accountants and lawyers. He has conducted training sessions at universities, law-enforcement training centres, and other government agencies. His articles have been published in leading business and legal journals.

Representative Assignments

- Damages quantification
- Business valuations
- Financial due diligence
- Corporate investigations
- Breach of contract claims
- Post-acquisition disputes
- Intellectual property disputes
- Class action matters
- Related party transaction valuation
- Suspected corporate and employee wrongdoing

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Toronto • Ottawa

Peter Steger CPA, CA•IFA, CBV, CFE, CFF

Professional Career

2010 to current: Principal, Cohen Hamilton Steger & Co. Inc.

2005 to 2010: Managing Director, Navigant Consulting

1991 to 2005: Principal, Kroll Lindquist Avey (and predecessor companies)

1988 to 1991: Staff Accountant - Audit, KPMG

Education and Professional Credentials/Memberships

2016 Certified in Financial Forensics (CFF) - AICPA

2012 Chartered Professional Accountant (CPA) (grandfathered) – CPA Canada

2000 Specialist designation in Investigative & Forensic Accounting (CA•IFA) (inaugural year) - CICA Alliance for Excellence in Investigative and Forensic Accounting

1996 Certified Fraud Examiner (CFE) - Association of Certified Fraud Examiners (ACFE)

1995 Chartered Business Valuator (CBV) - Canadian Institute of Chartered Business Valuators (CICBV)

1991 Chartered Accountant (CA) - Canadian Institute of Chartered Accountants (CICA) and Institute of Chartered Accountants of Ontario (ICAO); now CPA Canada and CPA Ontario, respectively

1988 Bachelor of Commerce (B.Comm) – University of Toronto

Noteworthy Cases

Commercial Disputes

- Prepared expert report and provided testimony at trial regarding the quantification of damages in one of Canada's largest civil fraud and breach of fiduciary duty cases involving a Canadian public company in the forestry industry with activities in Canada, China, Hong Kong, Russia and elsewhere. The trial judge accepted my loss quantification findings.

- Prepared expert report in one of Canada's largest intellectual property infringement cases in respect of a popular household product. Assessed and quantified product sales, costs and profits over a 17-year period and prepared agreed-upon loss amounts tendered in court.

- Prepared expert report and provided testimony at trial regarding the quantification of damages arising from a multi-million dollar breach of contract involving a planned shopping plaza that did not proceed. The trial judge adopted the majority of my loss quantification findings which were also upheld on appeal.

- Prepared expert reports and provided testimony at several arbitration proceedings involving the assessment of multi-million dollar claimable operating costs and capital costs in post-acquisition disputes and of reasonable supporting accounting documentation under a long-term supply agreement claim. In each of these matters, the arbitration panels adopted the majority of my findings.

- Prepared affidavits filed in class action proceedings and Federal Court matters opining on: the considerations necessary for a damages assessment and quantification at the individual level versus an aggregate level in a failed labour-sponsored investment fund and in a disputed tax donation program; the determination and quantification of relevant costs underlying late payment fees charged on financial transactions; and the relevant accounting and financial information required for a damages assessment involving pharmaceuticals.

- Retained as consulting expert in respect of a post-acquisition/purchase price adjustment dispute involving the alleged financial statement misrepresentations by a vendor of a major Canadian company (trial in Delaware, USA).

Valuations/Due Diligence

- Prepared expert reports and provided testimony at trial/arbitration hearings regarding the values of companies in the following industries: telecom, nutraceuticals, and financial securitizations.

- Prepared independent valuation of a significant contract in the automotive industry pursuant to the Ontario Securities Commission's related party rules.

- Retained by investment banks and other acquirers on numerous occasions to perform financial due diligence reviews in various industries including manufacturing, food service and film production.

Investigative

- Prepared expert report and provided testimony at trial in a civil case against an insurance agent and others concerning inflated insurance policy values and improper withdrawals; tracing 20,000 deposit and withdrawal entries through various accounting records over a 17 year period. The trial judge accepted my quantification findings.

- Prepared expert report and provided testimony at trial in a civil case against an investment broker; tracing more than $60 million in investors' funds through 50 investment and bank accounts. At trial, judgment was granted adopting the findings of my report.

- Prepared expert reports which were used in criminal fraud proceedings – one involved the multi-million dollar misappropriation of cash receipts by an accounting manager over several years; another involved a multi-million dollar overbilling and kickback scheme by a purchasing manager and colluding vendors. In both matters, the perpetrator pled guilty to the fraud scheme and the amounts as outlined in my reports.

- Prepared several affidavits for plaintiffs outlining financial findings that supported the granting and execution of *Mareva* injunctions and *Anton Piller* orders in numerous matters.

Publications

- "Expert Witnesses and Assumptions: Don't Assume There is Consensus", *Commercial Litigation and Arbitration Review*, February 2013.
- "Economic Crises Turn Focus to Exit Clauses in Contracts", *Financier Worldwide*, March 2010.
- "How Unclear Exit Clauses Can Cause Headaches", *The Lawyers Weekly*, October 2009.
- "Creativity Helps Overcome Pitfalls of Class Action Data Quantification", *The Lawyers Weekly*, September 2007 (Co-author).
- "Expert File Disclosure in the Electronic Age", Osgoode Hall Law School conference, Toronto, ON, September 2007 (Co-author).
- "Recent Developments Affecting Experts on the Issues of: Independence, Draft Reports and Working Papers", CICBV Conference, Montreal, QC, September 2007 (Co-author).
- "Prejudgment Interest Has Become a Lot More Interesting", *The Lawyers Weekly*, September 2002 (reprinted in *Business Valuation Digest*, May 2003 and in *Commercial Litigation Review,* July 2004).
- "Global Survey Reveals Woefully Inadequate Response to Threats to IP", *The Lawyers Weekly*, April 2002 (Co-author).
- "All Over the Map: Extra-provincial and International Issues in Family Law – Financial Issues: Forensics and Finances", LSUC/CBAO Conference, Toronto, ON, December 2000 (Co-author).
- "The Use of Hindsight in Damages Quantification – Beware a Valuation Approach", *Business Valuation Digest*, July 1999.
- "Valuation and Tax Issues in Respect of Professional Practices", Federated Press Conference, Toronto, ON, December 1998.
- "Experts' Damages Estimates are Worth a Close Inspection", *The Lawyers Weekly*, June 1998.
- Also quoted in publications such as *Canadian Lawyer*, *CICA CareerVision, The Bottom Line* and *The Lawyers Weekly*.

Selected Presentations and Teaching Experience

- Osgoode Hall Masters of Law (LLM) Advanced Trial Advocacy Program: "*A Civil Action* -- mock trial proceedings", Toronto, ON, 2000 to 2017 (Author of forensic accountant expert report teaching materials and leader).
- AICPA/CPA Canada joint Forensic and Valuation Conference: "International Arbitration Ins & Outs" and "Cross Examination - Expert Witnesses", Las Vegas, NV, November 2015 (co-presenter).
- AICPA/CPA Canada joint Forensic and Valuation Conference: "Earn-out and Indemnity Disputes in M&A", New Orleans, LA, November 2014 (co-presenter).
- CICBV/CICA CA•IFA joint presentation: "Changing Rules and Roles for Expert Witnesses", Toronto, ON, April, 2010 (panel).

- Speaker/instructor on various valuation and forensic accounting topics at CICBV (now CBV Institute), ICAO (now CPA Ontario), LSUC (now Law Society of Ontario), Competition Bureau, Insight, various Canadian law firms, various police colleges, various universities and law schools, and various internal firm conferences.

Expert Testimony

Peter Steger has qualified and testified as a forensic accountant and business valuator in the Federal Court of Canada, the Ontario, Quebec, and Manitoba courts, and in international (ICC) and domestic arbitrations:

- *Private arbitration in the biotech industry,* Vancouver, BC, April 2019, Expert testimony at commercial arbitration proceedings (engaged by defendant)
- *Inzola Group Limited v. The Corporation of the City of Brampton,* Orangeville, ON, May 2018, Expert testimony at trial (engaged by plaintiff). Decision: 2019 ONSC 7632.
- *SFC Litigation Trust v. Chan,* Toronto, ON, March 2017, Expert testimony at trial (engaged by plaintiff). Decision: 2018 ONSC 1429.
- *Apotex Inc. v. Nordion (Canada) Inc. (formerly MDS) et al,* Toronto, ON, March 2017, Expert testimony at trial (engaged by defendant). Decisions: 2017 ONSC 1323; 2019 ONCA 23.
- *Private arbitration in the telecom industry,* Toronto, ON, May 2016, Expert testimony at commercial arbitration proceedings (engaged by defendant)
- *Teva Canada Limited v. Pfizer Canada Inc. et al,* Toronto, ON, Federal Court (PMNOC Section 8), April 2016, Expert testimony at trial (engaged by defendant). Decision: 2017 FC 332.
- *Husky Injection Molding Systems Ltd. v. Schad et al,* Toronto, ON, December 2015, Expert testimony at trial (engaged by plaintiff). Decision: 2016 ONSC 2297.
- *Private arbitration (ICC) in the agricultural industry,* Toronto, ON, November 2014, Expert testimony at commercial arbitration proceedings (engaged by defendant)
- *Couper v. Vitaquest International LLC et al,* Toronto, ON, November 2014, Expert testimony at trial (engaged by defendant). Decision: oral/uncited 29-April 2016.
- *Private arbitration (ICC) in the mining industry,* New York, NY, May 2014, Expert testimony at commercial arbitration proceedings (engaged by defendant)
- *The Empire Life Insurance Company ats/v. Thibault et al,* Toronto, ON, March 2012, Expert testimony at trial (engaged by defendant; plaintiff by counterclaim) . Decision: 2012 ONSC 5387.
- *Private arbitration in the mining industry,* Toronto, ON, April 2010 and April 2008, Expert testimony at commercial arbitration proceedings (engaged by plaintiff)
- *SNC Lavalin Group Inc. v. St. Paul Guarantee Insurance Company,* Montreal, QC, September 2009, Qualifications testimony at trial (engaged by plaintiff) . Decision: 2010 QCCS 2838.
- *Private arbitration (ICC) in the apparel industry,* Toronto, ON, July 2008, Expert testimony at commercial arbitration proceedings (engaged by defendant; plaintiff by counterclaim)

- *Private arbitration in the automotive/steel industries,* Toronto, ON, May 2007, Expert testimony at commercial arbitration proceedings (engaged by defendant)
- *Private arbitration in the natural resources industry,* Toronto, ON, December 2006, Expert testimony at commercial arbitration proceedings (engaged by plaintiff)
- *1175777 Ontario Limited v. Magna International Inc.*, Toronto, ON, June 2006, Expert testimony at trial (engaged by defendant). Decisions: 2006 CanLII 39907 (ONSC); 2007 CanLII 23906 (ONSC); 2008 ONCA 406.
- *Private arbitration in the financial services industry,* Toronto, ON, June 2006, Expert testimony at commercial arbitration proceedings (engaged by plaintiff)
- *Mason Homes Limited v. The Oshawa Group Limited,* Toronto, ON, April 2003, Expert testimony at trial (engaged by plaintiff). Decision: [2003] O.J. No. 3826; 2005 CanLII 36443 (ONCA).
- *Chow/Tong et al v. Yuen et al,* Ottawa, ON, December 2001, Expert testimony at trial (engaged by plaintiffs).
- *Scintilore Explorations Limited v. Larche et al*, Toronto, ON, August 1999, Expert testimony at trial (engaged by defendants).
- *Twaits v. Monk et al*, Toronto, ON, October 1998, Expert testimony at trial (engaged by defendants).
- *Apotex Fermentation Inc. et al v. Novopharm Ltd. et al*, Winnipeg, MB, September 1995 and December 1996 (re-opening), Expert testimony at trial (engaged by defendants).

Peter Steger has also prepared expert reports and affidavits that have been tendered in court and arbitration/mediation proceedings in support of *Anton Piller* orders, *Mareva* and other injunctions, agreed statements of fact, and damages assessments.