

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

(Mark One)

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

**For the fiscal year ended December 31, 2023**

or

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 001-34146**



**CLEARWATER PAPER CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware** **20-3594554**  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

**601 West Riverside, Suite 1100**  
**Spokane, WA** **99201**  
(Address of principal executive offices) (Zip Code)

**(509) 344-5900**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
<b>Common Stock (\$0.0001 par value per share)</b>	<b>CLW</b>	<b>New York Stock Exchange</b>

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

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

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing

reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2023, the aggregate market value of the common stock held by non-affiliates was \$514.1 million.

As of February 19, 2024, 16,483,898 shares of common stock were outstanding.

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**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement for the 2024 Annual Meeting of Stockholders to be held on May 9, 2024 are incorporated by reference in Part III of this Form 10-K.

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# CLEARWATER PAPER CORPORATION

## Index to Form 10-K

	<b>PAGE NUMBER</b>
<b>PART I</b>	
ITEM 1. Business	<a href="#">3</a>
ITEM 1A. Risk Factors	<a href="#">7</a>
ITEM 1B. Unresolved Staff Comments	<a href="#">19</a>
ITEM 1C. Cybersecurity	<a href="#">19</a>
ITEM 2. Properties	<a href="#">20</a>
ITEM 3. Legal Proceedings	<a href="#">21</a>
ITEM 4. Mine Safety Disclosures	<a href="#">21</a>
<b>PART II</b>	
ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	<a href="#">22</a>
ITEM 6. [Reserved]	<a href="#">23</a>
ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<a href="#">24</a>
ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk	<a href="#">32</a>
ITEM 8. Financial Statements and Supplementary Data	<a href="#">33</a>
ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	<a href="#">66</a>
ITEM 9A. Controls and Procedures	<a href="#">67</a>
ITEM 9B. Other Information	<a href="#">69</a>
ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	<a href="#">69</a>
<b>PART III</b>	
ITEM 10. Directors, Executive Officers and Corporate Governance	<a href="#">70</a>
ITEM 11. Executive Compensation	<a href="#">71</a>
ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<a href="#">71</a>
ITEM 13. Certain Relationships and Related Transactions, and Director Independence	<a href="#">71</a>
ITEM 14. Principal Accounting Fees and Services	<a href="#">71</a>
<b>PART IV</b>	
ITEM 15. Exhibits, Financial Statement Schedules	<a href="#">72</a>
ITEM 16. Form 10-K Summary	<a href="#">77</a>
SIGNATURES	<a href="#">78</a>

# Part I

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Our disclosure and analysis in this report contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding accounting standards; our strategy; raw materials and input usage and costs, including energy costs and usage; our operations and expectations; borrowing and credit facilities; cash flows; capital expenditures; disclosure controls; compliance with our loan and financing agreements; tax rates; debt repayments; operating costs; selling, general and administrative expenses; liquidity; benefit plan funding levels; tax benefits or liabilities related to worthless stock deductions; stockholder equity; capitalized interest; interest expenses; legal proceedings and the proposed transaction between us and Graphic Packaging; the commitment letter to finance the proposed transaction; and the ability of the parties to complete the proposed transaction and financing considering the various closing conditions. Words such as “anticipate,” “expect,” “intend,” “plan,” “target,” “project,” “believe,” “schedule,” “estimate,” “may,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are based on management’s current expectations, estimates, assumptions and projections that are subject to change. Our actual results of operations may differ materially from those expressed or implied by the forward-looking statements contained in this report. Important factors that could cause or contribute to such differences in operating results include those risks discussed in Item 1A of this report, as well as the following:

- the expansion of our business through the acquisition of a paperboard manufacturing facility and associated business may not be completed or proceed as anticipated;
- our inability to realize the expected benefits of the acquisition because of integration difficulties or other challenges;
- competitive pricing pressures for our products, including as a result of capacity additions, demand reduction and the impact of foreign currency fluctuations on the pricing of products globally;
- changes in the United States and international economies and in general economic conditions in the regions and industries in which we operate;
- cyclical industry conditions;
- manufacturing or operating disruptions, including equipment malfunctions and damage to our manufacturing facilities;
- the loss of, changes in prices in regard to, or reduction in, orders from a significant customer;
- changes in the cost and availability of wood fiber and wood pulp;
- changes in energy, chemicals, packaging and freight costs and disruptions in transportation services impacting our ability to receive inputs or ship products to customers;
- reliance on a limited number of third-party suppliers, vendors and service providers required for the production of our products and our operations;
- changes in customer product preferences and competitors' product offerings;
- labor disruptions;
- cyber-security risks;
- larger competitors having operational, financial and other advantages;
- consolidation and vertical integration of converting operations in the paperboard industry;
- our ability to execute on our growth and expansion strategies;
- our ability to successfully execute capital projects and other activities to operate our assets, including effective maintenance, implement our operational efficiencies and realize higher throughput or lower costs;
- IT system disruptions and IT system implementation failures;
- changes in expenses, required contributions and potential withdrawal costs associated with our pension plans;
- environmental liabilities or expenditures and climate change;
- our ability to attract, motivate, train and retain qualified and key personnel;
- our ability to service our debt obligations and restrictions on our business from debt covenants and terms;
- changes in our banking relations, or in our customer supply chain financing negative
- negative changes in our credit agency ratings; and
- changes in laws, regulations or industry standards affecting our business.

Forward-looking statements contained in this report present management's views only as of the date of this report. Except as required under applicable law, we do not intend to issue updates concerning any future revisions of management's views to reflect events or circumstances occurring after the date of this report. You are advised, however, to consult any further disclosures we make on related subjects in our quarterly reports on Form 10-Q and current reports on Form 8-K filed with the Securities and Exchange Commission, or SEC.

**ABOUT THIRD PARTY INFORMATION**

In this annual report on Form 10-K, we rely on and refer to information regarding industry data obtained from market research, publicly available information, industry publications, U.S. government sources, and other third parties. Although we believe the information is reliable, we cannot guarantee the accuracy or completeness of the information and have not independently verified.

## ITEM 1. Business

### GENERAL

We are a premier manufacturer and supplier of bleached paperboard and consumer and parent roll tissue. We supply bleached paperboard to quality-conscious printers and packaging converters, and offer services that include custom sheeting, slitting and cutting. We supply private branded tissue to major retailers, including grocery, club, mass merchants and discount stores.

### BUSINESS SEGMENTS

We have two business segments: Pulp and Paperboard and Consumer Products. Sales for these segments for the last three years are included in the table below:

(In millions)	Year Ended December 31,			Increase (decrease)	
	2023	2022	2021	2023-2022	2022-2021
Pulp and Paperboard	\$ 1,063.7	\$ 1,136.3	\$ 946.0	(6.4)%	20.1 %
Consumer Products	1,023.4	950.2	835.0	7.7 %	13.8 %
Eliminations	(4.3)	(6.4)	(8.4)	(32.8)%	(22.8)%
	<u>\$ 2,082.8</u>	<u>\$ 2,080.1</u>	<u>\$ 1,772.6</u>	0.1 %	17.3 %

### Pulp and Paperboard Segment

Our Pulp and Paperboard segment markets and manufactures bleached paperboard for the high-end segment of the packaging industry and is a leading producer of Solid Bleached Sulfate (SBS) paperboard. This segment produces hardwood and softwood pulp, which is primarily used as the basis for our paperboard products or transferred to our Consumer Products segment. Minor amounts of pulp are sold to outside customers. We believe we are one of the five largest producers of bleached paperboard in North America with approximately 16% of the available U.S. production capacity in 2023. We also provide custom sheeting, slitting and cutting of paperboard products.

SBS paperboard is a premium paperboard grade that is most frequently used to produce folding cartons, liquid packaging, cups and plates, blister and carded packaging, top sheet and commercial printing items. SBS paperboard is used for such products because it is manufactured using virgin fiber combined with the kraft bleaching process, which results in superior cleanliness, brightness and consistency. SBS paperboard is often manufactured with a clay coating to provide superior surface printing qualities.

In general, the process of making SBS paperboard begins by chemically cooking wood fiber to make pulp. The pulp is bleached to provide a white, bright pulp, which is formed into paperboard. Bleached pulp that is to be used as market pulp is dried and baled on a pulp drying machine, bypassing the paperboard machines. The various grades of paperboard are wound into rolls for converting to final end users. Liquid packaging and cup stock grades are coated in a separate operation to create a resistant and durable liquid barrier.

Folding carton is the largest portion of the SBS category of the North American paperboard industry. Within the folding carton segment, there are varying qualities of SBS paperboard, as well as competing paperboard substrates that can be substituted for SBS. We focus on the high end of the folding carton category which requires a premium print surface and includes uses such as packaging for pharmaceuticals, cosmetics and other premium retail goods. This generally provides for differentiation resulting in margins that are more attractive than less demanding folding carton applications.

Liquid packaging paperboard is used in rigid containers including juice, milk and wine sold in supermarket retail channels. Our liquid packaging paperboard is known for its cleanliness and printability, and is engineered for long-lived performance due to its three-ply, softwood construction. Our reputation for producing liquid packaging meets the most demanding standards for paperboard quality and cleanliness, where consumers have a particular tendency to associate blemish-free, vibrant packaging with the cleanliness, quality and freshness of the liquids contained inside.

The cup and plate category consists of paperboard primarily converted into packaging for premium ice cream, hot and cold cups used in quick service channels and commodity focus plates. Our cup and plate paperboard is used in a mixture of premium and commodity applications.

Other applications include carded packaging for blister board alternatives (e.g., batteries and lip stick) and bleached bristols which are used to produce premium printing heavyweight paper grades used in commercial application. Bristols

can be clay coated on one side or both sides for applications such as brochures, presentation folders and paperback book covers.

With the exception of our capability to supply just-in-time sheeting and narrow rolls, we do not produce converted paperboard end-products, so we are not simultaneously a supplier of and a competitor to our customers in key market segments, notably folding carton and cup. Of the five largest SBS paperboard producers in the United States, we are the only producer that does not convert SBS paperboard into folding cartons, cups, plates or liquid packaging end-use products.

We can convert paperboard parent rolls to flat sheets and narrow rolls, which expands our in-market service capabilities and allows us to support small and mid-sized folding carton converters that buy sheeted paperboard to convert into packaging end-products. Providing a service platform in this way expands the key folding carton segment of our business and does not compete with our customers in other key market segments.

We utilize various methods for the sale and distribution of our paperboard. The majority of our paperboard is sold to packaging converters in North America through sales managers located throughout the United States, with a smaller percentage channeled through distribution to commercial printers. We sell sheeted paperboard products directly to folding carton converters, merchants and commercial printers. Our principal methods of competing are product quality, customer service and price.

### **Consumer Products Segment**

Our Consumer Products segment sells and produces a complete line of at-home tissue products. Our integrated manufacturing and converting operations and geographic footprint enable us to deliver a broad range of cost-competitive products with brand equivalent quality to our customers. We also sell minor amounts of parent rolls. Prior to the closure of our Neenah, Wisconsin facility in July 2021, we sold away from home (AFH) products and performed limited contract manufacturing.

The U.S. at-home tissue segment consists of bath, paper towels, facial and napkin products categories. Each category is further distinguished according to quality segments: ultra, premium, value and economy. As a result of manufacturing process improvements and consumer preferences, the majority of at-home tissue sold in the United States is ultra and premium quality. At-home tissue producers are comprised of companies that manufacture branded tissue products, private branded tissue products, or both. Branded tissue suppliers manufacture, market and sell tissue products under their own nationally branded labels. Private branded tissue producers manufacture tissue products for retailers to sell as their store brand. We estimate that private brands comprise approximately one third of the total U.S. tissue market.

We believe that we are the only U.S. consumer tissue manufacturer that solely produces a full line of quality private branded tissue products for large retail trade channels with a national footprint. We believe we are able to offer products that match the quality of leading national brands, but generally at lower prices. We sell a combination of ultra and premium products as well as compete with value categories. Value grade products utilizing recycled fiber are also produced for customers who wish to further diversify their product portfolio. We utilize independent companies to routinely test our product quality. We believe we accounted for 5% of the overall U.S. at-home market in 2023, including branded and private branded products.

We sell tissue products through our own sales force and compete based on product quality, customer service and price. We deliver customer-focused business solutions by assisting in managing product assortment, category management and pricing and promotion optimization.

### **INPUT COSTS**

#### **Raw Materials**

Wood fiber is our principal raw material, which consists of chips, sawdust and logs. We own and operate a wood chipping facility which we believe bolsters our wood fiber position and provides short-term and long-term cost savings.

Additionally, we procure a portion of our pulp requirements. Annually, we purchase approximately 310,000 short tons of pulp, the majority of which is bleached hardwood pulp, on the open market through long-term contracts or market transactions. Our Pulp and Paperboard segment purchases approximately 60,000 short tons and our Consumer Products segment purchases approximately 250,000 short tons. The remaining pulp needs for our Consumer Products segment are supplied internally by our Pulp and Paperboard segment.

In addition to wood fiber, we utilize a significant amount of chemicals in the production of pulp and paper, including caustic, polyethylene, starch, sodium chlorate, latex and specialty process paper chemicals. A portion of the chemicals

used in our manufacturing processes, particularly in the pulp-making process, are petroleum-based or are impacted by petroleum prices.

### **Freight**

Freight is a significant cost input for our business. Fuel prices, mileage driven and line-haul rates impact our freight costs for delivery of raw materials to our manufacturing facilities, internal inventory transfers and delivery of our finished products to customers.

### **Energy**

We consume substantial amounts of energy, such as electricity, hog fuel, steam and natural gas. We purchase a significant portion of our natural gas and electricity under supply contracts. Under most of these contracts, the providers have agreed to provide us with our requirements for a particular type of energy at a specific facility and have pricing mechanisms that adjust or set prices based on current market conditions.

### **SEASONALITY**

Our Consumer Products segment can experience a decrease in shipments during the fourth quarter as a result of retail holiday promotions. In addition, customer buying patterns for our paperboard generally result in lower sales for certain grades of our Pulp and Paperboard segment during the first and fourth quarters, compared to the second and third quarters of a given year.

### **CLIMATE CHANGE**

Climate change is an important issue to the public, governmental authorities and various other stakeholders, and is a high priority issue for our business. Our continuing efforts to incorporate climate risk and opportunity into our core business strategy and disclosure include:

- Governance - Incorporating sustainability issues, including climate-related topics, into quarterly Board meetings.
- Strategy - GHG targets validated by the Science Based Targets initiative (SBTi) and developed a roadmap to obtain reductions.
- Risk & Opportunity - Integrating climate change related risk into our enterprise risk management (ERM) program, which provides a systematic approach to identifying and understanding risks to the company that might arise from changes in regulation and physical or operational events.

We have voluntarily provided disclosure and established targets with respect to climate change. Satisfying these targets has increased and may continue to increase our capital and operational costs. Achievement of these targets is subject to various risks and uncertainties and there is no assurance that our actions or investments will meet investor expectations or any applicable regulatory standards regarding sustainability. Our failure to meet these climate targets could adversely impact our reputation which could adversely impact our business. Moreover, our voluntary establishment and disclosure of these targets may put us at a competitive disadvantage.

#### Metrics & Targets

- Committing to 2030 targets to reduce Scope 1 and Scope 2 GHG emissions by 30% and Scope 3 GHG emissions by 25%.
- Developing a new water conservation and effluent reduction target consistent with our understanding of the best available climate science.
- Expanding our recyclable, compostable or marine-degradable grades to represent more than 10% of our total SBS cupstock manufacturing by 2030.
- Generating renewable fuel from our organic residual wood fiber to generate steam which is converted to electricity, reducing the need for external energy or fuel at our Idaho and Arkansas mills.

Additional information regarding our GHG targets and strategy are available in our 2023 Sustainability Report, which we prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option. Our sustainability reports are available on our website at [www.clearwaterpaper.com/sustainability](http://www.clearwaterpaper.com/sustainability). The information contained in these sustainability reports is not incorporated by reference into this Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC.



## **GOVERNMENTAL**

For a discussion of the uncertainties and business risks associated with the environmental regulations, see Part I, Item 1A, "Risk Factors—Risks Related to Our Business Operations and the Markets in Which We Operate — We are subject to significant environmental regulations and environmental compliance expenditures, which could increase our costs and subject us to liabilities" including information regarding environmental matters under Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, and which is incorporated herein by reference.

## **WEBSITE**

Interested parties may access our periodic and current reports filed with the SEC, at no charge, by visiting our website, [www.clearwaterpaper.com](http://www.clearwaterpaper.com). In the menu select "Investor Relations," then select "Financial Information & SEC Filings." Information on our website is not part of this report.

## **HUMAN CAPITAL**

Our core values of Commitment, Collaboration, Communication, Courage, and Character are the foundation that define our culture and guide our operations to ensure that we protect, develop, and support our most critical stakeholders – our employees, customers, and communities. We apply these core values throughout our organization with key focus areas of safety and human capital management as discussed below.

### **Safety**

The health and safety of our employees is our highest priority. We aspire to achieve zero workplace injuries and provide a safe, open, and accountable work environment for our employees. We have a dedicated Environmental, Health and Safety (EH&S) team that is tasked with promoting safe working practices, monitoring incidents, and working to reduce risks to our employees. Our EH&S team compiles and publishes regular safety results and leverages this information to implement enhanced safety procedures and training across our operations. We provide several channels for all employees to speak up, ask for guidance, and report concerns related to ethics or safety violations. We address employee concerns and take appropriate actions that uphold our core values.

### **Human Capital Management**

Our approximately 3,100 employees are instrumental to delivering on our commitments to our customers and securing long term success for our organization. We actively work to attract and retain the best-qualified talent by offering competitive benefits, including market-competitive compensation, healthcare, paid time off, parental leave, retirement benefits, tuition assistance, employee skills development and leadership development. We have deployed training and development programs across our organization to invest in the professional growth of our people.

We believe that a sustained commitment to diversifying and fairly treating all of our employees makes us a stronger and more competitive organization. We are dedicated to fostering and sustaining an environment where our teammates are valued for their unique backgrounds, knowledge, skills, and experiences. We continue to execute on these goals.

As of December 31, 2023, approximately 1,270 of our employees are covered under collective bargaining agreements. Unions represent hourly employees at two of our manufacturing sites. For a discussion of the uncertainties and business risks associated with employee relations, see Part I, Item 1A, "Risk Factors — Risks Related to Our Business Operations and the Markets in Which We Operate — Our business and financial performance may be harmed by future labor disruptions."

## **ITEM 1A. Risk Factors**

Our business, financial condition, results of operations and liquidity are subject to various risks and uncertainties, including those described below, and as a result, the trading price of our common stock could decline.

### **TRANSACTION RISK FACTORS**

*The expansion of our business through the acquisition of a paperboard manufacturing facility and associated business may not be completed or proceed as anticipated.*

Our long-term growth strategy involves strengthening our position as a premier, independent supplier of paperboard products to North American converters. On February 19, 2024, we announced our entry into an agreement to purchase the consumer packaging business operating out of the paperboard mills and associated facilities in Augusta, Georgia (the “Mill Facility”) owned by Graphic Packaging International, LLC. The completion of the acquisition entails many risks, including that one or more closing conditions to the transaction, including certain regulatory approvals, may not be satisfied or waived, on a timely basis or otherwise; the proposed transaction may not be completed in the time frame expected by us, or at all; unexpected costs, charges or expenses resulting from the proposed transaction; and stockholder litigation in connection with the proposed transaction or other settlements or investigations may affect the timing or occurrence of the proposed transaction or result in significant costs of defense, indemnification and liability.

*We may not realize the expected benefits of the acquisition of the Mill Facility because of integration difficulties or other challenges.*

We may not be able to maintain the levels of revenue, earnings or operating efficiency that we estimate for the Mill Facility. In addition, the success of the acquisition will depend, in part, on our ability to realize the anticipated benefits from the acquisition, including anticipated revenue, customer growth and cost structure and production scale benefits. The integration process will be complex, costly and time-consuming. The potential risks associated with our efforts to integrate the Mill Facility operations and business include, among others:

- failure to implement effectively our business plan for the addition of the operations and business into our existing systems;
- unanticipated issues in integrating financial, manufacturing, logistics, information, communications and other systems;
- failure to retain key employees;
- failure to retain key customers;
- inconsistencies in standards, controls, procedures and policies, including internal control and regulatory requirements under the Sarbanes-Oxley Act of 2002; and
- unanticipated issues, expenses and liabilities.

Further, the integration of the Mill Facility requires the focused attention of our management team, including a significant commitment of their time and resources. The need for our management to focus on integration matters could have a material and adverse impact on our sales and operating results.

Any inability by us to integrate and manage the Mill Facility in a timely and efficient manner, any inability to achieve anticipated revenues, cost savings or other anticipated benefits from the acquisition in the time frame we anticipate or any unanticipated required increases in capital spending could adversely affect our business, financial condition, results of operations or liquidity. The acquisition will increase our indebtedness and also may limit our ability to access additional capital when needed and divert management’s attention from other business concerns.

### **RISKS RELATED TO OUR BUSINESS OPERATIONS AND THE MARKETS IN WHICH WE OPERATE**

*Post-pandemic industry and market conditions adversely affected and may continue to adversely affect the operating results and cash flows of our Pulp and Paperboard business.*

Our Pulp and Paperboard segment experienced a surge in demand during and following the COVID-19 pandemic due to increased packaging and other usage of paperboard needed to address substantially higher consumer activity. In response to this demand, our customers added to their paperboard inventories. As consumer activity leveled out, our customers are deployed their inventories to address their paperboard needs, leading to an overall decline in paperboard demand and prices in 2023. If this trend continues, we may experience further decline in paperboard demand, we may be unable to

sustain pricing, and we may need to take production downtime. During production downtimes, we not only experience lost revenue from lower shipment volumes, but are also forced to continue to incur our fixed manufacturing costs which are not absorbed by our lower production levels. Our results of operations and cash flows may be materially adversely affected in a period of prolonged and significant market weakness. We are not able to predict market conditions or our ability to sustain pricing and production levels during periods of weak demand.

***The loss of, or a significant reduction in, orders from, or changes in prices in regard to, any of our large customers could adversely affect our operating results and financial condition.***

We derive a substantial amount of revenues from a concentrated group of customers. Our top 10 customers accounted for 54% of sales in 2023. If we lose any of these customers or a substantial portion of their business or if the terms of our relationship with any of them becomes less favorable to us, our net sales would decline, which would harm our results of operations and financial condition. In 2023, we experienced increased price competition in our paperboard business along with a significant drop in demand due to market conditions. This competition and the decline in demand has resulted in a decrease in our paperboard revenue and gross margins and adversely affected our financial condition.

Our agreements with our customers, including our largest customers, are not exclusive and generally do not contain minimum volume purchase commitments. Our relationship with our largest and most important customers will depend on their needs for quality products and services, and our ability to continue to meet these needs at competitive prices. Some of our customers have the capability to produce the parent rolls or products that they purchase from us. If we lose one or more of our large customers or if we experience a significant decline in the level of purchases by any of them, we may not be able to quickly replace the lost business volume and our operating results and business could be harmed.

***Increases in paperboard supply could adversely affect our operating results and financial condition.***

We expect increased competition in North America from both foreign and domestic manufacturers. We have experienced, and expect to continue to experience, increased direct sales by foreign competitors into the markets in which we compete. In addition, as a result of increased sales by foreign suppliers into the Asian and European markets, we expect domestic manufacturers to seek to increase their sales in the United States to offset displaced overseas sales. Furthermore, existing and potential customers could choose to use alternative materials that we do not produce, such as substitute paperboard products and plastic. An increased supply of or demand for any of these alternative materials could cause us to lower our prices or lose sales to competitors, either of which could have a material adverse effect on our results of operations and cash flows.

Several significant investments in paperboard manufacturing facilities in North America and globally have been announced which could significantly increase the production and supply of SBS and Folding Boxboard, or FBB, paperboard. One competitor has announced the first meaningful investment in FBB paperboard production in the North American market, which could have a cost of production advantage over SBS producers. We currently only produce SBS paperboard. If demand for SBS paperboard does not increase commensurate with the increased SBS and FBB supply, resulting in lower capacity utilization, the price of SBS and FBB paperboard could be materially and adversely effected. In addition, the production of FBB paperboard could result in the displacement of demand for SBS in the North American and export markets, which could adversely affect the demand and market price for SBS paperboard.

***Consolidation in the North American paperboard and converting industry may adversely affect our business.***

The ongoing consolidation of paperboard and paperboard converting businesses, including through the acquisition and integration of such converting businesses by larger competitors of ours, could result in a loss of customers and sales in our pulp and paperboard business. A loss of paperboard customers or sales as a result of consolidations and integrations could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***We incur significant expenses to maintain our manufacturing equipment and any interruption in the operations of our facilities may harm our operating performance.***

We regularly incur significant expenses to maintain our manufacturing equipment and facilities. The machines and equipment that we use to produce our products are complex, interdependent, have many parts and some are run on a continuous basis. We must perform routine maintenance on our equipment and will have to periodically replace a variety of parts such as motors, pumps, pipes and electrical parts. In addition, our pulp and paperboard facilities require periodic shutdowns to perform major maintenance, during which we may discover additional maintenance or equipment issues that need to be addressed. These scheduled shutdowns of facilities result in decreased sales and increased costs in the periods in which they occur and could result in unexpected operational issues during the restart of a facility or in future periods as a result of changes to equipment and operational and mechanical processes made during the shutdown period.

Unexpected production disruptions could cause us to shut down or curtail operations at any of our facilities. Disruptions could occur due to any number of circumstances, including prolonged power outages, mechanical or process failures, shortages of raw materials, natural catastrophes, disruptions in the availability of transportation, labor disputes, cyber-attacks and malware, terrorism, changes in or non-compliance with environmental or safety laws, and the lack of availability of services from any of our facilities' key suppliers. For example, in the fourth quarter of 2023, we were forced to partially shutdown parts of our mill and curtail production at our Idaho facility due to damage to a natural gas pipeline that supplied the region. Any facility shutdowns may be followed by prolonged startup periods, regardless of the reason for the shutdown. Those startup periods could range from several days to several weeks, depending on the reason for the shutdown and other factors. Any prolonged disruption in operations at any of our facilities could cause significant lost production, which would have a material adverse effect on our results of operations.

***We depend on external sources of wood pulp and wood fiber for a significant portion of our tissue production, which exposes our business and results of operations to potentially significant fluctuations in the price of market pulp and wood fiber.***

Our Consumer Products segment sources a significant portion of its wood pulp requirements from external suppliers, which exposes us to price fluctuation. In 2023, we sourced 70% of our Consumer Product segment pulp requirements (or 30% overall) of our pulp from external sources. Pulp prices can, and have, changed significantly from one period to the next. The volatility of pulp prices can adversely affect our earnings if we are unable to pass cost increases on to our customers or if the timing of any price increases for our products significantly trails the increases in pulp prices.

Wood fiber is the principal raw material used to create wood pulp, which in turn is used to manufacture our pulp and paperboard products and consumer products. Wood fiber pricing is subject to regional market influences, and our cost of wood fiber may increase in the areas our pulp and paperboard facilities are located due to market shifts in those regions. For example, much of the wood fiber we use in our pulp manufacturing process in Lewiston, Idaho, is the by-product of sawmill operations. As a result, the price of these residual wood fibers is affected by operating levels in both the pulp and paper and lumber industries, which in the case of the latter is impacted by regional new home construction as well as home remodeling and repairs. During the past decade, many sawmills in the western United States have closed or curtailed operations or their operations have been consolidated. Additionally, the ability of paper and wood pellet mills in British Columbia to acquire wood fiber from the U.S. Inland Northwest region with limited to no reciprocal ability by U.S. mills to acquire wood fiber from British Columbia, reduces the supply of, and increases the costs for, wood fiber. The price of wood fiber in the Pacific Northwest is expected to remain volatile. Our Arkansas pulp and paperboard facility relies on whole log chips for a significant portion of its wood fiber, the supply of which can be negatively affected by regional demand from other paper or wood product manufacturing facilities as well as adverse weather conditions and reductions in logging companies.

The primary source for wood fiber is timber, the availability of which may be limited by adverse weather, fire, insect infestation, disease, ice storms, windstorms, flooding and other natural and man-made causes, thereby reducing supply and increasing prices.

The effects on market prices for wood fiber resulting from various governmental programs involving tax credits or payments related to biomass and other renewable energy projects or from environmental litigation or regulation are uncertain and could result in a reduction in the supply of wood fiber available for our pulp and paperboard manufacturing operations. Additionally, wood pellet and pulp facilities can increase demand and prices for wood fiber. If we and our pulp suppliers are unable to obtain wood fiber at favorable prices or at all, our costs will increase and our operations and financial results may be harmed.

***Disruptions in transportation services or increases in our freight costs could have a material adverse effect on our business.***

Our business is dependent on transportation services to deliver our products to our customers and to deliver raw materials to us as well as for intercompany shipments of parent rolls. Shipments of products and raw materials may be delayed or disrupted due to weather conditions, labor shortages or strikes, regulatory actions or other events. If our transportation providers are unavailable or fail to deliver our products in a timely manner, we may incur increased costs and we may be unable to manufacture and deliver our products on a timely basis. For example, in 2022, we experienced both difficulties in procuring sufficient transportation for intercompany and external shipments as well as significant increases in freight costs due to a number of factors.

The costs of these transportation services are also affected by geopolitical, economic and weather-related events. We have not been able in the past, and may not be able in the future, to pass along part or all of any fuel price increases to

customers. If we are unable to increase our prices because of increased fuel or freight costs, our gross margins may be materially adversely affected.

***The cost of chemicals and energy needed for our manufacturing processes significantly affects our results of operations and cash flows.***

We use a variety of chemicals in our manufacturing processes, including petroleum-based polyethylene and certain petroleum-based latex chemicals. Prices for these chemicals have been and are expected to remain volatile. In addition, chemical suppliers that use petroleum-based products in the manufacture of their chemicals may, due to supply shortages and cost increases, ration the amount of chemicals available to us, and therefore we may not be able to obtain at favorable prices the chemicals we need to operate our business, if we are able to obtain them at all.

Our manufacturing operations also utilize large amounts of electricity and natural gas. Energy prices have fluctuated widely over the past decade, which in turn affects our operational costs. We purchase on the open market a substantial portion of the natural gas necessary to produce our products, and, as a result, the price and other terms of those purchases are subject to change based on factors such as worldwide supply and demand, geopolitical events, government regulation, weather, interruptions in pipeline and other delivery systems and natural disasters. Our energy costs in future periods will depend principally on our ability to produce a substantial portion of our electricity needs internally, on changes in market prices for natural gas and on reducing energy usage. Any significant energy shortage or significant increase in our energy costs in circumstances where we cannot raise the price of our products could have a material adverse effect on our results of operations. Any disruption in the supply of energy could also affect our ability to meet customer demand in a timely manner and could harm our reputation and our business.

***We rely on a limited number of third-party suppliers, vendors and service providers required for the production of our products and our operations.***

Our dependence on a limited number of third-party suppliers, and the challenges we may face in obtaining adequate supplies of raw materials, involve several risks, including limited control over pricing, availability, quality and delivery schedules. Limitations on the availability of, and subsequent increases in, the costs of raw materials could have an adverse effect on our financial results. We cannot be certain that our current suppliers will continue to provide us with the quantities of these raw materials that we require or will continue to satisfy our anticipated specifications and quality requirements. Any supply interruption in limited raw materials could materially harm our ability to manufacture our products until a new source of supply, if any, could be identified and qualified. Although we believe there are other suppliers of these raw materials, we may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms.

We also depend on a limited number of third-party vendors for certain of our operating equipment and spare parts as well as service providers. Any performance failure on the part of our suppliers or vendors could interrupt production of our products, which would have a material adverse effect on our business.

***Competitors' branded products and private label products could have an adverse effect on our financial results.***

Our tissue products compete with well-known, branded products, as well as other private label products. Our business may be harmed by new product offerings by competitors, the effects of consolidation within retailer and distribution channels and price competition from companies that may have greater financial resources than we do. If we are unable to offer our existing customers, or new customers, tissue products comparable to branded products or other companies' private label products in terms of quality, customer service and/or price, we may lose business or we may not be able to grow our existing business, and we may be forced to sell lower-margin products, all of which could negatively affect our financial condition and results of operations.

***Larger competitors have operational and other advantages over our operations.***

The markets for our products are highly competitive, and companies that have substantially greater financial resources compete with us in each market. Some of our competitors have advantages over us, including lower raw material and labor costs and better access to the inputs of our products.

Our Consumer Products business faces competition from companies that produce the same type of products that we produce or that produce alternative products that customers may use instead of our products. Our Consumer Products business competes with the branded tissue products producers, such as Procter & Gamble, and branded label producers who manufacture branded and private label products, such as Georgia-Pacific and Kimberly-Clark. These companies are far larger than us, have more sales, marketing and research and development resources than we do, and enjoy significant cost advantages due to economies of scale. In addition, because of their size and resources, these companies may foresee

market trends more accurately than we do and develop new technologies that render our products less attractive or obsolete.

Our ability to successfully compete in the pulp and paperboard industry is influenced by a number of factors, including manufacturing capacity, general economic conditions and the availability and demand for paperboard substitutes. Our Pulp and Paperboard business competes with WestRock, Georgia-Pacific, Graphic Packaging, Pactiv Evergreen and other international producers, most of whom are much larger than us. Any increase in manufacturing capacity by any of these or other producers could result in overcapacity in the pulp and paperboard industry, which could cause downward pressure on pricing.

***Substitution amongst paperboard grades could have an adverse effect on our financial results.***

We currently manufacture only SBS paperboard. In addition to non-paper-based packaging substitutes for paperboard, there are other grades or substrates of paperboard, including FBB, Coated Recycled Board (CRB), and coated unbleached kraft (CUK) paperboard, which are or can be substituted for SBS paperboard. If demand for SBS paperboard declines as a result of customer or consumer demand for these substitute products, we may lose business or may not be able to grow our existing paperboard business, and we may be forced to sell at lower margins, all of which could negatively affect our financial condition and results of operations.

***Increases in tissue supply, particularly in the premium and ultra categories, could adversely affect our operating results and financial condition.***

Over the past few years, several new tissue paper machines and converting assets have been completed or announced by us and by our competitors, including private label competitors, which has resulted and will continue to result in a substantial increase in the supply of tissue in the North American market across various product quality grades. If demand for private label tissue products in the North American market does not increase commensurate with the increased capacity, resulting in a lower capacity utilization for private label tissue producers, product pricing and margins could be depressed. When capacity utilization is low, pricing and margins could be further depressed by increases in our input costs and increased buying power from our retail customers, many of which have and continue to consolidate.

***Changing retail purchasing patterns have increased the need to increase operating efficiencies and diversify our customer base and sales channels.***

We have historically sold a majority of our consumer tissue products through retail grocery stores. These and other traditional retail outlets are facing increasingly intense competition from supercenters, club stores, wholesale grocers, drug, dollar, variety and specialty stores. In response to this competition, there has been consolidation among retail grocery stores in particular. We also face increasingly intense competition from competitors who have incorporated the internet as a direct-to-consumer channel and internet-only providers that sell tissue and other grocery products. The intense competition faced by our customers has resulted in increased efforts by them to reduce costs from suppliers like us and requires that we become more cost efficient to maintain our market share and profitability. The changing retail landscape also requires that we develop and maintain relationships with a wider variety of retailers and retail channels to succeed in this dynamic environment, which can decrease our supply network efficiency and increase our costs.

***Our business and financial performance may be harmed by future labor disruptions.***

As of December 31, 2023, approximately 1,270 of our full-time employees were represented by unions under collective bargaining agreements. As these agreements expire, we may not be able to negotiate extensions or replacement agreements on terms acceptable to us. In July 2024, a collective bargaining agreement for hourly employees at our Cypress Bend facility, which affects approximately 270 employees, will expire. Any failure to reach an agreement with one of the unions may result in strikes, lockouts, work slowdowns, stoppages or other labor actions, any of which could have a material adverse effect on our operations and financial results.

***Cyclical industry conditions have in the past affected and may continue to adversely affect the operating results and cash flows of our Pulp and Paperboard business.***

Our Pulp and Paperboard business has historically been affected by cyclical market conditions. We may be unable to sustain pricing in the face of weaker demand, and weaker demand may in turn cause us to take production downtime. In addition to lost revenue from lower shipment volumes, production downtime causes unabsorbed fixed manufacturing costs due to lower production levels. Our results of operations and cash flows may be materially adversely affected in a period of prolonged and significant market weakness. We are not able to predict market conditions or our ability to

sustain pricing and production levels during periods of weak demand.

***We rely on information technology in critical areas of our operations, and a disruption relating to such technology could harm our financial condition.***

We use information technology, or IT, systems in various aspects of our operations, including enterprise resource planning, management of inventories, manufacturing, supply chain and customer sales. We have different legacy IT systems that we are continuing to integrate, upgrade and move to the cloud. If one of these systems were to fail or cause operational or reporting interruptions, or if we decide to change these systems or hire outside parties to provide these systems, we may suffer disruptions, which could have a material adverse effect on our manufacturing and sales operation, results of operations and financial condition. In addition, we may underestimate the costs, complexity and time required to develop and implement new systems and operating technology systems that control our manufacturing equipment and facilities and are embedded in our plant networks.

***We face cyber-security risks.***

Our business operations rely upon secure information technology systems for data capture, processing, storage and reporting. Despite careful security and controls design, implementation and updating, our information technology systems or plant networks could become subject to cyber-attacks. Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could result in lost sales, production interruption, business delays, negative publicity, and could have a material adverse effect on our business, results of operations and financial condition.

***We are subject to significant environmental regulation and environmental compliance expenditures, which could increase our costs and subject us to liabilities.***

We are subject to various federal, state and foreign environmental laws and regulations concerning, among other things, water discharges, air emissions, hazardous material and waste management and environmental cleanup. Environmental laws and regulations continue to evolve and we may become subject to increasingly stringent environmental standards in the future, particularly under laws and standards related to air quality, water quality, product composition and climate change issues. In particular, greenhouse gas emissions have increasingly become the subject of political and regulatory focus and this may lead to changes in legislative and regulatory initiatives directed at limiting greenhouse emissions.

Increased regulatory activity at the state, federal and international level is possible regarding climate change as well as other emerging environmental issues associated with our manufacturing sites and products, such as water quality standards or dam breaching for purposes of aiding salmon recovery in the Pacific Northwest or recycling. Such new public policy or compliance with regulations that implement new public policy in these areas might require significant expenditures on our part or even the curtailment of certain of our manufacturing operations.

We could also incur substantial fines or sanctions, enforcement actions, damage claims, cleanup costs, third-party claims for property damage and personal injury, and reputational harm as a result of violations of, or liabilities under, environmental laws, regulations, codes and common law. The amount and timing of environmental expenditures is difficult to predict, and, in some cases, liability may be imposed without regard to contribution or to whether we knew of, or caused, the release of hazardous substances.

We are required to comply with environmental laws and the terms and conditions of multiple environmental permits. In particular, the pulp and paper industry in the United States is subject to several performance based rules associated with effluent and air emissions as a result of certain of its manufacturing processes. Federal, state and local laws and regulations require us to routinely obtain authorizations from and comply with the evolving standards of the appropriate governmental authorities, which have considerable discretion over the terms of permits. Failure to comply with environmental laws and permit requirements could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing our operations or requiring us to take corrective measures, install pollution control equipment, or take other remedial actions, such as product recalls or labeling changes. We also may be required to make additional expenditures, which could be significant, relating to environmental matters on an ongoing basis. There can be no assurance that future environmental permits will be granted or that we will be able to maintain and renew existing permits, and the failure to do so could have a material adverse effect on our results of operations, financial condition and cash flows.

We own properties, conduct or have conducted operations at properties, and have assumed indemnity obligations for properties or operations where hazardous materials have been or were used for many years, including during periods before careful management of these materials was required or generally believed to be necessary. Consequently, we will

continue to be subject to risks under environmental laws that impose liability for historical releases of hazardous substances and to liability for other potential violations of environmental laws or permits at existing sites or ones for which we have indemnity obligations.

***We may be subject to operational and financial climate change risks.***

Extreme weather-related events caused by climate change, such as prolonged, extreme high or low temperatures, extreme storms, floods and decreased or curtailed water supplies, could result in physical damage to our facilities and operations. Such events may also result in supply chain disruptions and increased costs. For example, in both 2020 and 2021, extreme weather events resulted in the curtailment of operations at our Arkansas mill and in the first quarter of 2024 extreme cold and related natural gas supply issues resulted in the shutdown and damage to our Lewiston, Idaho mill. The ability to harvest the wood fiber used in our manufacturing operations may be limited, and prices could become volatile, because of variations in weather, wildfires, and climate conditions. Damage or disruptions we may incur because of climate-related risks could have a material adverse effect on our manufacturing and sales operations, results of operations and financial condition. In addition, we may underestimate the costs, complexity and time required to develop and implement mitigation efforts to address potential climate change impacts.

***Expansion of our business through construction of new facilities or acquisitions may not proceed as anticipated.***

We may enhance, modify or build manufacturing facilities, pursue acquisitions of existing facilities, or both. We may be unable to identify future suitable strategic capital or building projects or acquisition targets. In addition, we may be unable to achieve anticipated benefits or cost savings from construction projects or acquisitions in the timeframe we anticipate, or at all. Any inability by us to integrate and manage any new or acquired facilities or businesses in a timely and efficient manner, any inability to achieve anticipated cost savings or other anticipated benefits from these projects or acquisitions in the time frame we anticipate or any unanticipated required increases in costs or capital spending could adversely affect our business, financial condition, results of operations or liquidity. Large construction projects or acquisitions can result in a decrease in our cash and short-term investments, an increase in our indebtedness, or both, and also may limit our ability to access additional capital when needed and divert management's attention from other business concerns.

***Our capital expenditures may not achieve the desired outcomes or may be achieved at a higher cost than anticipated.***

We regularly make capital expenditures and many of our capital projects are complex, costly, and implemented over an extended period of time. We may experience higher expenditures than anticipated for particular capital projects as well as unanticipated business disruptions, and we may not achieve the desired benefits from a given project, any of which could adversely affect our business, financial condition, results of operations and cash flows. In addition, disputes between us and contractors who are involved with implementing capital projects could lead to time-consuming and costly litigation.

***We may face demand, supply, and operational challenges associated with effects of a disease outbreak, including epidemics, pandemics, or similar widespread public health concerns.***

Our business and financial results may be negatively impacted by health epidemics, pandemics and similar widespread public health concerns or outbreaks. Despite our efforts to manage these impacts, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak and actions taken to contain its spread and mitigate its public health effects.

## **RISKS RELATED TO OUR EMPLOYEE PLANS**

***We may be required to pay material amounts to multiemployer pension plans; our participation subjects us to potential liabilities, which could be significant, if we withdraw from a plan in the future.***

We contribute to two multiemployer pension plans. The amount of our annual contributions to these plans is negotiated with the union representing our employees covered by each plan. In 2023, we contributed approximately \$5.8 million to these plans. If in future years we continue to participate in these plans, we may be required to make increased annual contributions in amounts that are difficult to predict and potentially beyond our control, which would reduce the cash available for business and other needs. The decision whether to continue to participate in these multiemployer plans does not rest solely with us; rather, it is negotiated as part of the collective bargaining agreements with labor unions that participate in these plans.

If we were to withdraw partially or completely from a multiemployer plan that is underfunded, we would be liable for a



proportionate share of that plan's unfunded vested benefits as required by law. This is called withdrawal liability. The amount of withdrawal liability, if any, assessable to us if we were to withdraw in a future year is difficult to predict and largely beyond our control.

One of the multiemployer pension plans to which we contribute, the IAM National Pension Fund, or IAM NPF, elected to be certified to be in "critical status" for the plan year beginning January 1, 2019. If we were to withdraw from IAM NPF, either completely or partially, we would incur a statutory withdrawal liability based on our proportionate share of IAM NPF's unfunded vested benefits. Based on information available to us, as well as information provided by IAM NPF, and reviewed by our actuarial consultant, we estimate that, as of December 31, 2023, we would be obligated to pay a single sum withdrawal liability payment of approximately \$5.3 million on a pretax basis if we were to have completely withdrawn from IAM NPF in 2023. We currently have no plans to withdraw from IAM NPF and have not recognized any liability associated with a withdrawal from IAM NPF in our consolidated financial statements.

The other multiemployer pension plan to which we contribute, the PACE Industry Union-Management Pension Fund, or PIUMPF, was certified to be in "critical status" for the plan year beginning January 1, 2010 and continued to be in critical status through the plan year beginning January 1, 2014. For the plan years beginning January 1, 2015 through January 1, 2023, PIUMPF was certified to be in "critical and declining status" under the Multiemployer Pension Reform Act of 2014. The number of employers participating in PIUMPF fell from 135 during 2012 to 43 in 2022. We are the largest contributing employer participating in PIUMPF.

The American Rescue Plan Act of 2021, or ARPA, includes provisions to provide financial relief to financially troubled multiemployer pension plans. In 2023, PIUMPF applied for and received approximately \$1.3 billion in a lump sum payment under this program — an amount intended to allow it to remain solvent until approximately 2051.

If we were to withdraw from PIUMPF, either completely or partially, we would incur a statutory withdrawal liability based on our proportionate share of PIUMPF's unfunded vested benefits. Based on information available to us, as well as information provided by PIUMPF, and reviewed by our actuarial consultant, we estimate that, as of December 31, 2023, the withdrawal liability payments that we would be required to make to PIUMPF were we to have completely withdrawn in 2023 would be approximately \$5.7 million per year on a pretax basis. These payments generally would continue for 20 years with an estimated present value of approximately \$73 million on a pre-tax basis. Were we voluntarily to withdraw from PIUMPF, we could be subject to substantial payments in addition to the withdrawal liability payments described above. As a plan in critical and declining status, PIUMPF has adopted a rehabilitation plan. That rehabilitation plan purports to require a withdrawing employer to make an additional, lump-sum payment — above and beyond the statutory withdrawal liability — based on the employer's share of PIUMPF's accumulated funding deficiency, or AFD.

We believe PIUMPF's purported imposition of this AFD exit fee on withdrawing employers is not legally enforceable — and that PIUMPF's receipt of approximately \$1.3 billion in lump sum financial relief from the federal government (through the ARPA program) provides additional support for this belief. Among other things, since it was enacted, PIUMPF's sole justification for imposition of the AFD exit fee is that it was necessary to forestall PIUMPF's insolvency — a justification that no longer applies now that PIUMPF has received funds under the ARPA program that have addressed its solvency crisis.

Nevertheless, we are aware that one large employer that withdrew from PIUMPF prior to PIUMPF's receipt of ARPA funds has recognized a liability for payment of an AFD exit fee amount and that other withdrawing employers have paid some amounts in respect to the AFD exit fee. There have been lawsuits in federal courts challenging PIUMPF's AFD exit fee. These lawsuits have not resolved the issue.

If the AFD exit fee were held to be legally enforceable, and if we were to withdraw in a future year, the amount of our AFD exit fee liability at the time of our withdrawal would be material and subject to a variety of factors, including without limitation, the nature and timing of a withdrawal, the financial health of PIUMPF at the time of the withdrawal, the level of contributions to the plan made by other contributing employers before our withdrawal, whether any employers that had withdrawn in the intervening years had made AFD exit fee payments, and the effect of funding provided under ARPA. We expect that all other things being equal, the use of ARPA funds will reduce PIUMPF's AFD exit fee over an extended time-period. Since we currently have no plans to withdraw from PIUMPF, we have not recognized any liability associated with a withdrawal from PIUMPF in our consolidated financial statements.

Adverse changes to, or requirements under, pension laws and regulations or adverse changes, requirements or claims pursuant to PIUMPF's rehabilitation plan, such as the AFD exit fee, could increase the likelihood and amount of our liabilities. Were we to withdraw from PIUMPF, these liabilities would be in addition to the pension contributions we would have to make to any new pension plan adopted or contributed to by us to replace PIUMPF. All of this could materially reduce the cash we would have available for business and other needs.

***Our pension and health care costs are subject to numerous factors that could cause these costs to change.***

In addition to our pension plans, we provide health care benefits to certain of our current and former salaried and hourly employees. Our health care costs vary with changes in health care costs generally, which have significantly exceeded general economic inflation rates for many years. Our pension costs are dependent upon numerous factors resulting from actual plan experience and assumptions about future investment returns. Pension plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns as well as changes in general interest rates may result in increased pension costs in future periods. Likewise, changes in assumptions regarding current discount rates, expected rates of return on plan assets and mortality rates could also increase pension costs. Significant changes in any of these factors may adversely impact our cash flows, financial condition and results of operations.

#### **RISKS RELATED TO OUR INDEBTEDNESS AND TAX POSITIONS**

***We have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business.***

We have a substantial amount of debt, which requires significant principal and interest payments. As of December 31, 2023, we had approximately \$468 million face value of debt outstanding, collectively which is related to our \$275 million 2020 Notes, Credit Agreements (as defined below) and finance leases. We had availability of approximately \$120 million under our PCA Credit Agreement (as defined below) as of December 31, 2023. After giving effect to borrowing base limitations, drawings outstanding and issuance of letters of credit, we had availability of approximately \$235.3 million under our ABL Credit Agreement (as defined below) as of December 31, 2023.

Our significant amount of debt could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations under our notes and Credit Agreements;
- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, because a portion of our borrowings, including those under the Credit Agreements, are and will continue to be at variable rates of interest;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which would reduce the availability of our cash flow from operations to fund working capital, capital expenditures or other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a disadvantage compared to competitors that may have proportionately less debt;
- limit our ability to obtain additional debt or equity financing due to applicable financial and restrictive covenants in our debt agreements; and
- increase our cost of borrowing.

***Despite our current indebtedness levels, we may still incur significant additional indebtedness. Incurring more indebtedness could increase the risks associated with our substantial indebtedness.***

We may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. The terms of the Credit Agreements restrict but do not prohibit us from doing so. We had availability of approximately \$120 million under our PCA Credit Agreement as of December 31, 2023. After giving effect to borrowing base limitations and issuance of letters of credit, we had availability of approximately \$259.0 million under the Credit Agreement as of December 31, 2023. In addition, our Credit Agreements allow us to obtain additional secured revolving loan commitments under our ABL Credit Agreement under certain circumstances, which would be guaranteed by our subsidiary guarantors. In addition, the indenture governing our notes does not prevent us from incurring certain other liabilities that do not constitute secured indebtedness. If new debt or other liabilities are added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

***We are exposed to risks related to our arrangements with respect to supply chain financing and banking arrangements.***

We enter into supply chain financing arrangements with financial institutions to sell certain of our trade receivables without recourse. If we were to stop entering into these supply chain financing arrangements, our operating results, financial condition and cash flows could be adversely impacted by delays or failures in collecting trade receivables.

However, by entering into these arrangements, and by engaging these financial institutions for banking services, we are exposed to additional risks. If any of these financial institutions experiences financial difficulties or is otherwise unable to honor the terms of our supply chain financing arrangements, we may experience material financial losses due to the failure of such arrangements or a lack of access to our funds, any of which could have an adverse impact upon our operating results, financial condition and cash flows.

***If we default under our Credit Agreements, or other indebtedness, we may not be able to service our debt obligations.***

In the event of a default under our Credit Agreements or other indebtedness, lenders could elect to declare all amounts borrowed, together with accrued and unpaid interest and other fees, to be due and payable. If such acceleration occurs, thereby permitting an acceleration of amounts outstanding under our debt obligations, we may not be able to repay the amounts due. Events of default are separately defined in each credit agreement or indenture, but include events such as failure to make payments when due, breach of covenants, default under certain other indebtedness, failure to satisfy judgments in excess of a threshold amount, certain insolvency events and the occurrence of a change of control (as defined in the Credit Agreements). The occurrence of an event of default could have serious consequences to our financial condition and results of operations, and could cause us to become bankrupt or insolvent.

***To service our substantial indebtedness, we must generate significant cash flows. Our ability to generate cash depends on many factors beyond our control, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

As of December 31, 2023, we had approximately \$468 million of outstanding indebtedness, and we could incur substantial additional indebtedness in the future. Our ability to make scheduled payments on or to refinance our indebtedness, including our outstanding notes, and to fund planned capital expenditures, will depend on our ability to generate cash from our operations. This, to a significant extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us under our Credit Agreements in an amount sufficient to enable us to pay our indebtedness, including our outstanding notes, or to fund our other liquidity needs. We cannot assure you that we will be able to refinance any of our indebtedness, including our Credit Agreements and our outstanding notes, on commercially reasonable terms or at all.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. If our operating results and available cash are insufficient to meet our debt service obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due. Additionally, our debt agreements limit the use of the proceeds from certain dispositions; as a result, we may not be allowed, under these documents, to use proceeds from such dispositions to satisfy all current debt service obligations.

***Our Credit Agreements contain various covenants that limit our discretion in the operation of our business.***

Our Credit Agreements contain various covenants that limit our discretion in the operation of our business by restricting our ability to:

- undergo a change in control;
- sell assets;
- pay dividends and make other distributions;
- make investments, capital expenditures and other restricted payments;
- redeem or repurchase our capital stock;
- incur additional debt and issue preferred stock;
- guarantee indebtedness;
- create liens;
- consolidate, merge or sell substantially all of our assets;
- enter into certain transactions with our affiliates;
- engage in new lines of business; and

- enter into sale and lease-back transactions.

These restrictions on our ability to operate our business at our discretion could materially harm our business by, among other things, limiting our ability to enter into, make, or borrow in order to take advantage of financing opportunities with respect to mergers and acquisitions, capital expenditures and other corporate opportunities.

If and when (and for as long as) availability, as calculated, under the ABL Credit Agreement is less than a specified amount for a certain period of time, funds deposited into deposit accounts used for collections would be transferred on a daily basis into a blocked account with the administrative agent and applied to prepay loans under the ABL Credit Agreement. If and when our leverage ratio, as calculated under the PCA Credit Agreement, is greater than a specified amount (and lasting until at least the end of two fiscal quarters until our leverage ratio is less than such amount), the amount of dividends, stock repurchases, capital expenditures and other investments we would be permitted to make in the then current fiscal year would be capped at specified dollar amounts.

As a result of these covenants and restrictions, we may be limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

There are various limitations on our ability to incur the full \$275 million of commitments under our ABL Credit Agreement and borrowings under our ABL Credit Agreement are limited by a specified borrowing base consisting of a percentage of eligible accounts receivable and inventory, less customary reserves. In addition, under the ABL Credit Agreement, a monthly fixed charge maintenance covenant would become applicable during an event of default or if availability, as calculated under the ABL Credit Agreement, is at any time less than or equal to the greater of (i) 10.0% of the lesser of the borrowing base and the maximum \$275 million of current revolving loan commitments (such lesser amount, the “Line Cap”) and (ii) \$19 million. As of December 31, 2023, availability under the ABL Credit Agreement was approximately \$235.3 million or 86% of the Line Cap. However, it is possible that availability, as calculated under the ABL Credit Agreement, could fall below the minimum threshold in a future period. If the covenant trigger were to occur, we would be required to satisfy and maintain on the last day of each quarter a fixed charge coverage ratio of at least 1.1x for the preceding four quarter period for which financial statements had been delivered. As of December 31, 2023, our fixed charge coverage ratio was approximately 3.85x. If and when the fixed charge coverage ratio were to be tested, our ability to meet the minimum fixed charge coverage ratio could be affected by events beyond our control, and we cannot assure you that we would meet this ratio at such time. A breach of any of these covenants could result in a default under the ABL Credit Agreement. Events beyond our control could affect our ability to meet these financial tests, and we cannot assure you that we will meet them.

***Our failure to comply with the covenants contained in our Credit Agreements or the indenture governing our outstanding notes, including as a result of events beyond our control, could result in an event of default that could cause repayment of the debt to be accelerated.***

If we are not able to comply with the covenants and other requirements contained in the indenture governing our outstanding notes, our Credit Agreements or our other debt instruments, an event of default under the relevant debt instrument could occur. If an event of default does occur, it could trigger a default under our other debt instruments, prohibit us from accessing additional borrowings, and permit the holders of the defaulted debt to declare amounts outstanding with respect to that debt to be immediately due and payable. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments. In addition, we may not be able to refinance or restructure the payments on the applicable debt. Even if we were able to secure additional financing, it may not be available on favorable terms.

***Credit rating downgrades could increase our borrowing costs or otherwise adversely affect us.***

Some of our outstanding indebtedness has received credit ratings from rating agencies. Our credit ratings could change based on, among other things, our results of operations and financial condition. Credit ratings are subject to ongoing evaluation by credit rating agencies and may be lowered, suspended or withdrawn entirely by a rating agency or placed on a “watch list” for a possible downgrade or assigned a “negative outlook.” Although our indebtedness does not include any triggers that would increase existing borrowing rates if there were a ratings downgrade, actual or anticipated changes or downgrades, including any announcement that our ratings are under review for a downgrade or have been assigned a negative outlook, could increase our future borrowing costs, which could in turn adversely affect our results of

operations, cash flows and financial condition, and the trading price of our common stock. If a downgrade were to occur or a negative outlook were to be assigned, it could impact our ability to access the capital markets to raise debt and/or increase the associated costs. In addition, while our credit ratings are important to us, we may take actions and otherwise operate our business in a manner that adversely affects our credit ratings.

***An increase in interest rates could have a negative effect on our business.***

We have the ability to select the Secured Overnight Funding Rate (SOFR) as a benchmark rate at which outstanding obligations under the Credit Agreements are based. SOFR is a floating rate, subject to a minimum rate set in the Credit Agreements. As a result, we are exposed to risks associated with an increase in interest rates, including if the Federal Reserve raises interest rates as it has done and may continue to do so in the future. Any further increase in SOFR will increase the Company's debt service obligations, which could have a negative impact on the Company's cash flow, financial position or operating results, including cash available for servicing the Company's indebtedness, or result in increased borrowing costs in the future. We may utilize derivative financial instruments, such as interest rate swaps, to manage our interest rate risk. There can be no assurance, however, that increases in interest rates will not adversely affect our business, financial position and results of operations by causing an increase in interest expense. Significantly higher interest rates may also, among other things, reduce the availability and increase the cost of obtaining new debt and refinancing existing indebtedness.

***We could suffer adverse tax and other financial consequences if taxing authorities do not agree with our tax positions.***

We are periodically subject to a number of tax examinations by state and U.S. federal taxing authorities. U.S. federal, state and local, are extremely complex and subject to varying interpretations. We recognize tax benefits of uncertain tax positions when we believe the positions are more likely than not of being sustained upon a challenge by the relevant tax authority. In connection with our U.S. federal tax return for 2022, we took a tax deduction related to a worthless stock loss (creating net operating loss) in connection with the dissolution of one of our subsidiaries, Cellu-Tissue. During 2023, we entered into a post-filing agreement process with the U.S. tax authorities to resolve this position expeditiously. In connection with the 2022 return, we received a \$26 million refund associated with this position. Because of the uncertainty as to whether this position will be upheld through the post-filing agreement process, we have fully reserved for the estimated tax benefit associated with the deduction. If there are tax benefits, including, but not limited to, the worthless stock loss deduction or other tax attributes, that are challenged successfully by a taxing authority, we may be required to pay additional taxes or we may seek to enter into settlements with the taxing authorities, which could require significant payments or otherwise have an adverse effect on our business, results of operations and financial condition.

**GENERAL RISK**

***United States and global economic conditions could have adverse effects on the demand for our products and financial results.***

U.S. and global economic conditions and currency exchange rates have a significant impact on our business and financial results. Recessed global economic conditions and a strong U.S. dollar could affect our business in a number of ways, including causing declines in global demand for consumer tissue and paperboard, and increased competition from foreign manufacturers in the U.S. market. Foreign currency changes can also impact pricing associated with our raw materials such as pulp and equipment purchases impacting our cost structure.

***Recent fluctuations in economic conditions and cycles may have adverse effects on our financial results.***

During 2023, interest and inflation rates have increased significantly relative to recent years, although the impacts have been felt to different extents and the far extent of such increases remains to be seen. These increasing rates may materially affect our prices and the demand for our products.

***We may fail to attract, motivate, train and retain qualified personnel, including key personnel.***

Our ability to effectively run our business depends on our ability to attract, motivate, train and retain employees with the skills necessary to understand and adapt to the competitive markets in which we operate. The increasing demand for qualified personnel makes it more difficult for us to attract and retain employees with requisite skill sets, particularly employees with specialized technical and trade experience, and can increase our operating and overhead costs. Changing demographics and labor work force trends also may result in a loss of knowledge and skills as experienced workers retire. If we fail to attract, motivate, train and retain qualified personnel, or if we experience excessive turnover, we may experience declining sales, manufacturing delays or other inefficiencies, increased recruiting, training and relocation costs and other difficulties, which may negatively impact our results of operations, cash flows and financial condition.

In addition, we rely on key executive and management personnel to manage our business efficiently and effectively. The

loss of any of our key personnel could adversely affect our results of operations, cash flows and financial condition. Effective succession planning is also important to our long-term success. Our failure to identify candidates with the leadership skills to manage our organization, and our failure to ensure effective transfers of knowledge and smooth transitions involving key executives, could hinder our strategic planning and execution.

***Certain provisions of our certificate of incorporation and bylaws and Delaware law may make it difficult for stockholders to change the composition of our Board of Directors and may discourage hostile takeover attempts that some of our stockholders may consider to be beneficial.***

Certain provisions of our certificate of incorporation and bylaws and Delaware law may have the effect of delaying or preventing changes in control if our Board of Directors determines that such changes in control are not in the best interests of the company and our stockholders. The provisions in our certificate of incorporation and bylaws include, among other things, the following:

- a classified Board of Directors with three-year staggered terms;
- the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval;
- stockholder action can only be taken at a special or regular meeting and not by written consent;
- advance notice procedures for nominating candidates to our Board of Directors or presenting matters at stockholder meetings;
- removal of directors only for cause;
- allowing only our Board of Directors to fill vacancies on our Board of Directors; and
- supermajority voting requirements to amend our bylaws and certain provisions of our certificate of incorporation.

While these provisions have the effect of encouraging persons seeking to acquire control of the company to negotiate with our Board of Directors, they could enable the Board of Directors to hinder or frustrate a transaction that some, or a majority, of the stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. We are also subject to Delaware laws that could have similar effects. One of these laws prohibits us from engaging in a business combination with a significant stockholder unless specific conditions are met.

#### **ITEM 1B. Unresolved Staff Comments**

None.

#### **ITEM 1C. Cybersecurity**

Our cybersecurity program is managed by our Chief Information Officer (CIO), whose team is responsible for leading enterprise-wide information technology strategy, policy, standards, architecture, and processes. The CIO provides regular reports to our Board, Chief Executive Officer and other members of our senior leadership team. These reports include updates on our cyber risks and threats, the status of projects to strengthen our information security systems, assessments of the information security program, and the emerging threat landscape.

Assessing, identifying and managing cybersecurity related risks are integrated into our overall ERM process. Cybersecurity related risks are included in the risk universe that the ERM function evaluates to assess top risks to the enterprise on an annual basis. The ERM process's annual risk assessment is presented to the Board of Directors.

Our programs are regularly evaluated by external experts with the results of those reviews reported to the senior leadership team and the Board. We also actively engage with key vendors, industry participants, and intelligence communities as part of our continuing efforts to evaluate and enhance the effectiveness of our information security policies and procedures.

## ITEM 2. Properties

### Facilities

Our principal executive offices are located in Spokane, Washington. We believe that each of these facilities is adequately maintained and is suitable for conducting our operations and business. Information regarding our principal facilities is set forth in the following table.

Location	Products	Owned or Leased
Las Vegas, Nevada	TAD tissue, Tissue converting	Owned
Lewiston, Idaho	Tissue, Tissue converting, Pulp and Paperboard	Owned
Shelby, North Carolina	TAD tissue, NTT Tissue, Tissue converting	Owned/Leased
Elwood, Illinois	Tissue converting	Leased
Cypress Bend, Arkansas	Pulp and Paperboard	Owned
Mendon, Michigan	Paperboard sheeting	Leased
Wilkes-Barre, Pennsylvania	Paperboard sheeting	Leased
Dallas, Texas	Paperboard sheeting	Leased
Richmond, Virginia	Paperboard sheeting	Leased
Hagerstown, Indiana	Paperboard sheeting	Leased

### Production Capacities

Information regarding currently operating production capacities is based on annual, normal operating rates and normal production mixes under current market conditions, taking into account known constraints. Market conditions, fluctuations in raw material supply, environmental restrictions and the nature of current orders may cause actual production rates and mixes to vary significantly from the production rates and mixes shown.

(In tons)	Tissue Parent Rolls	Tissue converting	Pulp <sup>1</sup>	Paperboard	Sheeted Paperboard
Las Vegas, Nevada	44,000	74,000			
Lewiston, Idaho	190,000	90,000	520,000	480,000	
Shelby, North Carolina	156,000	150,000			
Elwood, Illinois		63,000			
Cypress Bend, Arkansas			320,000	340,000	
Mendon, Michigan					50,000
Wilkes-Barre, Pennsylvania					41,000
Dallas, Texas					29,000
Richmond, Virginia					34,000
Hagerstown, Indiana					37,000
	390,000	377,000	840,000	820,000	191,000

<sup>1</sup> Pulp is consumed internally either within our Paperboard operations or is transferred to our Tissue operations.

**ITEM 3. Legal Proceedings**

We may from time to time be involved in claims, proceedings and litigation arising from our business and property ownership. We believe, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on our financial condition, results of operations and cash flows.

**ITEM 4. Mine Safety Disclosures**

Not applicable.



## Part II

### ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### MARKET FOR OUR COMMON STOCK

Our common stock is traded on the New York Stock Exchange under the symbol "CLW."

#### HOLDERS

As of February 16, 2024, there were approximately 575 registered holders of our common stock.

#### ISSUER PURCHASES OF EQUITY SECURITIES

On December 15, 2015, we announced that our Board of Directors had approved a stock repurchase program authorizing the repurchase of up to \$100 million of our common stock. As of December 31, 2023, we had up to \$6.9 million of authorization remaining. The repurchase program authorizes purchases of our common stock from time to time through open market purchases, negotiated transactions or other means, including accelerated stock repurchases and 10b5-1 trading plans in accordance with applicable securities laws and other restrictions. We have no obligation to repurchase stock under this program and may suspend or terminate the program at any time.

The following table reflects our shares repurchased during the fourth quarter of 2023. None of the shares in this table were repurchased directly from any of our officers or directors.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1, 2023 to October 31, 2023	29,500	\$ 35.74	29,500	\$ 8.7
November 1, 2023 to November 30, 2023	28,300	\$ 35.33	28,300	\$ 7.7
December 1, 2023 to December 31, 2023	20,993	\$ 36.11	20,993	\$ 6.9
Total	<u>78,793</u>	<u>\$ 35.69</u>	<u>78,793</u>	

#### SALES OF UNREGISTERED SECURITIES

None.

#### DIVIDENDS

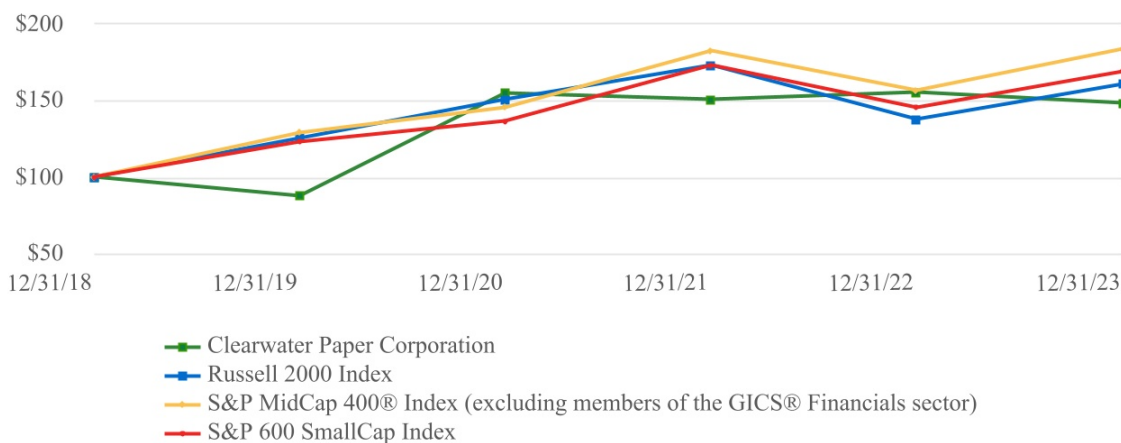
We have not paid any cash dividends. We will continue to review whether payment of a cash dividend on our common stock in the future best serves the company and our stockholders. The declaration and amount of any dividends, however, would be determined by our Board of Directors and would depend on our earnings, our compliance with the terms of our notes and revolving credit facilities that may contain certain restrictions on our ability to pay dividends, and any other factors that our Board of Directors believes are relevant.

#### PERFORMANCE GRAPH

The graph below compares the cumulative total stockholder return of our common stock for the period beginning December 31, 2018 and ending December 31, 2023, with the cumulative total return during such period of the Russell 2000® Index, the S&P MidCap 400® Index (excluding those companies classified as members of the GICS® Financials sector) and the S&P 600 Small Cap Index. The comparison assumes \$100 was invested on December 31, 2018, in our common stock and in the indices and assumes dividends were reinvested. The stock performance shown on the graph represents historical stock performance and is not necessarily indicative of future stock price performance.

We measure our relative corporate performance for purposes of performance-based equity awards issued to our executive officers against a specific index. Each year, an index is established to apply to performance-based equity awards issued in that year. We currently measure our relative performance, for purposes of performance-based equity awards, against the S&P MidCap 400® Index (excluding those companies classified as members of the GICS® Financials sector) or the S&P 600 Small Cap Index. The cumulative return for those indexes is listed below.

Comparison of Cumulative Five Year Total Returns



This comparison assumes \$100 was invested on December 31, 2018, in our common stock and in the indices and assumes dividends were reinvested.

Company Name / Index	December 31,					
	2018	2019	2020	2021	2022	2023
Clearwater Paper Corporation	\$ 100.00	\$ 87.65	\$ 154.90	\$ 150.47	\$ 155.15	\$ 148.22
Russell 2000 Index	100.00	125.53	150.58	172.90	137.56	160.85
S&P MidCap 400® Index (excluding members of the GICS® Financials sector)	100.00	128.99	145.12	182.31	156.43	183.91
S&P 600 SmallCap Index	100.00	122.78	136.64	173.29	145.39	168.73

**ITEM 6. [Reserved]**

## **ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and related notes that appear elsewhere in this report. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Actual results may differ materially from those discussed in these forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this report. A discussion of the earliest year may be found in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K filed on February 14, 2023.*

### **Overview of Business**

We are a premier manufacturer and supplier of bleached paperboard and consumer and parent roll tissue. We operate in two business segments, pulp and paperboard and consumer products. These business segments are described in greater detail in Item 8, Note 15, "Segment Information" of the Notes to the Consolidated Financial Statements.

In operating our business, we seek to:

- grow our portfolio of products through organic growth, acquisitions and commercial execution,
- leverage our cost and financial discipline to fund growth and improve margins, and
- allocate capital in value-creating ways.

### **Overview of 2023 Results**

- Net sales of \$2.1 billion, consistent with 2022 with Pulp and Paperboard net sales decreasing 6% and Consumer Products net sales increasing 8%.
- Net income was \$107.7 million in 2023 or \$6.30 per diluted share compared to a net income of \$46.0 million or \$2.68 per diluted share in 2022.
- Adjusted EBITDA was \$281.0 million in 2023 compared to \$226.9 million in 2022.

### **Business Environment and Trends**

#### **Pulp and paperboard sales**

The paperboard industry is affected by macro-economic conditions around the world and has historically experienced cyclical market conditions. As a result, prices for products and sales volumes have historically been volatile. Product pricing is significantly affected by the relationship between supply and demand for our products. Product supply in the industry is influenced primarily by fluctuations in available manufacturing production, which tends to increase during periods when prices remain strong. During 2023, the paperboard industry saw significant weakness due to customer destocking after a lengthy period of constrained supply given high demand.

#### **Tissue sales**

The U.S. tissue industry is affected by macro-economic factors in the U.S. The U.S. tissue industry has experienced an increase in ultra and premium tissue products as industry participants have added or improved through-air-dried, or TAD, or equivalent production capacity as well as added conventional tissue capacity. As reported by RISI, US Tissue Monthly Data (December 2023), parent roll sales prices have increased 7-8% industry wide in 2023 over the prior year.

#### **Operating Costs**

Our operating costs include raw materials, labor and selling, general and administrative expenses. We manage these costs through cost saving and productivity initiatives, sourcing programs, and pricing actions. To remain competitive on our operating structure, we continue to work on programs to expand our profitability. In 2022, our results were impacted by a significant increase in our costs, particularly for pulp, chemicals and freight. During 2023, our results benefited from lower pricing for pulp, freight and energy.

### **Critical Accounting Policies and Significant Estimates**

A discussion of our significant accounting policies and significant accounting estimates and judgments is presented in Note 1, "Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements in Item 8 of this report. Throughout the preparation of the financial statements, we employ significant judgments in the application of accounting principles and methods. We believe that the accounting estimates discussed below represent the accounting

estimates requiring the exercise of judgment where a different set of judgments could result in the greatest changes to reported results. We reviewed the development, selection and disclosure of our critical accounting estimates with the Audit Committee of our Board of Directors. For 2023, these significant accounting estimates and judgments include:

#### **Retirement Plans and Postretirement Benefits**

We have a number of defined benefit pension plans in the United States covering many of our employees. Benefit accruals under most of our defined benefit pension plans in the United States were frozen prior to January 2014.

We account for the consequences of our sponsorship of these plans using assumptions to calculate the related assets, liabilities and expenses recorded in our financial statements. Net actuarial gains and losses occur when actual experience differs from any of the assumptions used to value defined benefit plans or when assumptions change as they may each year. The primary factors contributing to actuarial gains and losses are changes in the discount rate used to value obligations as of the measurement date and the differences between expected and actual returns on pension plan assets. This accounting method results in the potential for volatile and difficult to forecast gains and losses.

We record amounts relating to these defined benefit plans based on various actuarial assumptions, including discount rates, assumed rates of return, compensation increases and life expectancy. We review our actuarial assumptions on an annual basis and make modifications to the assumptions based on current economic conditions and trends. We believe that the assumptions utilized in recording our obligations under our plans are reasonable based on our experience and on advice from our independent actuaries; however, differences in actual experience or changes in the assumptions may materially affect our financial condition or results of operations.

The following table illustrates the estimated impact on hypothetical pension obligations and expenses that would have resulted from a 25-basis point reduction in two key assumptions for the year ended December 31, 2023:

(In millions)	Statements of Operations		Balance Sheets
Discount rate	\$	— \$	5.0
Expected long term rate of return	\$	0.7 \$	—

It is not possible to forecast or predict whether there will be actuarial gains and losses in future periods, and if required, the magnitude of any such adjustment. These gains and losses are driven by differences in actual experience or changes in the assumptions that are beyond our control, such as changes in interest rates and the actual return on pension plan assets.

### **Non-GAAP Financial Measures**

In evaluating our business, we utilize several non-GAAP financial measures. A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so excluded or included under applicable GAAP guidance. In this report on Form 10-K, we disclose overall and segment earnings (loss) from operations before interest expense, net, non-operating pension and other post employment benefit costs, income tax (benefit) expense, depreciation and amortization, other operating charges, net, and debt retirement costs as Adjusted EBITDA which is a non-GAAP financial measure. Adjusted EBITDA is not a substitute for the GAAP measure of net income or for any other GAAP measures of operating performance.

We have included Adjusted EBITDA on a consolidated and business segment basis in this report because we use it as important supplemental measures of our performance and believe that it is frequently used by securities analysts, investors and other interested persons in the evaluation of companies in our industry, some of which present Adjusted EBITDA when reporting their results. We use Adjusted EBITDA to evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates. It should be noted that companies calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA measures may not be comparable to Adjusted EBITDA reported by other companies. Our Adjusted EBITDA measures have material limitations as performance measures because they exclude interest expense, net, income tax (benefit) expense and depreciation and amortization which are necessary to operate our business or which we otherwise incur or experience in connection with the operation of our business. In addition, we exclude other income and expense items which are outside of our core operations.

The following table provides our Adjusted EBITDA reconciliation for the last three years:

(In millions)	For The Years Ended December 31,		
	2023	2022	2021
Net income (loss)	\$ 107.7	\$ 46.0	\$ (28.1)
Income tax provision (benefit)	36.4	27.0	(7.7)
Interest expense, net	30.0	34.6	36.4
Depreciation and amortization expense	98.6	103.3	105.0
Other operating charges, net	5.3	9.7	57.7
Other non-operating (income) expense	(0.1)	5.7	10.4
Debt retirement costs	3.1	0.5	1.0
Adjusted EBITDA	\$ 281.0	\$ 226.9	\$ 174.6
Pulp and Paperboard segment income	\$ 169.1	\$ 183.5	\$ 125.7
Depreciation and amortization	37.4	37.0	35.7
Adjusted EBITDA Pulp and Paperboard segment	\$ 206.4	\$ 220.4	\$ 161.4
Consumer Products segment income	\$ 91.7	\$ 11.3	\$ 4.0
Depreciation and amortization	58.8	62.9	64.9
Adjusted EBITDA Consumer Products segment	\$ 150.5	\$ 74.2	\$ 69.0
Corporate and other expense	\$ (78.3)	\$ (71.1)	\$ (60.1)
Depreciation and amortization	2.4	3.4	4.4
Adjusted EBITDA Corporate and other	\$ (75.9)	\$ (67.7)	\$ (55.7)
Pulp and Paperboard segment	\$ 206.4	\$ 220.4	\$ 161.4
Consumer Products segment	150.5	74.2	69.0
Corporate and other	(75.9)	(67.7)	(55.7)
Adjusted EBITDA	\$ 281.0	\$ 226.9	\$ 174.6

## OUR OPERATING RESULTS

### Pulp and Paperboard Segment

Our Pulp and Paperboard segment markets and produces bleached paperboard to quality-conscious printers and packaging converters, and offers services that include custom sheeting, slitting and cutting.

Segment sales, operating income and Adjusted EBITDA for the Pulp and Paperboard segment were as follows:

(In millions, except per unit and paperboard shipments)	For The Years Ended December 31,			Increase (decrease)	
	2023	2022	2021	2023-2022	2022-2021
Sales:					
Paperboard	\$ 1,033.6	\$ 1,104.8	\$ 894.9	(6.4)%	23.4 %
Pulp	20.8	19.0	34.8	9.4 %	(45.5)%
Other	9.4	12.6	16.2	(25.2)%	(22.5)%
	<u>\$ 1,063.7</u>	<u>\$ 1,136.3</u>	<u>\$ 946.0</u>	<u>(6.4)%</u>	<u>20.1 %</u>
Operating income	\$ 169.1	\$ 183.5	\$ 125.7	(7.9)%	45.9 %
Operating margin	15.9 %	16.1 %	13.3 %		
Adjusted EBITDA	\$ 206.4	\$ 220.4	\$ 161.4	(6.4)%	36.6 %
Adjusted EBITDA margin	19.4 %	19.4 %	17.1 %		
Pulp shipments (short tons)	34,084	25,647	50,679	32.9 %	(49.4)%
Pulp sales price	\$ 609	\$ 740	\$ 687	(17.7)%	7.6 %
Paperboard shipments (short tons)	751,520	814,556	822,206	(7.7)%	(0.9)%
Paperboard sales price (short tons)	\$ 1,375	\$ 1,356	\$ 1,088	1.4 %	24.6 %

Paperboard sales volumes in our Pulp and Paperboard segment for the year ended December 31, 2023 decreased due to weaker demand as customers rebalance inventory levels. Pulp sales volumes increased for the year ended December 31, 2023 as we manage our paperboard production resulting in additional pulp available to be sold. Paperboard sales prices for the year ended December 31, 2023 compared to the prior year increased due to the impacts of our previously announced price increases offset by changes in product mix. Pulp sales prices declined for the year ended December 31, 2023 compared to the prior year due to change in commodity pulp prices.

Overall, the decrease in operating income and Adjusted EBITDA for the year ended December 31, 2023 as compared to the prior year was driven by lower sales volumes and planned production downtime to manage inventory partially offset by lower input costs due to deflation, specifically in freight and energy costs.

## Consumer Products Segment

Our Consumer Products segment sells and manufactures a complete line of at-home tissue products and sold minor amounts of AFH products prior to the closure of our Neenah, Wisconsin facility in July 2021. Our integrated manufacturing and converting operations and geographic footprint enable us to deliver a broad range of cost-competitive products with brand equivalent quality to our customers.

Segment sales, operating income and Adjusted EBITDA for the Consumer Products segment were as follows:

(In millions, except per unit and shipments)	For The Years Ended December 31,			Increase (decrease)	
	2023	2022	2021	2023-2022	2022-2021
<b>Sales:</b>					
Retail tissue	\$ 1,016.2	\$ 932.3	\$ 797.9	9.0 %	16.8 %
Away-from-home <sup>1</sup>	—	—	16.3	— %	(100.0)%
Other	7.2	18.0	20.8	(59.8)%	(13.6)%
	<u>\$ 1,023.4</u>	<u>\$ 950.2</u>	<u>\$ 835.0</u>	<u>7.7 %</u>	<u>13.8 %</u>
Operating income	\$ 91.7	11.3	4.0	713.5 %	179.0 %
Operating margin	9.0 %	1.2 %	0.5 %		
Adjusted EBITDA	\$ 150.5	\$ 74.2	\$ 69.0	102.7 %	7.6 %
Adjusted EBITDA margin	14.7 %	7.8 %	8.3 %		
<b>Shipments (short tons)</b>					
Retail	317,582	309,735	287,987	2.5 %	7.6 %
Away-from-home <sup>1</sup>	—	—	7,839	— %	(100.0)%
Other	4,802	12,185	20,973	(60.6)%	(41.9)%
<b>Sales price (per short ton)</b>					
Retail	\$ 3,200	\$ 3,010	\$ 2,771	6.3 %	8.6 %

<sup>1</sup> In the third quarter of 2021, we exited our away-from-home business with the shutdown of our Neenah, Wisconsin site.

Retail sales volumes increased in our Consumer Products segment for the year ended December 31, 2023 compared to the prior year due to the increased demand for private label versus branded products. Retail sales prices increased in our Consumer Products segment for the year ended December 31, 2023 compared to the prior year due primarily to our previously announced price increases and improved product mix.

Overall, operating income and Adjusted EBITDA for the year ended December 31, 2023 compared to the prior year increased due to higher sales volumes and pricing and lower input costs, specifically related to freight costs.

### Corporate expenses

Corporate expenses were \$78.3 million in 2023 as compared to \$71.1 million in 2022. The increase between years is primarily related to costs associated with business improvement projects including information technology and other projects and higher wages. Corporate expenses primarily consist of corporate overhead such as wages and benefits, professional fees, insurance and other expenses for corporate functions including certain executive officers, public company costs, information technology, financial services, environmental and safety, legal, supply management, human resources and other corporate functions not directly associated with the business operations.

### Other operating charges

See Note 8, "Other Operating Charges, net" of the Notes to the Consolidated Financial Statements included in Item 8 of this report for additional information.



### **Interest expense, net**

Interest expense for the year ended December 31, 2023 was \$30.0 million compared to \$34.6 million in the prior year due to lower debt outstanding.

Additionally, during the year ended December 31, 2023, in connection with the retirement of the 2014 Notes, we incurred debt retirement costs of \$3.1 million which included \$0.4 million related to the write off of unamortized debt costs along with the premium on debt redemption of \$2.7 million.

See Note 9, "Non-Operating Expense" of the Notes to the Consolidated Financial Statements included in Item 8 of this report for additional information.

### **Potential impairments**

We review from time-to-time possible dispositions or reorganization of various assets in light of current and anticipated economic and industry conditions, our strategic plan and other relevant factors. Because a determination to dispose or reorganize particular assets may require management to make assumptions regarding the transaction structure of the disposition or reorganization and to estimate the net sales proceeds, which may be less than previous estimates of undiscounted future net cash flows, we may be required to record impairment charges in connection with decisions to dispose of assets.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Overview**

Our principal sources of liquidity are existing cash, cash generated by our operations and our ability to borrow under such credit facilities as we may have in effect from time to time. At times, we may also issue equity, debt or hybrid securities or engage in other capital market transactions. Due to the competitive and cyclical nature of the markets in which we operate, there is uncertainty regarding the amount of cash flows we will generate during the next twelve months. However, we believe that our cash flows from operations, our cash on hand and our borrowing capacity under our Credit Agreements will be adequate to fund debt service requirements and provide cash to support our ongoing operations, capital expenditures and working capital needs for the next twelve months.

Our principal uses of liquidity are paying the costs and expenses associated with our operations, servicing outstanding indebtedness and making capital expenditures. We may also from time to time prepay or repurchase outstanding indebtedness or shares or acquire assets or businesses that are complementary to our operations. Any such prepayments, repurchases or acquisitions may be commenced, suspended, discontinued, or resumed, and the method or methods of effecting any such repurchases may be changed at any time or from time to time without prior notice.

### **Operating Activities**

During 2023, we generated \$190.7 million of cash from operations, as compared to \$150.2 million in 2022. This increase was driven by improved operating performance and changes in working capital. Accounts receivable and accounts payable agings have remained relatively consistent with balances as of December 31, 2022.

### **Investing Activities**

During 2023 we used \$73.7 million in cash for investing activities, as compared to \$33.5 million for capital expenditures. Included in accounts payable and accrued liabilities was \$13.0 million related to capital expenditures that had not yet been paid at December 31, 2023.

In 2024, we expect cash paid for capital expenditures to be approximately \$90 million to \$100 million.

### **Financing Activities**

Net cash flows used in financing activities were \$129.4 million for 2023 as compared to \$88.6 million for 2022. The increase was due to higher debt repayments in 2023 driven by improved operating results resulting in additional available cash to fund debt repayments. Additionally, we used \$17.9 million for common stock repurchases under our stock repurchase program during the year ended December 31, 2023.

### **Commitments**

As of December 31, 2023, we have purchase commitments of \$67.7 million, of which \$41.7 million is payable within 12 months, related to contracts with natural gas and electricity providers, contracts for the purchase of chemicals and pulp, and contracts associated with IT services that are legally binding on us and specify fixed or minimum quantities.

Additionally, we have \$48.2 million, all of which is payable within 12 months, in purchase commitments associated with capital expenditures.

### **Credit Agreements**

We are party to The Credit Agreement (as the same may be amended from time to time, the "PCA Credit Agreement") that consists of a revolving term loan commitment in the amount of \$270 million. We completed an initial draw of \$150 million during the fourth quarter of 2023. The obligations under the PCA Credit Agreement are secured by liens on substantially all of our personal property assets and each of our domestic subsidiaries that are guarantors of the PCA Credit Agreement. Borrowings under the PCA Credit Agreement are subject to mandatory prepayment in certain circumstances. We may, at our option, prepay and reborrow any borrowings under the PCA Credit Agreement, in whole or in part, at any time (or with respect to our initial \$150 million drawing, after the first year) and from time to time without premium or penalty (except in certain circumstances).

We are also party to an ABL Credit Agreement (as amended, the "ABL Credit Agreement," and together with the PCA Credit Agreement, the "Credit Agreements") that includes a \$275 million revolving loan commitment, subject to borrowing base limitations. Borrowings under the ABL Credit Agreement are subject to mandatory prepayment in certain circumstances. We may also increase commitments under the ABL Credit Agreement in an aggregate principal amount of up to \$100 million, subject to obtaining commitments from any participating lenders and certain other conditions. We may, at our option, prepay and reborrow any borrowings under the ABL Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except in certain circumstances).

Both Credit Agreements contain customary representations, warranties, and affirmative and negative covenants. The ABL Credit Agreement also contains a financial covenant, which requires us to maintain a consolidated fixed charge coverage ratio of not less than 1.10x to 1.00x, provided that the financial covenant under the ABL Credit Agreement is only applicable during an event of default or if availability, as calculated under the ABL Credit Agreement, is at any time less than or equal to the greater of (i) 10% of the Line Cap and (ii) \$19 million.

At December 31, 2023, we were in compliance with the covenants in the Credit Agreements, and based on our current financial projections, we expect to remain in compliance. However, if our financial position, results of operations or market conditions deteriorate, we may not be able to remain in compliance. There can be no assurance that we will be able to remain in compliance with the Credit Agreements. See Note 7, "Debt" to the Notes to Consolidated Financial Statements included in this report for additional information.

## ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

### Interest Rate Risk

Our exposure to market risk on financial instruments is limited to our ABL Credit Agreements. As of December 31, 2023, there was \$20.0 million outstanding under our ABL Credit Agreement. The interest rates applied to borrowings on our ABL Credit Agreement are adjusted often and therefore react quickly to any movement in the general trend of market interest rates.

### Foreign Currency Risk

We have minimal foreign currency exchange risk. Nearly all of our international sales are denominated in U.S. dollars.

## Quantitative Information about Market Risk

(In millions)	Expected Maturity Date						Total
	2024	2025	2026	2027	2028	Thereafter	
Long-term debt: <sup>1</sup>							
Fixed rate	\$ —	\$ —	\$ —	\$ —	\$ 425.0	\$ —	\$ 425.0
Revolving credit facility	\$ —	\$ —	\$ —	\$ 20.0	\$ —	\$ —	\$ 20.0
Average interest rate	— %	— %	— %	6.71 %	6.94 %	— %	6.86 %
Fair value at December 31, 2023							\$ 425.7

<sup>1</sup> Excludes finance lease liabilities.

## ITEM 8. Financial Statements and Supplementary Data

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors Clearwater Paper Corporation:

#### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Clearwater Paper Corporation and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 20, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

#### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Measurement of the pension benefit obligation*

As discussed in Notes 1 and 10 to the consolidated financial statements, the Company's pension benefit obligation was \$228.3 million as of December 31, 2023. The measurement of the pension benefit obligation is based on actuarial assumptions that require judgment, which includes the discount rate applied to the pension benefit obligation.

We identified the evaluation of the discount rate used in the measurement of the pension benefit obligation as a critical audit matter. Specialized skills and knowledge were required to evaluate the discount rate used to determine the pension benefit obligation. In addition, there was subjectivity and judgment in applying and evaluating results of the procedures due to the sensitivity of the pension benefit obligation to changes in the discount rate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design

and tested the operating effectiveness of certain controls over the Company's pension benefit process. This included a control related to the determination of the discount rate assumption. We considered the change in the discount rate from that used in the prior year, including consideration of the changes in the discount rate in light of published reports of actuarial experts. We involved an actuarial professional with specialized skills and knowledge, who assisted in evaluating the discount rate as determined using the hypothetical bond portfolio model through analyzing the bond selection criteria, the bond ratings, and the cash flow matching of the model.

/s/ KPMG LLP

We have served as the Company's auditor since 2007.

Seattle, Washington  
February 20, 2024

# CLEARWATER PAPER CORPORATION

## Consolidated Balance Sheets

(In millions, except share information)	December 31,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 42.0	\$ 53.7
Receivables, net of allowance for current expected credit losses of \$1.5 and \$1.4 at December 31, 2023 and 2022	184.5	188.8
Inventories, net	319.8	324.0
Other current assets	17.9	19.9
<b>Total current assets</b>	<b>564.1</b>	<b>586.3</b>
Property, plant and equipment, net	990.1	1,017.1
Other assets, net	117.6	100.1
<b>Total assets</b>	<b>\$ 1,671.8</b>	<b>\$ 1,703.5</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 0.8	\$ 0.9
Accounts payable and accrued liabilities	285.1	311.1
<b>Total current liabilities</b>	<b>286.0</b>	<b>312.0</b>
Long-term debt	462.3	564.9
Liability for pension and other postretirement employee benefits	55.7	58.2
Deferred tax liabilities and other long-term obligations	199.1	196.4
<b>Total liabilities</b>	<b>1,003.0</b>	<b>1,131.5</b>
Stockholders' equity:		
Preferred stock, par value \$0.0001 per share, 5,000,000 shares authorized, no shares issued	—	—
Common stock, par value \$0.0001 per share, 100,000,000 shares authorized, 16,484,550 and 16,761,869 shares issued	—	—
Additional paid-in capital	14.9	28.5
Retained earnings	684.5	576.8
Accumulated other comprehensive loss, net of tax	(30.7)	(33.3)
<b>Total stockholders' equity</b>	<b>668.8</b>	<b>572.1</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,671.8</b>	<b>\$ 1,703.5</b>

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

# CLEARWATER PAPER CORPORATION

## Consolidated Statements of Operations

(In millions, except per share data)	For The Years Ended December 31,		
	2023	2022	2021
Net sales	\$ 2,082.8	\$ 2,080.1	\$ 1,772.6
Costs and expenses:			
Cost of sales	1,752.0	1,823.4	1,590.0
Selling, general and administrative expenses	148.3	133.0	112.9
Other operating charges, net	5.3	9.7	57.7
Total operating costs and expenses	1,905.7	1,966.2	1,760.6
Income from operations	177.1	113.9	12.0
Interest expense, net	(30.0)	(34.6)	(36.4)
Debt retirement costs	(3.1)	(0.5)	(1.0)
Other non-operating (expense) income	0.1	(5.7)	(10.4)
Income (loss) before income taxes	144.2	73.1	(35.7)
Income tax provision (benefit)	36.4	27.0	(7.7)
Net income (loss)	\$ 107.7	\$ 46.0	\$ (28.1)
Net income (loss) per common share:			
Basic	\$ 6.39	\$ 2.71	\$ (1.67)
Diluted	\$ 6.30	\$ 2.68	\$ (1.67)
Average shares of common stock used to compute net income (loss) per share (in thousands):			
Basic	16,863	16,985	16,767
Diluted	17,091	17,181	16,767

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

# CLEARWATER PAPER CORPORATION

## Consolidated Statements of Comprehensive Income (Loss)

(In millions)	For The Years Ended December 31,		
	2023	2022	2021
Net income (loss)	\$ 107.7	\$ 46.0	\$ (28.1)
Other comprehensive income (loss), net of tax:			
Defined benefit pension and other postretirement employee benefits:			
Net gain arising during the period, net of tax of \$0.9, \$1.5 and \$1.4	2.8	4.7	4.0
Amortization of actuarial (gain) loss included in net periodic cost, net of tax of \$(0.1), \$1.6 and \$2.7	(0.2)	4.7	7.8
Other comprehensive income, net of tax	2.6	9.3	11.7
Comprehensive income (loss)	\$ 110.3	\$ 55.3	\$ (16.3)

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



# CLEARWATER PAPER CORPORATION

## Consolidated Statements of Cash Flows

(In millions)	For The Years Ended December 31,		
	2023	2022	2021
<b>Operating activities</b>			
Net income (loss)	\$ 107.7	\$ 46.0	\$ (28.1)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	98.6	103.3	105.0
Equity-based compensation expense	9.9	12.7	9.1
Deferred taxes	(14.9)	(7.9)	(9.7)
Defined benefit pension and other postretirement employee benefits	(2.0)	3.0	7.2
Amortization of deferred debt costs and debt retirement	4.4	2.0	2.8
Loss on sale or impairment associated with assets	2.1	6.1	35.7
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(1.3)	(16.9)	(5.3)
(Increase) decrease in inventories	4.0	(46.3)	(20.2)
(Increase) decrease in other current assets	0.8	(2.4)	(1.7)
Increase (decrease) in accounts payable and accrued liabilities	(21.3)	49.2	1.9
Other, net	2.6	1.5	(0.2)
Net cash flows provided by operating activities	190.7	150.2	96.4
<b>Investing activities</b>			
Additions to property, plant and equipment <sup>1</sup>	(73.7)	(33.5)	(38.4)
Net proceeds from divested assets	—	—	13.3
Net cash flows used in investing activities	(73.7)	(33.5)	(25.1)
<b>Financing activities</b>			
Borrowings on long-term debt	222.0	—	—
Repayments of long-term debt	(325.6)	(80.9)	(81.0)
Taxes paid related to net share settlement of equity awards	(4.7)	(2.5)	(1.7)
Repurchases of common stock	(17.9)	(5.0)	—
Payments for debt issuance costs	(3.1)	(0.9)	—
Other, net	—	0.8	0.7
Net cash flows used in financing activities	(129.4)	(88.6)	(82.0)
Increase (decrease) in cash, cash equivalents and restricted cash	(12.4)	28.2	(10.7)
Cash, cash equivalents and restricted cash at beginning of period	54.4	26.2	36.9
Cash, cash equivalents and restricted cash at end of period	\$ 42.0	\$ 54.4	\$ 26.2
<b>Supplemental disclosures of cash flow information</b>			
Cash paid for interest, net of amounts capitalized	\$ 37.8	\$ 33.0	\$ 36.0
Cash (received) paid for income taxes	\$ 16.6	\$ 43.0	\$ (7.7)

<sup>1</sup> Capital expenditures of \$13.0 million, \$15.7 million and \$11.0 million that have not been paid as of December 31, 2023, 2022 and 2021 were excluded from the Statement of Cash Flows.

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

# CLEARWATER PAPER CORPORATION

## Consolidated Statements of Stockholders' Equity

(In millions, except share amounts which are in thousands)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2020	16,572	\$ —	\$ 16.6	\$ 558.8	\$ (54.3)	\$ 521.1
Net loss	—	—	—	(28.1)	—	(28.1)
Stock-based compensation expense	—	—	8.0	—	—	8.0
Issuance of shares under stock plans, net	119	—	(1.1)	—	—	(1.1)
Pension and other postretirement employee benefits, net of tax of \$4.2	—	—	—	—	11.7	11.7
Balance at December 31, 2021	16,692	—	23.6	530.7	(42.6)	511.7
Net income	—	—	—	46.0	—	46.0
Stock-based compensation expense	—	—	11.7	—	—	11.7
Issuance of shares under stock plans, net	220	—	(1.8)	—	—	(1.8)
Pension and other postretirement employee benefits, net of tax of \$3.1	—	—	—	—	9.3	9.3
Repurchases of common stock	(150)	—	(5.0)	—	—	(5.0)
Balance at December 31, 2022	16,762	—	28.5	576.8	(33.3)	572.1
Net income	—	—	—	107.7	—	107.7
Stock-based compensation expense	—	—	9.0	—	—	9.0
Issuance of shares under stock plans, net	266	—	(4.7)	—	—	(4.7)
Pension and other postretirement employee benefits, net of tax of \$0.9	—	—	—	—	2.6	2.6
Repurchases of common stock	(543)	—	(17.9)	—	—	(17.9)
Balance at December 31, 2023	16,485	\$ —	\$ 14.9	\$ 684.5	\$ (30.7)	\$ 668.8

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

# CLEARWATER PAPER CORPORATION

## Notes to Consolidated Financial Statements

		PAGE NUMBER
NOTE 1	<a href="#">Summary of Significant Accounting Policies</a>	41
NOTE 2	<a href="#">Recently Adopted and New Accounting Standards</a>	45
NOTE 3	<a href="#">Fair Value Measurements</a>	45
NOTE 4	<a href="#">Leases</a>	45
NOTE 5	<a href="#">Goodwill and Intangible Assets</a>	47
NOTE 6	<a href="#">Income Taxes</a>	48
NOTE 7	<a href="#">Debt</a>	51
NOTE 8	<a href="#">Other Operating Charges, net</a>	53
NOTE 9	<a href="#">Non-Operating Expense</a>	54
NOTE 10	<a href="#">Retirement Plans and Postretirement Benefits</a>	54
NOTE 11	<a href="#">Accumulated Other Comprehensive Loss</a>	60
NOTE 12	<a href="#">Earnings per Share</a>	60
NOTE 13	<a href="#">Stockholders' Equity</a>	61
NOTE 14	<a href="#">Commitments and Contingencies</a>	62
NOTE 15	<a href="#">Segment Information</a>	63
NOTE 16	<a href="#">Subsequent Events</a>	65

## NOTE 1 Summary of Significant Accounting Policies

### NATURE OF OPERATIONS AND BASIS OF PRESENTATION

We are a premier supplier of bleached paperboard and consumer and parent roll tissue. We supply bleached paperboard to quality-conscious printers and packaging converters, and offer services that include custom sheeting, slitting and cutting. We supply private label tissue to major retailers, including grocery, club, mass merchants and discount stores.

Unless the context otherwise requires or unless otherwise indicated, references in this report to “Clearwater Paper Corporation,” “we,” “our,” “the Company” and “us” refer to Clearwater Paper Corporation and its subsidiaries. All dollar amounts are shown in millions, except share and per share amounts.

### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Actual results could differ from those estimates.

### PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial condition and results of operations of Clearwater Paper Corporation and its wholly-owned subsidiaries. All intercompany transactions and balances between operations within the Company have been eliminated. Certain amounts have been reclassified from prior year presentation for consistency.

### CASH, CASH EQUIVALENTS AND RESTRICTED CASH

We consider all highly liquid instruments with maturities of three months or less to be cash equivalents. Cash that is held by a third party and has restrictions on its availability to us is classified as restricted cash. The following table provides a reconciliation of cash and cash equivalents and restricted cash reported on the Consolidated Balance Sheets to the sum of those same amounts shown in our Consolidated Statements of Cash Flows.

	December 31,		
	2023	2022	2021
Cash and cash equivalents	\$ 42.0	\$ 53.7	\$ 25.2
Restricted cash included in Other current assets	—	0.7	—
Restricted cash included in Other assets, net	—	—	1.1
Total cash, cash equivalents and restricted cash	\$ 42.0	\$ 54.4	\$ 26.2

### ACCOUNTS RECEIVABLE

Receivables consist of:

	December 31,	
	2023	2022
Trade accounts receivable	\$ 173.8	\$ 167.6
Allowance for current expected credit losses	(1.5)	(1.4)
Unbilled receivables	4.1	9.1
Taxes receivable	4.8	10.6
Other	3.1	2.9
	\$ 184.5	\$ 188.8

## INVENTORIES

Our inventories are stated at the lower of net realizable value or current cost using the average cost method.

	December 31,	
	2023	2022
Logs, chips and sawdust	\$ 22.1	\$ 23.6
Pulp	16.8	16.8
Paperboard and tissue products	156.8	171.9
Materials and supplies	124.1	111.7
	<u>\$ 319.8</u>	<u>\$ 324.0</u>

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, including assets acquired under finance lease obligations, and any interest costs capitalized, less accumulated depreciation. Depreciation of buildings, equipment and other depreciable assets is determined using the straight-line method. Estimated useful lives generally range from 10 to 40 years for land improvements, 10 to 40 years for buildings and improvements and 2 to 25 years for machinery and equipment (includes office and other equipment).

	December 31,	
	2023	2022
Land and land improvements	\$ 106.0	\$ 106.1
Buildings and improvements	461.0	456.8
Machinery and equipment	2,359.9	2,346.5
Construction in progress	53.0	23.9
	<u>2,979.8</u>	<u>2,933.4</u>
Less accumulated depreciation and amortization	(1,989.7)	(1,916.3)
Property, plant and equipment, net	<u>\$ 990.1</u>	<u>\$ 1,017.1</u>

At December 31, 2023 and 2022, included within property, plant and equipment, net were finance leases of \$29.9 million and \$31.8 million and associated accumulated depreciation amounts of \$16.2 million and \$16.4 million.

Depreciation expense totaled \$96.4 million, \$101.1 million and \$102.0 million for the years ended December 31, 2023, 2022 and 2021.

## PLANNED MAINTENANCE

We recognize the cost of repair and maintenance activities in the period in which the activity is performed or goods are consumed under the direct expense method. We perform planned maintenance activities at our facilities periodically and associated expenses are included in cost of sales.

## LEASES

Operating lease right-of-use (ROU) assets and liabilities are recognized at the commencement date of a lease based on the present value of lease payments over the lease term. Our leases may include options to extend or terminate the lease. These options to extend are included in the lease term when it is reasonably certain that we will exercise that option. Some leases have variable payments: however, because they are not based on an index or rate, they are not included in the ROU assets and liabilities. Variable payments for real estate leases primarily relate to common area maintenance, insurance, taxes and utilities. Variable payments for equipment, vehicles, and leases within supply agreements primarily relate to usage, repairs and maintenance. As the implicit rate is not readily determinable for most of our leases, we apply a portfolio approach using an estimated incremental borrowing rate to determine the initial present value of lease payments over the lease terms on a collateralized basis over a similar term, which is based on market and company specific information. We use our unsecured borrowing rate and risk-adjust that rate to approximate a collateralized rate. Leases having a lease term of twelve months or less are not recorded on the balance sheet and the related lease expense is recognized on a straight-line basis over the term of the lease. In addition, we have applied the practical expedient to

account for the lease and non-lease components as a single lease component for all of our leases. See Note 4, "Leases" for further information.

#### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31,	
	2023	2022
Trade payables	\$ 163.9	\$ 213.0
Accrued compensation	39.0	41.9
Operating lease liabilities	15.4	12.0
Other	66.9	44.2
	\$ 285.1	\$ 311.1

Included in accounts payable and other accrued liabilities is \$13.0 million and \$15.7 million related to capital expenditures that had not yet been paid as of December 31, 2023 and as of December 31, 2022.

We maintain a program with a financial institution to provide our vendors with an option to receive payments earlier than our standard payment terms. Vendors receive payments directly from the financial institution. We are obligated to repay the financial institution in the next billing cycle which is generally 35 to 60 days later than payment to the supplier. As of December 31, 2023 and December 31, 2022, \$14.7 million and \$14.5 million of outstanding obligations under this program were included in other accrued liabilities in the Consolidated Balance Sheets.

#### RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

We are required to use actuarial methods and assumptions in the valuation of defined benefit obligations and other postretirement obligations and the determination of expense. Differences between actual and expected results or changes in the values of the obligations and plan assets are not recognized in earnings as they occur but, rather, systematically and gradually over subsequent periods.

See Note 10, "Retirement Plans and Postretirement Benefits" for further information.

#### INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in our consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, we reassess these probabilities and record any changes in the consolidated financial statements as appropriate.

See Note 6, "Income Taxes" for further information.

#### REVENUE RECOGNITION

We enter into contracts that can include various combinations of tissue and paperboard products, which are generally distinct and accounted for as separate performance obligations.

Generally, revenue is recognized at a point in time upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Transfer of control typically occurs when the title and risk of loss passes to the customer. Shipping terms generally indicate when title and the risk of loss have passed, usually this is upon receipt at our customer's destination. We have elected to treat shipping and handling costs as a fulfillment cost. We expense incremental direct costs of obtaining a contract (sales commissions) when incurred because the amortization period is generally 12 months or less. We maintain consignment inventory at a limited number of customer locations. For consigned inventory, we recognize revenue upon transfer of

control, which is often in advance of invoicing the customer. These amounts are classified as unbilled receivables in the above detail of accounts receivable.

We provide for trade promotions, customer cash discounts and other deductions, which are considered variable consideration and recorded as a reduction of net sales. Returns and credits are estimated at contract inception and updated at the end of each reporting period as additional information becomes available. Revenue, net of returns and credits, is only recognized to the extent that it is probable that a significant reversal of any incremental revenue will not occur. Judgment associated with forecasted volumes is required to determine the most probable amount of variable consideration to apply as a reduction to net sales. As of December 31, 2023 and 2022, we had \$5.9 million and \$6.3 million accrued as customer rebates. Revenue is recognized net of any taxes collected from customers.

See Note 15, "Segment Information" for further information, including the disaggregation of revenue by segment, primary geographical market, and major product type.

#### **OTHER OPERATING CHARGES, NET**

We classify significant amounts unrelated to ongoing core operating activities as "Other operating charges, net" in the Consolidated Statements of Operations. Such items include, but are not limited to, amounts related to facility closures and related gain (loss) on sale and impairment, restructuring charges (including severance charges), charges to establish and maintain litigation or environmental reserves, gains or losses from settlements with governmental or other organizations and cash settled equity-based compensation to our directors. Due to the nature of these items, amounts in the statement of operations can fluctuate from year to year. The determination of which items are considered significant and unrelated to core operations is based upon management's judgment.

See Note 8, "Other Operating Charges, net" for a discussion of specific amounts in 2023, 2022 and 2021.

#### **ACCOUNTS RECEIVABLE ARRANGEMENT**

During 2019, we entered into an uncommitted supply-chain financing program with a global financial institution under which a specific customer's trade accounts receivable may be acquired, without recourse, by the institution at a discounted rate. Available capacity under this program is dependent on the level of our trade accounts receivable with this customer and the financial institution's willingness to purchase such receivables. We have no servicing responsibilities under this agreement. This agreement allows us to obtain payment more quickly than under the contractual terms of sale to this customer.

Receivables sold are de-recognized from our Consolidated Balance Sheets. For the years ended December 31, 2023 and 2022, we sold \$257.5 million and \$216.1 million of receivables. The proceeds from these sales of receivables are included within operating activities in our Consolidated Statements of Cash Flows. For the years ended December 31, 2023, 2022, and 2021 factoring expense on the sale of receivables was \$3.7 million, \$1.8 million, and \$0.9 million and was included in selling, general and administrative expenses in our Consolidated Statements of Operations.

#### **ENVIRONMENTAL AND ASSET RETIREMENT OBLIGATIONS**

We estimate our environmental and asset retirement obligations based on various assumptions and judgments, the specific nature of which varies in light of the particular facts and circumstances surrounding each liability. These estimates typically reflect assumptions and judgments as to the probable nature, magnitude and timing of required investigation, remediation and monitoring activities and the probable cost of these activities. We have accrued only for specific costs related to environmental matters that we have determined are probable and for which an amount can be reasonably estimated. For asset retirement obligations, the liability is accreted to its settlement value and, where appropriate, the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, we recognize a gain or loss for any difference between the settlement amount and the liability recorded. Our asset retirement obligation is included in "Deferred tax liabilities and other long-term obligations" in the Consolidated Balance Sheets. Our asset retirement obligation reflects the estimated present value of our obligations for capping, closure and post closure cost with respect to landfills, asbestos remediation and other ongoing environmental monitoring. The following

table represents the activity associated with our asset retirement obligations.

	For The Years Ended December 31,	
	2023	2022
Beginning balance	\$ 1.9	\$ 2.0
Accretion expense	0.1	—
Payments made	(0.1)	(0.1)
Ending balance	\$ 2.0	\$ 1.9

## NOTE 2 Recently Adopted and New Accounting Standards

### RECENTLY ADOPTED

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50)*. This standard requires disclosure of the key terms of outstanding supplier finance programs and a roll forward of the related obligations. The new standard does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. The ASU became effective January 1, 2023, except for the roll forward requirement, which becomes effective January 1, 2024. This ASU, except for the roll forward requirement, was adopted retrospectively as of January 1, 2023 and did not have a material impact on our consolidated financial statements other than expanded disclosures.

### NEW ACCOUNTING STANDARDS

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes—Improvements to Income Tax Disclosures (Topic 740)*, which requires enhanced disclosures primarily related to the rate reconciliation and disaggregation of income taxes paid. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact this new standard will have on our consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting—Improvements to Reportable Segment Disclosures (Topic 280)*. This standard requires enhanced disclosures of segment expenses as well as additional information provided to the Chief Operating Decision Maker. This ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The amendments in this ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. We are currently evaluating the impact this new standard will have on our consolidated financial statements.

## NOTE 3 Fair Value Measurements

Fair value measurements and disclosures requirements establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs, the highest priority, are quoted prices in active markets for identical assets or liabilities. Level 2 inputs reflect other than quoted prices included in level 1 that are either observable directly or through corroboration with observable market data. Level 3 inputs are unobservable inputs due to little or no market activity for the asset or liability, such as internally-developed valuation models.

Carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, restricted cash, receivables and accounts payable approximate fair value due to the short-term maturity of these instruments. See discussion on fair market values for long-term debt included within Note 7, "Debt."

We review the carrying values of goodwill and long-lived assets to be held and used for impairment wherever events or changes in circumstances indicate possible impairment. An impairment loss is recognized when a long-lived asset's carrying value is not recoverable and exceeds estimated fair value. See Note 5, "Goodwill and Intangible Assets" for discussion of fair market values for goodwill.

## NOTE 4 Leases

We have operating leases for manufacturing, office, warehouse, equipment and vehicles. Our leases have remaining lease terms from less than one to twelve years, and some of our leases include one or more options to renew.



## COMPONENTS OF LEASE EXPENSE

	For The Years Ended December 31,		
	2023	2022	2021
Operating lease costs	\$ 19.3	\$ 17.4	\$ 16.6
Finance lease costs:			
Amortization of ROU assets	1.3	1.3	1.8
Interest on lease liabilities	2.0	2.1	1.7
Total finance lease costs	3.3	3.3	3.5
Variable lease costs	2.1	1.8	1.7
Total lease costs	\$ 24.7	\$ 22.5	\$ 21.8

## SUPPLEMENTAL BALANCE SHEET INFORMATION

Balance Sheet Caption	December 31,		
	2023	2022	
<b>Lease ROU assets</b>			
Operating lease assets	Other assets, net	\$ 60.2	\$ 43.3
Finance lease assets, net	Property, plant and equipment, net	\$ 13.7	\$ 15.4
<b>Lease Liabilities</b>			
Current operating lease liabilities	Accounts payable and accrued liabilities	\$ 15.4	\$ 12.0
Current finance lease liabilities	Current portion of long-term debt	\$ 0.8	\$ 0.9
Non-current operating lease liabilities	Deferred tax liabilities and other long-term obligations	\$ 48.7	\$ 35.9
Non-current finance lease liabilities	Long-term debt	\$ 22.4	\$ 23.3
Total operating lease liabilities		\$ 64.1	\$ 47.9
Total finance lease liabilities		\$ 23.3	\$ 24.2

## LEASE TERM AND DISCOUNT RATE

	December 31,	
	2023	2022
Weighted average remaining lease term (years)		
Operating leases	4.3	4.9
Finance leases	12.4	13.3
Weighted average discount rate		
Operating leases	5.7 %	4.8 %
Finance leases	8.5 %	8.5 %

## SUPPLEMENTAL CASH FLOW INFORMATION

	For The Years Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	\$ 19.6	\$ 19.7	\$ 18.8
Operating cash flows from finance leases	2.0	2.1	1.6
Financing cash flows from finance leases	0.9	1.1	1.7
Non-cash amounts for lease liabilities arising from obtaining ROU assets:			
Operating leases	\$ 32.7	\$ 6.4	\$ 5.0
Finance leases	—	4.2	—

## MATURITY OF LEASE LIABILITIES

As of December 31, 2023, our future maturities of lease liabilities were as follows:

	Operating	Finance
2024	\$ 18.5	\$ 2.8
2025	17.2	2.8
2026	14.3	2.9
2027	12.8	2.9
2028	7.8	3.0
Thereafter	1.6	24.0
Total lease payments	72.2	38.3
Less imputed interest	(8.1)	(15.0)
Present value of lease liabilities	\$ 64.1	\$ 23.3

## NOTE 5 Goodwill and Intangible Assets

Changes in the carrying amounts of goodwill and intangible assets allocated to each segment were as follows:

	Pulp and Paperboard		Total
	Goodwill	Intangibles	
Balance as of December 31, 2021	\$ 35.1	\$ 10.8	\$ 45.9
Amortization	—	(2.2)	(2.2)
Balance as of December 31, 2022	35.1	8.6	43.6
Amortization	—	(2.1)	(2.1)
Balance as of December 31, 2023	\$ 35.1	\$ 6.4	\$ 41.5

For all periods presented in the table above, the Consumer Products segment had no goodwill or intangible assets with a net book value. The above balances are included in "Other assets, net" on the Consolidated Balance Sheets.

As of December 31, 2023, intangible assets consisted of \$6.4 million customer relationships. As of December 31, 2022, intangible assets consisted of \$8.6 million of customer relationships. Outstanding definite-lived intangible assets are amortized over their useful lives of 10 years.

We annually evaluate goodwill for possible impairment as of November 1 with additional interim evaluation performed when management believes that it is more likely than not that events or circumstances have occurred that would result in the impairment of a reporting unit's goodwill. We evaluate our intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The gross book value and accumulated amortization of definite lived intangible assets at December 31, 2023 was \$34.9 million and \$28.4 million. The gross book value and accumulated amortization of definite lived intangible assets at December 31, 2022 was \$34.9 million and \$26.3 million.

As of December 31, 2023, estimated future amortization expense related to intangible assets is as follows:

	Amount
2024	\$ 2.1
2025	2.1
2026	2.1
2027	—
2028	—
Total	<u>\$ 6.4</u>

## NOTE 6 Income Taxes

### INCOME TAX PROVISION (BENEFIT)

The components of income tax provision (benefit) is comprised of the following:

	For The Years Ended December 31,		
	2023	2022	2021
Current			
Federal	\$ 42.8	\$ 31.2	\$ 1.3
State	8.5	3.8	0.7
Total current	<u>51.3</u>	<u>34.9</u>	<u>2.0</u>
Deferred			
Federal	(13.1)	(7.6)	(8.8)
State	(1.8)	(0.3)	(0.9)
Total deferred	<u>(14.9)</u>	<u>(7.9)</u>	<u>(9.7)</u>
Income tax provision (benefit)	<u>\$ 36.4</u>	<u>\$ 27.0</u>	<u>\$ (7.7)</u>

The income tax provision (benefit) differs from the amount computed by applying the statutory federal income tax rate to income (loss) before income taxes due to the following:

	For The Years Ended December 31,					
	2023	%	2022	%	2021	%
Tax at the statutory rate	30.3	21.0 %	15.3	21.0 %	(7.5)	21.0 %
State and local taxes, net of federal income tax impact	5.8	4.0 %	2.4	3.3 %	0.2	(0.5)%
Adjustment for state deferred tax rate <sup>1</sup>	(0.8)	(0.6)%	(5.7)	(7.8)%	(0.4)	1.2 %
Federal credits <sup>2</sup>	(1.3)	(0.9)%	7.4	10.1 %	0.1	(0.2)%
Uncertain tax positions	2.2	1.5 %	(0.6)	(0.8)%	(0.2)	0.5 %
Worthless stock deduction	(10.5)	(7.3)%	(68.4)	(93.6)%	—	— %
Uncertain tax position - worthless stock deduction	10.5	7.3 %	68.4	93.6 %	—	— %
Non-deductible expenses	1.3	0.9 %	1.6	2.2 %	0.2	(0.6)%
Change in valuation allowances <sup>1</sup>	(0.1)	(0.1)%	5.9	8.1 %	—	0.1 %
Other, net	(1.0)	(0.7)%	0.6	0.8 %	(0.1)	0.2 %
Income tax provision (benefit)	<u>36.4</u>	<u>25.3 %</u>	<u>27.0</u>	<u>37.0 %</u>	<u>(7.7)</u>	<u>21.6 %</u>

<sup>1</sup> In 2022, Idaho revised their state income tax rate. Given our expected utilization, we recorded an offset to our valuation allowances for the amount of this reduction.

<sup>2</sup> In 2022, we adjusted our tax positions under audit related to the disallowance of a previously taken federal tax credits

based upon interpretation of the law.

## DEFERRED TAXES

The tax effects of significant temporary differences creating deferred tax assets and liabilities at December 31 were:

	2023	2022
Deferred tax assets:		
Employee benefits	\$ 3.6	\$ 3.2
Postretirement employee benefits	13.1	12.9
Incentive compensation	3.7	3.5
Inventories	1.2	2.2
Pensions	—	0.9
Federal and state credit carryforwards	10.6	10.1
Federal and state net operating losses	1.3	3.3
Operating leases	16.0	12.0
Capitalized research credits	8.0	2.7
Total deferred tax assets	57.5	50.8
Valuation allowance	(9.0)	(10.8)
Deferred tax assets, net of valuation allowance	48.4	40.0
Deferred tax liabilities:		
Property, plant and equipment, net	(158.3)	(168.3)
Operating leases	(15.0)	(10.8)
Pensions	(0.5)	—
Intangible assets, net	(1.3)	(1.8)
Other	(1.4)	(1.2)
Total deferred tax liabilities	(176.5)	(182.1)
Net deferred tax liabilities	\$ (128.1)	\$ (142.1)

Net deferred tax assets (liabilities) consist of:

	December 31,	
	2023	2022
Non-current deferred tax assets <sup>1</sup>	\$ 0.8	\$ 0.6
Non-current deferred tax liabilities	(128.9)	(142.7)
Net deferred tax liabilities	\$ (128.1)	\$ (142.1)

<sup>1</sup> Included in "Other assets, net" on our accompanying December 31, 2023 and 2022 Consolidated Balance Sheets.

We have tax benefits associated with state jurisdictions totaling \$2.9 million which expire between 2024 and 2042.

## UNCERTAIN TAX POSITIONS

The following table provides a roll forward of our unrecognized tax benefits.

	For The Years Ended December 31,		
	2023	2022	2021
Beginning balance	\$ 70.4	\$ 5.9	\$ 6.4
Increases:			
Tax position taken in current year	0.4	68.6	0.2
Tax position taken in prior years	10.4	(0.1)	(0.7)
Decreases:			
Settlements during the year	(0.3)	(3.1)	—
Lapse of statutes in current year	—	(0.9)	—
Ending balance	\$ 80.9	\$ 70.4	\$ 5.9

During 2022, we ceased operations in our wholly owned subsidiary, Cellu Tissue Holdings, Inc. and recorded a \$68.4 million reserve for an estimated uncertain tax position relating to a worthless stock deduction for our investment which represented a full reserve of the tax effects of that position. During 2023, an additional \$10.4 million was recorded as a reserve for uncertain tax positions relating to state income tax effects of the worthless stock deduction. During the year ended December 31, 2023, we filed our U.S. 2022 tax return reflecting this position and requested a tax refund which was generated primarily due to the worthless stock deduction. Prior to December 31, 2023, we received this refund. Given the continued uncertainty of sustaining this position on the worthless stock deduction, we did not recognize the benefit and continue to record as an uncertain tax position. We have requested a ruling from the IRS in connection with the worthless stock deduction and expect a determination in 2024.

As of December 31, 2023, the unrecognized tax benefits of \$80.9 million were reflected in our Consolidated Balance sheets as a reduction to taxes receivable of \$35.0 million (included in Receivables, net), a reduction to deferred tax assets (included in Other assets, net) of \$17.9 million, "Accounts Payable and accrued liabilities" of \$26.0 million and "Deferred tax liabilities and other long-term obligations" of \$2.0 million. As of December 31, 2022, the unrecognized tax benefits of \$70.4 million were reflected in our Consolidated Balance sheets as a reduction to taxes receivable of \$26.0 million (included in Receivables, net), a reduction to deferred tax assets (included in Other assets, net) of \$43.1 million, and "Deferred tax liabilities and other long-term obligations" of \$1.3 million.

Unrecognized tax benefits as of December 31, 2023, if recognized, would have favorably impacted our effective tax rate by decreasing our tax provision by \$80.9 million. We reflect accrued interest related to tax obligations, as well as penalties, in our provision for income taxes. For the year ended December 31, 2023, we accrued interest of \$1.5 million and penalties of \$0.2 million. For the years ended December 31, 2022 and 2021, we accrued interest of less than \$0.4 million each year in our income tax provision and no penalties in our income tax provision.

We have operations in many states within the U.S. and are subject, at times, to tax audits in these jurisdictions. During 2022, we effectively settled federal tax years 2015 through 2019, however such years remain subject to exam until the U.S. federal exam is formally closed. With a few exceptions, we are no longer subject to state and local tax examination for years prior to 2018.

## NOTE 7 Debt

Long-term debt at the balance sheet dates consisted of:

	Interest Rate at December 31, 2023	December 31, 2023			December 31, 2022		
		Principal	Unamortized Debt Costs	Total	Principal	Unamortized Debt Costs	Total
Term loan credit agreement maturing 2028, fixed interest rate	9.1%	\$ 150.0	\$ (2.8)	\$ 147.2	\$ —	\$ —	\$ —
2014 Notes, maturing 2025, fixed interest rate	—%	—	—	—	270.0	(0.5)	269.5
2020 Notes, maturing 2028, fixed interest rate	4.8%	275.0	(2.4)	272.6	275.0	(2.9)	272.1
ABL Credit Agreement, variable interest rates	6.7%	20.0	—	20.0	—	—	—
Finance leases		23.3	—	23.3	24.2	—	24.2
Total debt		468.3	(5.1)	463.1	569.2	(3.4)	565.8
Less: current portion		(0.8)	—	(0.8)	(0.9)	—	(0.9)
Net long-term portion		\$ 467.4	\$ (5.1)	\$ 462.3	\$ 568.3	\$ (3.4)	\$ 564.9

During 2023, we redeemed the 2014 Notes in full. This redemption resulted in a loss on early debt extinguishment of \$3.1 million consisting of \$0.4 million related to the write off of unamortized debt costs along with the premium on debt redemption of \$2.7 million.

Deferred debt costs are amortized over the life of the related debt using a straight-line basis which approximates the effective interest method. Deferred debt costs associated with our current line of credit is recorded within "Other assets, net" on our Consolidated Balance Sheets.

The fair value of our debt as of December 31 is included in the following table:

	2023	2022
Term loan credit agreement, maturing 2028, fixed interest rate	\$ 150.6	\$ —
Revolving credit facility, maturing 2027, variable interest rate	20.0	—
2014 Notes, maturing 2025, fixed interest rate	—	263.1
2020 Notes, maturing 2028, fixed interest rate	255.1	241.2
	\$ 425.7	\$ 504.3

### TERM LOAN CREDIT AGREEMENT

On October 27, 2023, we entered into the PCA Credit Agreement with the lenders party thereto and AgWest Farm Credit, PCA, as administrative agent. The PCA Credit Agreement consists of a revolving term loan commitment of \$270 million, \$150 million of which was advanced at closing. This advance, along with a \$60 million draw on the ABL Credit Agreement and cash on hand was used to redeem the 2014 Notes and discharge our obligations in full. The Commitment under the PCA Credit Agreement is subject to an annual reduction of 2% of the commitments then in effect. The PCA Credit Agreement matures on the earlier of October 27, 2028, subject to springing maturity 91 days prior to the maturity of the 2020 Notes, if the outstanding principal amount of the 2020 Notes plus \$50 million is less than our available borrowing liquidity and unrestricted cash.

We may prepay and reborrow any borrowings under the PCA Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except for the initial \$150 million borrowing which may not be prepaid for one year and in certain other circumstances). In addition, we must make mandatory prepayments of principal under the PCA Credit Agreement upon the occurrence of certain asset sales. The PCA Credit Agreement contains certain customary representations, warranties, and affirmative and negative covenants of the Company. At December 31, 2023,

we were in compliance with the PCA Credit Agreement.

Under the PCA Credit Agreement, loans generally may bear interest based on SOFR or the administrative agent's fixed rate, as applicable, plus, in each case, an applicable margin of 3.65% per annum. In the case of the initial \$150 million borrowing, the Company has selected a one-year fixed rate loan that will bear interest at an all-in interest rate of 9.1%. We may receive patronage dividends under the PCA Credit Agreement. Patronage dividends are distributions of profits from banks in the farm credit system. Patronage dividends, which are generally made in cash, are accrued as earned and recorded as a reduction to interest expense.

The PCA Credit Agreement contains certain customary representations, warranties, and affirmative and negative covenants of us and our subsidiaries that restrict us and our subsidiaries' ability to take certain actions, including, incurrence of indebtedness, creation of liens, mergers or consolidations, dispositions of assets, repurchase or redemption of capital stock and certain types of indebtedness, making certain investments, entering into certain transactions with affiliates or changing the nature of our business.

#### **ABL CREDIT AGREEMENT**

Our ABL Credit Agreement matures on November 7, 2027 and includes a \$275 million revolving loan commitment, subject to borrowing base limitations based on a percentage of applicable eligible receivables and eligible inventory. Based upon our Consolidated Balance Sheets as of December 31, 2023, our eligible receivables and inventory supported up to \$259 million availability under the line of which \$20 million was outstanding and \$3.7 million was utilized to issue letters of credit. We may, at our option, prepay any borrowings under the ABL Credit Agreement, in whole or in part, at any time and from time to time without premium or penalty (except in certain circumstances). Borrowings under the ABL Credit Agreement are also subject to mandatory prepayment in certain circumstances, including in the event that borrowings exceed applicable borrowing base limits. We may also increase commitments under the ABL Credit Agreement in an aggregate principal amount of up to \$100 million, subject to obtaining commitments from any participating lenders and certain other conditions.

Under the ABL Credit Agreement, loans may bear interest based on SOFR (secured overnight financing rate) or an annual base rate, as applicable, plus, in each case, an applicable margin that is based on availability, as calculated under the ABL Credit Agreement that may vary from 1.25% per annum to 1.75% per annum in the case of SOFR loans and 0.25% per annum to 0.75% per annum in the case of annual base rate loans. In addition, a commitment fee based on unused availability is also payable which may vary from 0.25% per annum to 0.375% per annum.

The ABL Credit Agreement contains certain customary representations, warranties, and affirmative and negative covenants of us and our subsidiaries that restrict us and our subsidiaries' ability to take certain actions, including, incurrence of indebtedness, creation of liens, mergers or consolidations, dispositions of assets, repurchase or redemption of capital stock and certain types of indebtedness, making certain investments, entering into certain transactions with affiliates or changing the nature of our business. The agreement also contains a financial covenant, which requires us to maintain a consolidated fixed charge coverage ratio of not less than 1.10x to 1.00x, provided that the financial covenant under the ABL Credit Agreement is only applicable during an event of default or if availability, as calculated under the ABL Credit Agreement, is at any time less than or equal to the greater of (i) 10% of the Line Cap and (ii) \$19 million. As of December 31, 2023, our fixed charge coverage ratio was approximately 3.85x. Our ability to utilize our ABL Credit Agreement could be limited in the future by our bond indenture which have limitations on liens.

#### **2020 NOTES**

In 2020, we issued \$275 million aggregate principal amount of senior notes (2020 Notes) due August 15, 2028 with an interest rate of 4.75%.

The 2020 Notes are unsecured and effectively subordinated to all of the Company's existing and future secured debt, including borrowings under its existing credit facilities. The 2020 Notes are guaranteed on an unsecured basis by each of the Company's existing direct and indirect domestic subsidiaries, and will be guaranteed by each of the Company's future direct and indirect domestic subsidiaries, subject to certain exceptions. If the Company is unable to make payments on the 2020 Notes when they are due, each Guarantor is obligated to make such payments.

The Indenture contains covenants that, among other things, limit our ability and the ability of any of our subsidiaries to (i) enter into sale leaseback transactions, (ii) incur liens and (iii) consolidate, merge or sell all or substantially all of our assets. In addition, the Indenture requires, among other things, we provide certain reports to holders of the 2020 Notes. These covenants are subject to a number of exceptions, limitations and qualifications as set forth in the Indenture.

We may redeem all or a portion of the 2020 Notes at specified redemption prices plus accrued and unpaid interest. In addition, we may be required to make an offer to purchase the 2020 Notes upon the sale of certain assets and upon a change in control.

## 2014 NOTES

In 2014, we issued \$300 million aggregate principal amount of senior notes (2014 Notes), due February 1, 2025, with an interest rate of 5.375%. As of December 31, 2023, these notes have been fully extinguished.

## SCHEDULED PAYMENTS

As of December 31, 2023, our future maturities of long term debt over the next five years are \$20 million due in 2027 and \$425 million due 2028.

## NOTE 8 Other Operating Charges, net

The major components of "Other operating charges, net" in the Consolidated Statements of Operations are:

	Years Ended December 31,		
	2023	2022	2021
Costs associated with mill closure	\$ —	\$ 0.4	\$ 50.0
Reorganization and other expenses	1.8	1.6	8.4
Miscellaneous environmental accruals	—	—	(1.8)
Impairment of equipment	2.1	6.1	—
Directors' equity-based compensation expense	0.9	0.9	1.1
Other	0.4	0.7	—
	<u>\$ 5.3</u>	<u>\$ 9.7</u>	<u>\$ 57.7</u>

## 2023

During 2023, we recorded \$5.3 million of expense in "Other operating charges, net". The main components of the expense include:

- expense of \$1.8 million related to reorganization and other expenses including consulting and legal fees associated with our efforts to achieve long-term performance improvements,
- loss of \$2.1 million associated with the impairment of equipment and related spare parts no longer being used; and
- expense of \$0.9 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

## 2022

During 2022, we recorded a \$9.7 million net loss in "Other operating charges, net". The components of the net loss include:

- expense of \$0.4 million associated with mill closure costs,
- loss of \$6.1 million associated with the impairment of fixed assets,
- expenses of \$1.6 million related to reorganization and other expenses including consulting fees associated with our efforts to achieve long-term performance improvements, and
- expense of \$0.9 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.



## 2021

During 2021, we recorded a \$57.7 million net loss in "Other operating charges, net". The components of the net loss include:

- expense of \$50.0 million associated with mill closure, and subsequent sale of land, building and related equipment, including \$37.2 million associated with the impairment of fixed assets and certain inventory and \$12.8 million associated with severance and other related closure costs,
- expenses of \$8.4 million related to reorganization and other expenses including consulting fees associated with our efforts to achieve long-term performance improvements,
- gain of \$1.8 million associated with the release of asset retirement obligations attributable to divested assets, and
- expense of \$1.1 million relating to directors' equity-based compensation which is remeasured each period based upon changes in our stock price.

## NOTE 9 Non-Operating Expense

The major components of "Non-operating expense" in the Consolidated Statements of Operations are:

	Years Ended December 31,		
	2023	2022	2021
Interest expense	\$ (31.9)	\$ (34.3)	\$ (35.5)
Capitalized interest	0.8	0.2	0.3
Amortization of debt issuance costs	(1.3)	(1.5)	(1.8)
Interest income	2.4	1.0	0.6
Interest expense, net	(30.0)	(34.6)	(36.4)
Debt retirement costs	(3.1)	(0.5)	(1.0)
Non-operating pension and other postretirement employee benefits expense (income)	0.1	(5.7)	(10.4)
Total non-operating expense	\$ (33.0)	\$ (40.9)	\$ (47.7)

## NOTE 10 Retirement Plans and Postretirement Benefits

Certain of our employees are eligible to participate in defined contribution savings and defined benefit postretirement plans. These include 401(k) savings plans, defined benefit pension plans including company-sponsored and multiemployer plans, and other postretirement employee benefit (OPEB) plans.

### 401(k) Savings Plans

Substantially all of our employees are eligible to participate in 401(k) savings plans, which include a company match component. As of December 31, 2023 our contributions may be up to 7.7% for U.S. salaried and non-union hourly employees, consisting of a match of up to 4.2% of allowable contributions and an automatic employer contribution of 3.5%. Contributions associated with our union employees are based upon negotiated agreements. In 2023, 2022 and 2021, we recorded expense of \$16.7 million, \$15.7 million, and \$16.4 million related to employer contributions to the 401(k) plans.

### Company-Sponsored Defined Benefit Pension and OPEB Plans

A portion of our salaried and hourly employees are covered by company-sponsored noncontributory defined benefit pension plans. We provide retiree health care and life insurance plans, which cover certain salaried and hourly employees. Retiree health care benefits for Medicare eligible participants over the age of 65 are provided through Health Reimbursement Accounts, or HRA's. Benefits for retirees under the age of 65 are provided under our company-sponsored health care plans, which require retiree contributions and contain other cost-sharing features. The retiree life insurance plans are primarily noncontributory.

We also maintain a Salaried Supplemental Benefit Plan, an unfunded, non-qualified defined benefit plan intended to provide supplemental retirement benefits to certain executives. Benefits in the Salaried Supplemental Benefit Plan are generally provided to restore benefits or company contributions that are reduced under the company sponsored qualified plans due to the limits of Section 401(a)(17) or 415 of the Code. The plan is composed of a defined benefit portion and a defined contribution portion. The defined benefit portion of the plan was frozen on December 31, 2011 (the date on which all benefit accruals under the Salaried Retirement Plan were frozen) and as of December 31, 2023, we had two active employees under this portion. We paid benefits of \$0.5 million associated with the defined benefit portion of the plan in 2023. The defined contribution portion of this liability totaled \$2.3 million and \$1.6 million at December 31, 2023 and 2022. The current and long-term portions of the liability are included in "Accounts payable and accrued liabilities" and "Deferred tax liabilities and other long-term obligations" on our Consolidated Balance Sheets. The defined benefit portion is included in the pension benefit plans tables below.

### Pension and Other Postretirement Employee Benefit Plans

The following table shows the changes in the benefit obligation, plan assets and funded status for 2023 and 2022 for both the pension benefit plans and the other postretirement employee benefit plans.

	Pension Benefit Plans		Other Postretirement Employee Benefit Plans	
	2023	2022	2023	2022
Change in projected benefit obligation:				
Benefit obligation at beginning of year	\$ 234.7	\$ 310.1	\$ 52.2	\$ 71.9
Service cost	3.5	2.2	0.2	0.3
Interest cost	12.5	8.9	2.8	2.1
Actuarial (gains) losses	0.1	(65.5)	2.2	(17.3)
Benefits paid	(22.4)	(21.0)	(4.9)	(4.8)
Benefit obligation at end of year	228.3	234.7	52.5	52.2
Changes in plan assets:				
Fair value of plan assets at beginning of year	231.7	317.5	—	—
Actual return on plan assets	21.2	(65.3)	—	—
Employer contribution	0.5	0.5	4.9	4.8
Benefits paid	(22.4)	(21.0)	(4.9)	(4.8)
Fair value of plan assets at end of year	231.1	231.7	—	—
Funded status at end of year	\$ 2.8	\$ (3.0)	\$ (52.5)	\$ (52.1)
Amounts recognized in Consolidated Balance Sheets:				
Non-current assets	\$ 11.1	\$ 8.4	\$ —	\$ —
Current liabilities	(0.5)	(0.4)	(4.7)	(4.9)
Non-current liabilities	(7.9)	(11.0)	(47.8)	(47.2)
Net amount recognized	\$ 2.8	\$ (3.0)	\$ (52.5)	\$ (52.1)
Amounts recognized in accumulated other comprehensive loss (pre-tax):				
Net actuarial loss (gain)	\$ 56.4	\$ 62.5	\$ (8.9)	\$ (11.5)

The benefit obligation for our pension benefits is the projected benefit obligation based upon credited service as of the measurement date.

The December 31, 2023 pension funded status was unfavorably affected by a decrease in the discount rate, partially offset by higher than expected asset returns. The OPEB benefit obligation increased as of December 31, 2023 due to a decrease in the discount rate, increase in claim costs assumptions, and the continued payment of benefits, partially offset by demographic changes.

Information as of December 31 for certain pension plans included above with accumulated benefit obligations in excess of plan assets were as follows:

	2023	2022
Projected benefit obligation	\$ 129.1	\$ 132.6
Accumulated benefit obligation	129.1	132.6
Fair value of plan assets	120.7	121.2

### Net Periodic Cost

Service cost is the actuarial present value of benefits attributed by the plans' benefit formula to services rendered by employees during the year. Interest cost represents the increase in the projected benefit obligation, which is a discounted amount, due to the passage of time. The expected return on plan assets reflects the computed amount of current-year earnings from the investment of plan assets using an estimated long-term rate of return.

	Pension Benefit Plans			Other Postretirement Employee Benefit Plans		
	2023	2022	2021	2023	2022	2021
Service cost	\$ 3.5	\$ 2.2	\$ 1.8	\$ 0.2	\$ 0.3	\$ 0.4
Interest cost	12.5	8.9	8.4	2.8	2.1	2.0
Expected return on plan assets	(15.2)	(11.3)	(10.6)	—	—	—
Amortization of actuarial loss	0.1	6.2	10.2	(0.4)	—	0.3
Net periodic cost	\$ 0.8	\$ 5.9	\$ 9.9	\$ 2.6	\$ 2.4	\$ 2.7

The components of net periodic pension expense other than the Service cost component are included in "Other non-operating expense" in the Consolidated Statements of Operations. During 2023, 2022, and 2021, \$3.1 million, \$2.2 million and \$2.0 million of net periodic pension and OPEB costs were charged to "Cost of sales" and \$0.6 million, \$0.4 million and \$0.2 million were charged to "Selling, general and administrative expenses," in the accompanying Consolidated Statements of Operations.

Assumptions:	Pension Benefit Plans			Other Postretirement Employee Benefit Plans		
	2023	2022	2021	2023	2022	2021
Actuarial assumption used to determine benefit obligation:						
Discount rate	5.5 %	5.6 %	3.0 %	5.3 %	5.6 %	2.9 %
Actuarial assumption used to determine net periodic pension cost:						
Discount rate	5.6 %	3.0 %	2.6 %	5.6 %	2.9 %	2.6 %
Expected return on plan assets	5.8 %	4.0 %	3.8 %	—	—	—

The discount rate used in the determination of pension benefit and OPEB obligations and pension expense was determined based on a review of long-term high-grade bonds.

The expected return on plan assets assumption is based upon an analysis of historical long-term returns for various investment categories, as measured by appropriate indices and forward-looking expectations of returns. These indices are weighted based upon the extent to which plan assets are invested in the particular categories in arriving at our determination of a composite expected return.

The assumed health care cost trend rate used to calculate 2023 OPEB cost was 6.5% in 2023, grading to 3.7% by 2074, for participants whose benefits are not provided through HRAs, and 4.5% in 2023 through 2030, then grading to 3.7% after 2030 for participants whose benefits are provided through HRAs. The health care cost trend rate used to calculate December 31, 2023 OPEB obligations was 6.9% in 2024, grading to 3.7% by 2074, for participants whose benefits are not provided through HRAs, and 4.5% in 2024, grading to 3.7% after 2030, for participants whose benefits are provided through HRAs.

## Plan Assets

There have been no changes in the methodologies used during 2023 and 2022. Investments in common and collective trust funds are generally valued based on their respective net asset value (or its equivalent), as a practical expedient to estimate fair value due to the absence of a readily determinable fair value.

The following tables set forth by level, within the fair value hierarchy, the investments at fair value for our company-sponsored pension benefit plans:

	December 31, 2023		
	Level 1	Investments measured at net asset value	Total
Cash and cash equivalents	\$ 1.9	\$ —	\$ 1.9
Collective investment funds	—	229.2	229.2
Total investments at fair value	\$ 1.9	\$ 229.2	\$ 231.1

	December 31, 2022		
	Level 1	Investments measured at net asset value	Total
Cash and cash equivalents	\$ 1.6	\$ —	\$ 1.6
Collective investment funds	—	230.1	230.1
Total investments at fair value	\$ 1.6	\$ 230.1	\$ 231.7

We have formal investment policy guidelines for our company-sponsored plans. These guidelines were set by our Benefits Committee, which is comprised of members of our management and has been assigned its fiduciary authority over management of the plan assets by our Board of Directors. The Committee's duties include periodically reviewing and modifying those investment policy guidelines as necessary and ensuring that the policy is adhered to and the investment objectives are met. The investment policy includes guidelines for specific categories of equity and fixed income securities. Assets are managed by professional investment managers who are expected to achieve a reasonable rate of return over a market cycle. Long-term performance is a fundamental tenet of the policy.

The general policy states that plan assets would be invested to seek the greatest return consistent with the fiduciary character of the pension funds and to allow the plans to meet the need for timely pension benefit payments. The specific investment guidelines stipulate that management is to maintain adequate liquidity for meeting expected benefit payments by reviewing, on a timely basis, contribution and benefit payment levels and appropriately revising long-term and short-term asset allocations. Management takes reasonable and prudent steps to preserve the value of pension fund assets, avoid the risk of large losses and also attempt to preserve the funded status of the plans. Major steps taken to provide this protection included:

- Assets are diversified among various asset classes, such as domestic equities, international equities, fixed income and cash. The long-term asset allocation ranges are as follows:

Domestic equities	5%	- 10%
International equities, including emerging markets	5%	- 10%
Corporate/Government bonds	80%	- 90%
Liquid reserves	—%	- 5%

Periodically, we review the allocations within these ranges to determine what adjustments should be made based on changing economic and market conditions and specific liquidity requirements.

- Assets are managed by professional investment managers and could be invested in separately managed accounts or commingled funds.
- Assets are not invested in securities rated below BBB- by S&P or Baa3 by Moody's.

The investment guidelines also require that the individual investment managers are expected to achieve a reasonable rate of return over a market cycle. Emphasis is placed on long-term performance versus short-term market aberrations. Factors considered in determining reasonable rates of return include performance achieved by a diverse cross section of other investment managers, performance of commonly used benchmarks (e.g., Russell 3000 Index, MSCI World ex-U.S. Index, Barclays Capital Long Credit Index), actuarial assumptions for return on plan investments and specific performance guidelines given to individual investment managers.

As of December 31, 2023, eight investment options held substantially all of the pension funds. Plan assets were diversified among the various asset classes within the allocation ranges approved by the Benefits Committee.

In 2023, we did not make any contributions to our qualified pension plans. In 2024, we expect to make contributions of \$0.7 million. We do not anticipate funding our OPEB plans in 2024 except to pay benefit costs as incurred during the year by plan participants.

Estimated future benefit payments are as follows for the years indicated:

	Pension Benefit Plans	Other Postretirement Employee Benefit Plans
2024	\$ 19.9	\$ 4.7
2025	19.7	4.5
2026	19.4	4.4
2027	19.2	4.3
2028	18.9	4.2
2029-2033	88.1	19.1

#### **Multiemployer Defined Benefit Pension Plans**

Hourly employees at one of our manufacturing facilities participate in multiemployer defined benefit pension plans: the PACE Industry Union-Management Pension Fund (PIUMPF) which is managed by United Steelworkers (USW), Benefits; and the International Association of Machinist & Aerospace Workers National Pension Fund (IAM NPF). We make contributions to these plans, as well as make contributions to a trust fund established to provide retiree medical benefits for a portion of these employees, which is also managed by USW Benefits. The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. The number of employers participating in PIUMPF fell from 135 during 2012 to 43 during 2022. We believe that we are now the employer making the largest proportion of total contributions.
- Under applicable federal law, any employer contributing to a multiemployer pension plan that completely ceases participating in the plan while it is underfunded is subject to an assessment of such employer's allocable share of the aggregate unfunded vested benefits of the plan, except when that plan is in "critical" or "critical and declining" status. In certain circumstances, an employer can also be assessed a statutory withdrawal liability for a partial withdrawal from a multiemployer pension plan. Based on information available to us as of December 31, 2023, as well as information provided by PIUMPF and IAM NPF and reviewed by our actuarial consultant, we estimate the aggregate pre-tax liability that we would have incurred if we had completely withdrawn from PIUMPF and IAM NPF in 2023 would have been in excess of \$78 million. However, the exact amount of potential exposure could be higher or lower than the estimate, depending on, among other things, the nature and timing of any triggering events and the funded status of PIUMPF and IAM NPF at that time. A withdrawal

liability is recorded for accounting purposes when withdrawal is probable and the amount of the withdrawal obligation is reasonably estimable.

Our participation in these plans for the annual period ended December 31, 2023, is outlined in the table below. The “EIN” and “Plan Number” columns provide the Employee Identification Number, or EIN, and the three-digit plan number. The most recent Pension Protection Act, or PPA, zone status available in 2023 and 2022 is for a plan’s year-end as of December 31, 2023 and 2022. The zone status is set under the provisions of the Multiemployer Pension Plan Reform Act of 2014 and is based on information we received from the plans and is certified by each plan’s actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent but more than 65 percent funded, and plans in the green zone are at least 80 percent funded. The “FIP/RP Status Pending/Implemented” column indicates plans for which a Funding Improvement Plan, or FIP, or a Rehabilitation Plan, or RP, is either pending or has been implemented as required by the PPA as a measure to correct its underfunded status. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject.

In 2023, the contribution rate for the IAM NPF plan was \$4.00 per hour. In accordance with that plan’s Rehabilitation Plan, we began making an additional contribution in June 2019. This additional contribution started at 2.5% and will increase 2.5% each year while the Rehabilitation Plan is in effect. Starting June of 2023 our additional contribution increased to 13.3% of our contractual contribution rate. This additional contribution is scheduled to continue and compound each year while the rehabilitation plan remains in effect. In 2023, the contribution rate for PIUMPF was \$2.79 per hour. Contribution rates for IAM NPF and PIUMPF were increased as part of their respective RPs in lieu of the legally required surcharge, paid by the employers, to assist the fund’s financial status. We were listed in PIUMPF’s Form 5500 report as providing more than five percent of the total contributions for the years 2022 and 2021. At the date of issuance of our consolidated financial statements, Form 5500 reports for these plans were not available for the 2023 plan year.

Pension Fund	EIN	Plan Number	PPA Zone Status		FIP/RP Status Pending/Implemented	Contributions (in millions)			Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
			2023	2022		2023	2022	2021		
IAM NPF	51-6031295	002	Red	Red	Implemented	\$ 0.2	\$ 0.3	\$ 0.3	No	5/31/2026
PIUMPF	11-6166763	001	Red	Red	Implemented	5.6	5.5	5.4	No	8/31/2025
<b>Total Contributions:</b>						<b>\$ 5.8</b>	<b>\$ 5.7</b>	<b>\$ 5.7</b>		

#### Other Benefit Plans

We maintain the Clearwater Paper Corporation Management Deferred Compensation Plan. Pursuant to this plan, certain management employees are eligible to defer up to 50% of their regular salary and up to 10% of their annual incentives. Each plan participant is fully vested in these contributions. The liability under this plan totaled \$5.7 million and \$4.3 million at December 31, 2023 and December 31, 2022. The current and long-term portions of the liability are included in “Accounts payable and accrued liabilities” and “Deferred tax liabilities and other long-term obligations” on our Consolidated Balance Sheets.

## NOTE 11 Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive loss at the balance sheet dates is comprised of the following:

	Pension Plan Adjustments	Other Postretirement Employee Benefit Plan Adjustments	Total
Balance at December 31, 2021	\$ (42.8)	\$ 0.3	\$ (42.6)
Other comprehensive income (loss) before reclassifications	(8.3)	13.0	4.7
Amounts reclassified from accumulated other comprehensive loss	4.7	—	4.7
Other comprehensive income (loss), net of tax	(3.7)	13.0	9.3
Balance at December 31, 2022	(46.5)	13.3	(33.3)
Other comprehensive income (loss) before reclassifications	4.5	(1.7)	2.8
Amounts reclassified from accumulated other comprehensive loss	0.1	(0.3)	(0.2)
Other comprehensive income (loss), net of tax	4.6	(2.0)	2.6
Balance at December 31, 2023	\$ (42.0)	\$ 11.3	\$ (30.7)

## NOTE 12 Earnings Per Share

Basic earnings (loss) per share are based on the weighted average number of shares of common stock outstanding. Diluted earnings per share are based upon the weighted average number of shares of common stock outstanding plus all potentially dilutive securities that were assumed to be converted into common shares at the beginning of the period under the treasury stock method. This method requires that the effect of potentially dilutive common stock equivalents be excluded from the calculation of diluted earnings per share for the periods in which net losses are reported because the effect is anti-dilutive.

The following table reconciles the number of common shares used in calculating the basic and diluted net earnings per share:

(In thousands - except per share data)	December 31,		
	2023	2022	2021
Basic average common shares outstanding	16,863	16,985	16,767
Incremental shares due to:			
Stock-based awards	148	196	—
Performance Shares	80	—	—
Diluted average common shares outstanding	17,091	17,181	16,767
Basic net income (loss) per common share	\$ 6.39	\$ 2.71	\$ (1.67)
Diluted net income (loss) per common share	\$ 6.30	\$ 2.68	\$ (1.67)

Anti-dilutive shares excluded from the calculation were 0.3 million, 0.3 million and 0.7 million for the years ended December 31, 2023, 2022 and 2021.

## NOTE 13 Stockholders' Equity

### PREFERRED STOCK

We are authorized to issue up to 5,000,000 shares of preferred stock at \$0.0001 par value. At December 31, 2023, no shares of preferred stock have been issued.

### COMMON STOCK PLANS

We have stock-based compensation plans under which stock options and restricted units are granted. At December 31, 2023, approximately 0.9 million shares were available for future issuance under our stock incentive plan.

	For The Years Ended December 31,		
	2023	2022	2021
Total stock-based compensation expense	\$ 9.9	\$ 12.7	\$ 9.1
Income tax benefit related to stock-based compensation	1.3	3.3	2.3
Impact on cash flow due to taxes paid related to net share settlement of equity awards	4.7	2.5	1.7
Intrinsic value of options exercised, equity-based liabilities paid, and the fair value of restricted stock units vested	14.7	9.5	3.7

We recognize the compensation costs on a straight-line basis over the requisite service period of the award, which is generally the vesting term of three years. Forfeitures are recognized as they occur. During 2023, 2022, and 2021, \$0.5 million of stock-based compensation expense was charged to "Cost of sales," \$9.1 million, \$11.2 million and \$7.5 million was charged to "Selling, general and administrative expenses," and \$0.4 million, \$0.9 million, and \$1.1 million was charged to "Other operating charges, net" in the accompanying Consolidated Statements of Operations.

#### *Restricted Stock Units (Time and Performance Vesting)*

We grant restricted awards to certain employees. The awards can either be time vested or vested based upon the attainment of certain performance metrics over a certain time period. Performance conditions generally are tied to attainment of certain financial targets such as return on invested capital, free cash flow or other similar measures. Awards granted under our stock incentive plan generally have a performance or vesting period of three years from the grant date. These awards are eligible to receive dividend equivalent shares. The market value of these grants approximates the fair value. The performance-based restricted stock units were valued using a Monte Carlo simulation. For awards based upon the achievement of performance goals, the award could range from 0% to 200%. A summary of the status of outstanding restricted stock units as of December 31, 2023, and changes during the year, is presented below:

	Time Vested		Performance-based	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Restricted stock units outstanding at December 31, 2022	429,465	\$ 29.16	277,110	\$ 29.64
Granted	216,379	37.66	196,453	40.47
Vested	(177,804)	29.28	(211,944)	22.24
Forfeited	(65,633)	33.74	(36,515)	35.43
Restricted stock units outstanding at December 31, 2023	402,407	\$ 32.97	225,104	\$ 36.54

The weighted average grant date fair value for restricted stock units (time-vested) granted during the years ended December 31, 2023 and 2022 was \$37.66 and \$29.52. The weighted average grant date fair value for restricted stock units (performance-based) granted during the years ended December 31, 2023 and 2022 was \$40.47 and \$30.55.

As of December 31, 2023, there was \$12.0 million of total unrecognized compensation cost related to outstanding restricted stock unit awards. Restricted stock unit cost is expected to be recognized over a weighted average period of 1.9 years for time vested awards and 1.6 years for performance-based awards.



### Stock Options

Prior to January 1, 2019, we granted options to certain employees. The options were granted at market price at the date of grant and the fair value of the options was estimated using the Black-Scholes option-pricing model (dividend yield ignored). As of December 31, 2023 all outstanding options are fully vested with a contractual term of ten years after the date of grant. A summary of the status of outstanding stock option awards as of December 31, 2023, and changes during the year, is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding options at December 31, 2022	294,124	\$ 50.53	3.3	\$ —
Exercised	—	—		
Expired	(8,442)	50.73		
Outstanding and exercisable options at December 31, 2023	<u>285,682</u>	\$ 50.53	2.3	\$ —

### Director Awards

Our Board of Directors are eligible to receive awards of phantom common stock units. Annually our outside directors receive phantom stock units as part of their compensation which vest ratably over a one-year period and accrue dividend equivalent shares for any dividends paid to shareholders of our common stock. The vested portion of a director's phantom share balance is converted to cash using a twenty-day average price of common stock and paid to the director upon their separation from service as a director.

Due to its cash-settlement feature, we account for these awards as liabilities and recognize the equity-based compensation expense or income at the end of each reporting period based on the portion of the award that is vested and the increase or decrease in the value of our common stock. We recorded director equity-based compensation expense for the years ended December 31, 2023, 2022 and 2021 of \$0.9 million, \$0.9 million and \$1.1 million included in "Other operating charges, net" in the Consolidated Statements of Operations.

At December 31, 2023, the liability amounts associated with director equity-based compensation included in "Deferred tax liabilities and other long-term obligations" and "Accounts payable and accrued liabilities" on our Consolidated Balance Sheets was \$5.9 million and \$0.2 million. At December 31, 2022, the liability amounts associated with director equity-based compensation included in "Deferred tax liabilities and other long-term obligations" and "Accounts payable and accrued liabilities" on our Consolidated Balance Sheets was \$5.2 million and \$0.1 million.

## NOTE 14 Commitments and Contingencies

### SELF INSURANCE

We are primarily self-insured for workers' compensation and employee health care liability costs. Self-insurance liabilities for workers' compensation are determined based upon a valuation performed by an actuarial firm. The estimate of future workers' compensation liabilities incorporates loss development and an estimate associated with incurred but not yet reported claims. These claims are discounted. Self-insurance liabilities for employee health costs are determined actuarially based upon claims filed and estimated claims incurred but not yet reported. These claims are not discounted.

### PURCHASE OBLIGATIONS

To help mitigate our exposure to market risk for changes in utility commodity pricing, we use firm price contracts to supply a portion of the natural gas and electricity requirements of our manufacturing facilities, which were reported through "Cost of sales" on our Consolidated Statements of Operations. As of December 31, 2023, these contracts cover approximately 37% of our expected average monthly natural gas and electricity needs at the respective manufacturing facilities through 2024. These contracts qualify for treatment as "normal purchases or normal sales" under authoritative guidance and require no mark-to-market adjustment.

We enter into third-party contracts for certain raw materials, including pulp, logs and chemicals, which may extend beyond one year. Such contracts are typically negotiated to ensure availability of certain product specifications at market prices that adjust regularly within reasonable commercial terms. Such agreements may include minimum quantities, but reductions are permitted when economic or business conditions require reduced production containing the respective raw material.

### **NOTE 15 Segment Information**

Our businesses are organized into two reportable operating segments: Pulp and Paperboard and Consumer Products. The reporting segments follow the same accounting policies used for our Consolidated Financial Statements. We evaluate the performance of our business segments based upon net sales and operating income.

#### **Pulp and Paperboard**

Our Pulp and Paperboard segment manufactures and markets solid bleached sulfate paperboard for the high-end segment of the packaging industry as well as offers custom sheeting, slitting and cutting of paperboard.

#### **Consumer Products**

Our Consumer Products segment manufactures and sells a complete line of at-home tissue products, or retail products, and minor amounts of parent rolls.

The table below presents information about our reportable segments:

	2023	2022	2021
<b>Segment net sales:</b>			
Pulp and Paperboard	\$ 1,063.7	\$ 1,136.3	\$ 946.0
Consumer Products	1,023.4	950.2	835.0
Eliminations	(4.3)	(6.4)	(8.4)
<b>Total segment net sales</b>	<b>\$ 2,082.8</b>	<b>\$ 2,080.1</b>	<b>\$ 1,772.6</b>
<b>Operating income (loss):</b>			
Pulp and Paperboard	\$ 169.1	\$ 183.5	\$ 125.7
Consumer Products	91.7	11.3	4.0
Corporate and eliminations	(78.3)	(71.1)	(60.1)
Other operating charges, net	(5.3)	(9.7)	(57.7)
<b>Income from operations</b>	<b>\$ 177.1</b>	<b>\$ 113.9</b>	<b>\$ 12.0</b>
<b>Depreciation and amortization:</b>			
Pulp and Paperboard	\$ 37.4	\$ 37.0	\$ 35.7
Consumer Products	58.8	62.9	64.9
Corporate	2.4	3.4	4.4
<b>Total depreciation and amortization</b>	<b>\$ 98.6</b>	<b>\$ 103.3</b>	<b>\$ 105.0</b>
<b>Assets:</b>			
Pulp and Paperboard	\$ 665.8	\$ 641.8	\$ 621.1
Consumer Products	917.2	951.1	986.2
Corporate	88.8	110.6	82.8
<b>Total assets</b>	<b>\$ 1,671.8</b>	<b>\$ 1,703.5</b>	<b>\$ 1,690.1</b>
<b>Capital expenditures:</b>			
Pulp and Paperboard	\$ 52.8	\$ 24.4	\$ 20.7
Consumer Products	18.8	8.2	17.3
	71.7	32.6	38.0
Corporate	2.0	0.9	0.4
<b>Total capital expenditures</b>	<b>\$ 73.7</b>	<b>\$ 33.5</b>	<b>\$ 38.4</b>

For the years ended December 31, 2023, 2022 and 2021, one customer was 12%, below 10% and 11% of our total consolidated net sales.

Our manufacturing facilities and all other assets are located within the continental United States. We sell and ship our products to customers in several foreign countries. Net sales, classified by the major geographic areas in which our customers are located and by major products, were as follows:

	2023	2022	2021
<b>Primary geographical markets:</b>			
United States	\$ 1,975.2	\$ 1,982.8	\$ 1,670.2
Other Countries	107.6	97.3	102.4
<b>Total net sales</b>	<b>\$ 2,082.8</b>	<b>\$ 2,080.1</b>	<b>\$ 1,772.6</b>
<b>Major products:</b>			
Paperboard	\$ 1,033.6	\$ 1,104.8	\$ 894.9
Retail tissue	1,016.2	932.3	797.9
Away-from-home tissue <sup>1</sup>	—	—	16.3
Pulp	20.8	19.5	34.8
Other	16.6	29.9	37.0
Eliminations	(4.3)	(6.4)	(8.4)
<b>Total net sales</b>	<b>\$ 2,082.8</b>	<b>\$ 2,080.1</b>	<b>\$ 1,772.6</b>

<sup>1</sup> In the third quarter of 2021, we exited our away-from-home business with the shutdown of our Neenah, Wisconsin site.

## Note 16 Subsequent Events

In January 2024, we fully repaid the \$20 million outstanding balance under our ABL Credit Agreement.

On February 19, 2024, we entered into an Asset Purchase Agreement with Graphic Packaging International, LLC (GPK), such that Clearwater Paper Corporation will acquire GPK's Augusta Georgia paperboard mill and associated assets for \$700 million subject to adjustments for working capital. We intend to finance this transaction through the commitments noted below. Additionally, in certain conditions as defined in the Asset Purchase Agreement, a reverse termination fee could be assessed against us. The closing of this transaction is subject to regulatory approvals.

On February 19, 2024, we entered into a commitment letter with AgWest Farm Credit, PCA (AgWest), CoBank, FCB (CoBank) and Coöperatieve Rabobank U.A. (Rabobank), in which AgWest and CoBank, agreed to provide a 5-year term revolver credit facility in an aggregate principal amount of up to \$270 million via a refinancing of the Company's existing term revolver credit agreement in the event that the required consents or amendments from the existing lenders and voting participants cannot be obtained. In addition, AgWest agreed to provide a new 7-year farm credit term loan facility in the aggregate principal amount of \$340 million and Rabobank agreed to provide a new 5-year commercial bank term loan facility in the aggregate principal amount of \$150 million. The obligations of the Lenders to provide such financing are subject to the execution and delivery of mutually acceptable definitive loan documents, which are expected to contain customary representations, warranties, covenants, and events of default, including a minimum liquidity covenant and a maximum capitalization ratio covenant. The commitments of the Lenders will expire on, and definitive loan documents must be executed prior to the closing of the transaction.

**ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

## **ITEM 9A. Controls and Procedures**

### *Evaluation of disclosure controls and procedures*

We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of disclosure controls and procedures is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Subject to the limitations noted above, our management, with the participation of our CEO and CFO, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the fiscal year covered by this annual report on Form 10-K. Based on that evaluation, the CEO and CFO have concluded that, as of such date, our disclosure controls and procedures are effective to meet the objective for which they were designed and operate at the reasonable assurance level.

### *Management’s Annual Report on Internal Control Over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Under the supervision and with the participation of our management, including our CEO and CFO and with the oversight of the Audit Committee of the Board of Directors, our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control- Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation under the 2013 Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 10-K.

### *Changes in internal control over financial reporting*

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors Clearwater Paper Corporation:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Clearwater Paper Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 20, 2024 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Seattle, Washington  
February 20, 2024

**ITEM 9B. Other Information**

During the quarter ended December 31, 2023, none of our officers or directors adopted or terminated a Rule 10b5-1 arrangement or non-Rule 10b5-1 trading arrangement, as each is defined in Item 408(a) of regulation S-K.

**ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable



## Part III

### ITEM 10. Directors, Executive Officers and Corporate Governance

The following table details the executive officers of the Company as of February 1, 2024:

Name	Age	Title / Position Held
Arsen S. Kitch	42	President and Chief Executive Officer
Sherri J. Baker	51	Senior Vice President, Chief Financial Officer
Steve M. Bowden	60	Senior Vice President, General Manager, Pulp and Paperboard Division
Michael S. Gadd	59	Senior Vice President and General Counsel and Corporate Secretary
Kari G. Moyes	56	Senior Vice President, Human Resources
Michael J. Urlick	37	Senior Vice President, General Manager, Consumer Products Division

Arsen S. Kitch has served as President and Chief Executive Officer, as well as a director, since April 2020. Mr. Kitch served as Senior Vice President, General Manager, Consumer Products Division from May 2018 to April 2020 and served as Vice President, General Manager, Consumer Products Division from January 2018 to May 2018. He served as Vice President, Finance and Vice President Financial Planning and Analysis from January 2015 through December 2017, and served as Senior Director, Strategy and Planning from August 2013 through December 2014.

Sherri J. Baker has served as Senior Vice President, Chief Financial Officer since August 2023. Ms. Baker has 28 years of experience in accounting, tax and finance along with executive experience. From February 2021 to September 2022, Ms. Baker was Chief Financial Officer of Hyllion Holdings (NYSE:HLYN), a manufacturer of electrified powertrains for Class 8 semi-trucks and from April 2019 to February 2021, she was Senior Vice President and Chief Financial Officer of PGT Innovations, Inc. (NYSE:PGTI), a manufacturer of premium windows and doors. From 2010 to 2019, Ms. Baker was employed by Dean Foods, including from October 2018 to March 2019 as Vice President of Commercial Finance and from January 2016 to September 2018 as Vice President Investor Relations, Strategy and Corporate Finance. From 1997 to 2010 Ms. Baker was employed by Frito-Lay where she held several finance leadership roles.

Steve M. Bowden has served as Senior Vice President, General Manager, Pulp and Paperboard Division since October 1, 2018. Prior to joining the Company, from September 2016 to November 2017, Mr. Bowden was the North American Region Vice President - Labels for Constantia Flexibles, which was subsequently acquired by the Multi-Color Corporation at which he served as President, North America Food and Beverage Division from November 2017 to September 2018. From March 2013 to September 2016, Mr. Bowden was President and COO of Quality Associates, a contract packager.

Michael S. Gadd has served as Senior Vice President, General Counsel and Corporate Secretary since May 2011 and served as Vice President, General Counsel and Corporate Secretary from December 2008 to May 2011.

Kari G. Moyes has served as Senior Vice President, Human Resources since February 2015, and served as Vice President, Labor Relations from July 2013 through January 2015.

Michael J. Urlick has served as Senior Vice President, General Manager, Consumer Products Division since January 2022. Mr. Urlick served as Vice President, Sales & Marketing, Consumer Products Division for the Company from June 2020 through December 2021, and as Senior Director of Sales, Consumer Products from January 2017 to June 2020. He joined the Company in November 2013 as Senior Manager of Business Development.

Information regarding our directors is set forth under the heading "Board of Directors" in our definitive proxy statement for the 2024 Annual Meeting of Stockholders to be held on May 9, 2024, referred to in this report as the 2024 Proxy Statement, which information is incorporated herein by reference. Information regarding reporting compliance with Section 16(a) for directors, officers or other parties is set forth under the heading "Delinquent Section 16(a) Reports" in the 2024 Proxy Statement and is incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics that applies to all directors and employees and a Code of Ethics for Senior Officers that applies to our CEO, CFO, the President, the Controller and other senior officers identified by our Board of Directors. You can find each code on our website by going to the following address: [www.clearwaterpaper.com](http://www.clearwaterpaper.com), selecting "Investors" and "Governance," then selecting the link for "Code of Business Conduct and Ethics" or "Code of Ethics for Senior Officers." We will post any amendments, as well as any waivers that

are required to be disclosed by the rules of either the SEC or the New York Stock Exchange, on our website. To date, no waivers of the Code of Ethics for Senior Financial Officers have been considered or granted.

Our Board of Directors has adopted corporate governance guidelines and charters for the Board of Directors’ Audit Committee, Compensation Committee, and Nominating and Governance Committee. You can find these documents on our website by going to the following address: [www.clearwaterpaper.com](http://www.clearwaterpaper.com), selecting “Investors” and “Governance,” then selecting the appropriate link.

## ITEM 11. Executive Compensation

Information required by Item 11 of Part III is included under the heading “Executive Compensation Discussion and Analysis” in our 2024 Proxy Statement and is incorporated herein by reference.

## ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by Item 12 of Part III is included in our 2024 Proxy Statement and is incorporated herein by reference.

The following table provides certain information as of December 31, 2023, with respect to our equity compensation plans:

Plan Category	Number Of Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants And Rights <sup>1</sup>	Weighted Average Exercise Price Of Outstanding Options, Warrants And Rights <sup>2</sup>	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	1,138,297 \$	50.53	866,713
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>1,138,297 \$</b>	<b>50.53</b>	<b>866,713</b>

<sup>1</sup> Includes 402,407 time vested restricted stock units (RSUs), 450,208 performance-based RSUs and 285,682 stock options, which are the maximum number of shares that could be awarded under the common stock plans, not including future dividend equivalents, if any are paid.

<sup>2</sup> Performance shares and RSUs do not have exercise prices. During 2023, no stock option awards vested.

## ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Information required by Item 13 of Part III is included under the heading “Transactions with Related Persons” in our 2024 Proxy Statement and is incorporated herein by reference.

## ITEM 14. Principal Accounting Fees and Services

Information required by Item 14 of Part III is included under the heading “Fees Paid to Independent Registered Public Accounting Firm” in our 2024 Proxy Statement and is incorporated herein by reference.

## **PART IV**

### **ITEM 15. Exhibits, Financial Statement Schedules**

#### **FINANCIAL STATEMENTS**

The following financial statements of Clearwater Paper are included in this report:

Consolidated Balance Sheets - December 31, 2023, and 2022.  
Consolidated Statements of Operations - years ended December 31, 2023, 2022, and 2021.  
Consolidated Statements of Comprehensive Income (loss) - years ended December 31, 2023, 2022 and 2021.  
Consolidated Statements of Cash Flows - years ended December 31, 2023, 2022 and 2021.  
Consolidated Statements of Stockholders' Equity - years ended December 31, 2023, 2022 and 2021.  
Notes to the Financial Statements.  
Report of Independent Registered Public Accounting Firm (PCAOB Firm ID 185).

No other financial statement schedules are required to be filed.

EXHIBIT	EXHIBIT DESCRIPTION	Filed herewith?	Incorporated by Reference		
			Form	Exhibit No.	Date Filed
3.1	<a href="#">Restated Certificate of Incorporation of the Company, effective as of December 16, 2008, as filed with the Secretary of State of the State of Delaware.</a>		8-K	3.1	December 18, 2008
3.2	<a href="#">Amended and Restated Bylaws of the Company, effective as of December 16, 2008.</a>		8-K	3.2	December 18, 2008
4.1	<a href="#">Indenture, dated as of July 29, 2014, by and among Clearwater Paper Corporation (the "Registrant"), the Guarantors (as defined therein) and U.S. Bank National Association, as trustee.</a>		8-K	4.1	July 29, 2014
4.1(i)	<a href="#">Form of 5.375% Senior Notes due 2025.</a>		8-K	4.1	July 29, 2014
4.2	<a href="#">Indenture, dated as of August 18, 2020, by and among Clearwater Paper Corporation, the Guarantors, (as defined therein) and U.S. Bank National Association, as trustee.</a>		8-K	4.1	August 18, 2020
4.2(i)	<a href="#">Form of 4.750% Senior Notes due 2028 (included as Exhibit A to the Indenture filed as Exhibit 4.1).</a>		8-K	4.2	August 18, 2020
10.1	<a href="#">ABL Credit Agreement, dated as of July 26, 2019, by and among JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, and Clearwater Paper Corporation.</a>		8-K	10.2	July 31, 2019
10.1(i)	<a href="#">Amendment to ABL Credit Agreement, dated as of January 29, 2020, by and among JPMorgan Chase Bank, N.A., as administrative agent and Clearwater Paper Corporation.</a>		10-Q	10.2	May 5, 2020
10.1(ii)	<a href="#">First Amendment to the ABL Credit Agreement, dated as of August 7, 2020, by and among JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, and Clearwater Paper Corporation.</a>		10-Q	10.1	November 3, 2020
10.1(iii)	<a href="#">Third Amendment to the ABL Credit Agreement, dated November 7, 2022, by and among JPMorgan Chase Bank, N.A., as administrative agent and the lender parties thereto and Clearwater Paper Corporation.</a>		8-K	10.1	November 9, 2022
10.1(iv)	<a href="#">Fourth Amendment to the ABL Credit Agreement dated October 27, 2023, by and among Clearwater Paper Corporation, JPMorgan Chase bank, N.A., as administrative agent and the lender parties thereto.</a>		8-K	10.2	October 27, 2023
10.2	<a href="#">Credit Agreement, dated October 27, 2023, by and among Clearwater Paper Corporation, AgWest Farm Credit, PCA, as administrative agent, and the lender parties thereto.</a>		8-K	10.1	October 27, 2023
10.3 <sup>1</sup>	<a href="#">Form of Indemnification Agreement entered into between the Company and each of its directors and executive officers.</a>		Form 10	10.15	November 19, 2008
10.4 <sup>1</sup>	<a href="#">Employment Agreement between Arsen S. Kitch and the Company, dated effective April 1, 2020.</a>		8-K	10.1	January 31, 2020
10.5 <sup>1</sup>	<a href="#">Offer letter, dated April 9, 2020, between Michael J. Murphy and the Company.</a>		10-Q	10.1	May 5, 2020
10.6 <sup>1</sup>	<a href="#">Offer letter, dated July 28, 2023, between Sherri J. Baker and the Company.</a>		10-Q	10.1 <sup>1</sup>	October 30, 2023

10.7 <sup>1</sup>	<a href="#">Clearwater Paper Corporation Amended and Restated 2008 Stock Incentive Plan.</a>		8-K	10.1	May 8,2015
10.7(i) <sup>1</sup>	<a href="#">Amendment to the Clearwater Paper Corporation Amended and Restated 2008 Stock Incentive Plan, effective January 1, 2017.</a>		10-K	10.5(i)	February 22, 2017
10.7(ii) <sup>1</sup>	<a href="#">Clearwater Paper Corporation 2017 Stock Incentive Plan.</a>		8-K	10.1	May 11, 2017
10.7(iii) <sup>1</sup>	<a href="#">Amendment to the Clearwater Paper Corporation 2017 Stock Incentive Plan.</a>		8-K	10.1	May 19, 2020
10.7(iv) <sup>1</sup>	<a href="#">Amendment to the Clearwater Paper Corporation 2017 Stock Incentive Plan.</a>		8-K	10.1	May 15, 2023
10.8 <sup>1</sup>	<a href="#">Clearwater Paper Corporation-Form of Performance Share Agreement to be used for annual performance share awards approved subsequent to December 31, 2018.</a>		8-K	10.1	February 14, 2019
10.8(i) <sup>1</sup>	<a href="#">Clearwater Paper Corporation-Form of Performance Share Agreement, to be used for annual performance share awards approved subsequent to December 31, 2023.</a>	X			
10.9 <sup>1</sup>	<a href="#">Clearwater Paper Corporation-Form of Restricted Stock Unit Agreement, amended and restated, to be used for restricted stock unit awards approved subsequent to December 31, 2017.</a>		10-K	10.7(x)	February 21, 2018
10.9(i) <sup>1</sup>	<a href="#">Clearwater Paper Corporation-Form of Restricted Stock Unit Agreement, as amended and restated, to be used for special restricted stock unit awards approved subsequent to December 31, 2019.</a>		10-K	10.20 <sup>1</sup>	March 9,2020
10.9(ii) <sup>1</sup>	<a href="#">Clearwater Paper Corporation-Form of Restricted Stock Unit Agreement, to be used for annual restricted stock unit awards approved subsequent to December 31, 2022.</a>		10-K	10.9(ii) <sup>1</sup>	February 14, 2023
10.9(iii) <sup>1</sup>	<a href="#">Clearwater Paper Corporation-Form of Restricted Stock Unit Agreement, to be used for annual restricted stock unit awards approved subsequent to December 31, 2023.</a>	X			
10.9(iv) <sup>1</sup>	<a href="#">Clearwater Paper Corporation-Form of Restricted Stock Unit Agreement, as amended and restated, to be used for special restricted stock unit awards approved subsequent to December 31, 2023.</a>	X			
10.10 <sup>1</sup>	<a href="#">Clearwater Paper Corporation 2008 Stock Incentive Plan—Form of Stock Option Agreement.</a>		8-K	10.3	February 18, 2014
10.10(i) <sup>1</sup>	<a href="#">Clearwater Paper Corporation 2008 Stock Incentive Plan—Form of Amendment of Stock Option Agreement, effective as of January 1, 2015.</a>		10-K	10.7(i)	February 26, 2015
10.10(ii) <sup>1</sup>	<a href="#">Clearwater Paper Corporation 2008 Stock Incentive Plan—Form of Stock Option Agreement, to be used for annual restricted stock unit awards approved subsequent to December 31, 2014.</a>		10-K	10.7(ii)	February 26, 2015
10.10(iii) <sup>1</sup>	<a href="#">Clearwater Paper Corporation Amended and Restated 2008 Stock Incentive Plan—Form of Stock Option Agreement, to be used for annual restricted stock unit awards approved subsequent to December 31, 2015.</a>		10-K	10.8(iii)	February 22, 2016
10.10(iv) <sup>1</sup>	<a href="#">Clearwater Paper Corporation—Form of Stock Option Agreement, as amended and restated February 6, 2017, to be used for annual restricted stock unit awards approved subsequent to December 31, 2016.</a>		8-K	10.3	February 10, 2017

10.10(v) <sup>1</sup>	<a href="#">Clearwater Paper Corporation- Form of Stock Option Agreement, as amended and restated, to be used for annual restricted stock unit awards approved subsequent to December 31, 2017.</a>		10-K	10.8(v)	February 21, 2018
10.11 <sup>1</sup>	<a href="#">Clearwater Paper Corporation Annual Incentive Plan.</a>		8-K	10.1	May 9, 2014
10.11(i) <sup>1</sup>	<a href="#">Amendment to the Clearwater Paper Corporation Annual Incentive Plan, effective as of January 1, 2016.</a>		10-Q	10.1	July 27, 2016
10.11(ii) <sup>1</sup>	<a href="#">Amendment to the Clearwater Paper Corporation Annual Incentive Plan, effective as of September 27, 2021.</a>		10-Q	10.1	November 2, 2021
10.11(iii) <sup>1</sup>	<a href="#">Amendment to the Clearwater Paper Corporation Annual Incentive Plan, effective as of January 1, 2024.</a>	X			
10.12 <sup>1</sup>	<a href="#">Amended and Restated Clearwater Paper Corporation Management Deferred Compensation Plan.</a>		10-K	10.10	February 22, 2017
10.12(i) <sup>1</sup>	<a href="#">Amendment to the Amended and Restated Clearwater Paper Corporation Management Deferred Compensation Plan, effective May 1, 2020.</a>		10-Q	10.2	August 4, 2020
10.12(ii)	<a href="#">Second Amendment to the Amended and Restated Clearwater Paper Corporation Management Deferred Compensation Plan, effective October 11, 2021.</a>		10-K	10.12(ii) <sup>1</sup>	February 15, 2022
10.13 <sup>1</sup>	<a href="#">Clearwater Paper Executive Severance Plan.</a>		8-K	10(i)	March 9, 2018
10.14 <sup>1</sup>	<a href="#">Amended and Restated Clearwater Paper Corporation Salaried Supplemental Benefit Plan.</a>		10-K	10.12	February 22, 2017
10.14(i) <sup>1</sup>	<a href="#">Amendment to the Amended and Restated Clearwater Paper Corporation Salaried Supplemental Benefit Plan, effective May 1, 2020.</a>		10-Q	10.3	August 4, 2020
10.14(ii) <sup>1</sup>	<a href="#">Second Amendment to the Amended and Restated Clearwater Paper Corporation Salaried Supplemental Benefit Plan, effective October 11, 2021.</a>		10-K	10.14(ii) <sup>1</sup>	February 15, 2022
10.15 <sup>1</sup>	<a href="#">Clearwater Paper Corporation Benefits Protection Trust Agreement.</a>		10-K	10.18	March 18, 2009
10.15(i) <sup>1</sup>	<a href="#">Amendment to the Clearwater Paper Corporation Benefits Protection Trust Agreement.</a>		10-Q	10.16(i)	October 31, 2013
10.16 <sup>1</sup>	<a href="#">Clearwater Paper Corporation Deferred Compensation Plan for Directors.</a>		8-K	10.10	December 19, 2008
10.16(i) <sup>1</sup>	<a href="#">Amended and Restated Clearwater Paper Corporation Deferred Compensation Plan for Directors.</a>		8-K	99.1	December 7, 2017
10.16(ii) <sup>1</sup>	<a href="#">Amended and Restated Clearwater Paper Corporation Deferred Compensation Plan for Directors, effective as of January 1, 2018.</a>		10-Q	10(i)	August 7, 2018
10.17 <sup>1</sup>	<a href="#">Clearwater Paper Change of Control Plan.</a>		10-K	10.16	February 20, 2014
(21)	<a href="#">Clearwater Paper Corporation Subsidiaries.</a>	X			
(23)	<a href="#">Consent of Independent Registered Public Accounting Firm.</a>	X			
(24)	<a href="#">Powers of Attorney.</a>	X			
(31)	<a href="#">Rule 13a-14(a)/15d-14(a) Certifications.</a>	X			

(32)	<a href="#">Furnished statements of the Chief Executive Officer and Chief Financial Officer under 18 U.S.C. Section 1350.</a>	X			
(97)	<a href="#">Policy Relating to Recovery of Erroneously Awarded Compensation.</a>	X			
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH	Inline XBRL Taxonomy Extension Schema.				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.				
101.DEF	Inline XBRL Taxonomy Extension Definition Label Linkbase.				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

<sup>1</sup> Management contract or compensatory plan, contract or arrangement.

**ITEM 16. FORM 10-K Summary**

Not applicable.





CLEARWATER PAPER CORPORATION  
PERFORMANCE SHARE AGREEMENT

THIS PERFORMANCE SHARE AGREEMENT (this “Agreement”) is made and entered into as of [Grant Date] (the “Grant Date”), by and between Clearwater Paper Corporation, a Delaware corporation (the “Corporation”), and [Participant Name] (the “Employee”).

W I T N E S S E T H:

WHEREAS, the Corporation maintains the Clearwater Paper Corporation 2017 Stock Incentive Plan (the “Plan”), which is incorporated into and forms a part of this Agreement, and the Employee has been selected to receive a contingent grant of Performance Shares under Section 11 of the Plan;

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

1. Award. Subject to the terms of this Agreement, the Employee is hereby awarded a target contingent grant of [Number of Awards Granted] Performance Shares (the “Award”). The number of Shares actually payable to the Employee is contingent on the performance achieved by the Corporation measured in accordance with Section 3 during the Performance Period described in Section 4. This Award has been granted pursuant to the Plan and is subject to all the terms and provisions thereof, a copy of which has been made available to the Employee and the terms and conditions of which are incorporated by reference into this Agreement.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms used in this Agreement shall have the meanings set forth in this Section 1. Capitalized terms not defined in this Agreement shall have the same definitions as in the Plan.

(a) “Cause” means the occurrence of any one or more of the following: (i) the Employee’s conviction of any felony or any crime involving fraud, dishonesty or moral turpitude; (ii) the Employee’s participation in a fraud or act of dishonesty against the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation that results in material harm to the business of the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation; (iii) the Employee’s intentional, material violation of any contract between the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation and the Employee, or any statutory duty the Employee owes the Corporation, its Affiliates or any successor to the Corporation, in either case that the Employee does not correct within 30 days after written notice thereof has been provided to the Employee, (iv) the commission of an act by the Employee that could (either alone or with other acts) be considered harassment or discrimination on the basis of gender, race, age, religion, sexual orientation or other protected category; or (v) the commission by the Employee of an alcohol or drug offense in violation of the Corporation’s, or a Subsidiary’s or an Affiliate’s Substance Abuse Policy for salaried employees.

(b) “Disability” means a condition pursuant to which the Employee has received and exhausted income replacement benefits under a short-term disability plan of the Corporation or a Subsidiary for the maximum time period permitted under such plan.

(c) “Double Trigger Event” means the Employee’s Service with the Corporation or a Subsidiary or an Affiliate is involuntarily terminated without Cause or voluntarily terminated for Good Reason within one month prior to or 24 months following the effective date of a Change of Control.

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(d) “Good Reason” means that one or more of the following are undertaken by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation without the Employee’s written consent: (i) the assignment to the Employee of any duties or responsibilities that results in a material diminution in the Employee’s position or function as in effect immediately prior to the effective date of a Change of Control; provided, however, that a change in the Employee’s title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a 10% or greater reduction, other than in connection with an across-the-board reduction applicable to other similarly situated employees , by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation in the Employee’s base salary and/or target bonus, and/or target long-term incentive opportunity, all as in effect on the effective date of the Change of Control or as increased thereafter; (iii) any failure by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation to continue in effect (or substantially replace in the aggregate) any material benefit plan or program in which the Employee was participating immediately prior to the effective date of the Change of Control (hereinafter referred to as “Benefit Plans”), or the taking of any action by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation that would adversely affect the Employee’s participation in or reduce the Employee’s benefits under the Benefit Plan; provided, however, that no voluntary termination of Service with Good Reason shall be deemed to have occurred if the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation provide for the Employee’s participation in benefit plans and programs that, taken as a whole, are comparable to the Benefit Plans; (iv) a relocation of the Employee’s business office to a location more than 50 miles from the location at which the Employee performs duties as of the effective date of the Change of Control, except for required travel by the Employee on the Corporation’s, its Subsidiaries’ or Affiliates’ or any successor to the Corporation’s business; or (v) a material breach by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation concerning the terms and conditions of the Employee’s employment.

(e) “Retirement” means the Employee’s termination of Service for any reason other than for Cause on or after the earlier of his or her (A) attainment of age 65 or (B) attainment of age 55 and completion of 10 years of Service.

(f) “Service” shall have the meaning given such term under the Plan, except that as used in this Agreement the term “Service” shall be limited to employment and shall exclude service performed as an Outside Director or as a Consultant.

3. Performance Measures. This Award is subject to the Performance Measures described in the attached Addendum.

4. Performance Period. Subject to Section 11 (which provides for a shortened Performance Period in the event of a Change of Control), the Performance Period is the period of three consecutive calendar years beginning on January 1<sup>st</sup> of the calendar year that includes the Grant Date and ending on December 31<sup>st</sup> of the third such calendar year, and represents the period during which the Corporation’s level of achievement under the Performance Measures will be determined.

5. Dividend Equivalents. During the Performance Period, dividend equivalents shall be converted into additional Performance Shares based on the closing price of the Corporation’s Common Stock on the New York Stock Exchange on the date such dividends are paid. Such additional Performance Shares shall vest or be forfeited in the same manner as the underlying Performance Shares to which they relate.

6. Settlement of Awards. The Corporation shall deliver to the Employee one or more Shares for each earned Performance Share (and, as applicable, for the accrued dividend equivalents) as determined in accordance with the provisions set forth in the Addendum and this

Agreement. Any earned Performance Shares payable to the Employee (including Shares payable pursuant to Section 5) shall be paid solely in Shares. Any fractional Share will be rounded to the closest whole Share.

7. Time of Payment. Except for Shares that become payable pursuant to Section 11, the Shares issuable for the earned Performance Shares shall be delivered to the Employee (or, in the case of the Employee's death before delivery, to the Employee's beneficiary or representative) as soon as practicable after the end of the Performance Period as set forth in the Addendum, but in no event later than March 15 of the calendar year following the year in which the Performance Period ends. With respect to Shares that become payable pursuant to Section 11, such Shares shall be delivered to the Employee as soon as practicable after (but no later than the 15<sup>th</sup> day of the third calendar month after) the date on which the Double Trigger Event occurs; provided however, that if the Employee's Service with the Corporation, a Subsidiary or an Affiliate is involuntarily terminated without Cause or voluntarily terminated for Good Reason on or prior to the date of the Change of Control to which the Double Trigger Event relates, then such Shares shall be delivered immediately prior to the consummation of such Change of Control.

8. Committee Discretion to Reduce Award. Notwithstanding any provision in this Agreement to the contrary, the Committee retains the right, at its sole and absolute discretion, to reduce or eliminate any Award that may become payable hereunder if the Committee determines that any one or more of the following conditions have occurred:

- (a) The stockholder return to the Corporation's stockholders has been insufficient;
- (b) The stockholder return to the Corporation's stockholders has been negative;
- (c) The financial performance of the Corporation has been inadequate; or
- (d) The operational performance of the Corporation has been inadequate.

In addition, the Committee may reduce or eliminate the Award granted hereby based on the Employee's individual performance.

9. Retirement, Disability, or Death During the Performance Period. If the Employee's Service terminates during the Performance Period because of the Employee's Retirement, his or her Disability or his or her death, then the Employee (or, in the case of the Employee's death, the Employee's beneficiary or representative) shall be entitled to receive, upon settlement of his or her Award after the end of the Performance Period in accordance with Section 7 (subject to the other terms of this Agreement, including Section 8), a prorated number of Shares determined at the end of the Performance Period in accordance with the following equation:  $X = A * (Y/36)$ ; where

X is the prorated number of Shares to be delivered upon settlement of the Award after the end of the Performance Period;

A is the number of Shares that would have been delivered upon settlement of the Award at the end of the Performance Period had the Employee's Service not terminated during the Performance Period; and

Y is the number of full calendar months the Employee is employed during the Performance Period.

10. Termination of Service During the Performance Period. If the Employee's Service terminates during the Performance Period for any reason other than as described in Section 9, the entire Award granted under this Agreement shall be automatically terminated as of the date of such termination of Service.

11. Change of Control.

(a) If a Double Trigger Event occurs during the Performance Period, the Award will be deemed payable at the time prescribed by Section 7, with a prorated number of Shares payable determined according to the following equation:  $X = A * (Y/36)$ ; where

X is the prorated number of Shares payable upon the Double Trigger Event;

A is the number of Shares that would be issuable assuming for these purposes that the Performance Period ends as of the date of the Double Trigger Event and the Corporation achieves the "target" level of performance under the Performance Measures (for the avoidance of doubt, the number of Shares issuable would be equal to the number of Performance Shares granted under this Award); and

Y is the number of full calendar months the Employee is employed during the Performance Period prior to the date of the Double Trigger Event.

(b) Notwithstanding the foregoing provisions of this Section 11, in the event of a Corporate Transaction, this Agreement shall be subject to Section 12(c) of the Plan and the terms of the agreement relating to the Corporate Transaction, including as such agreement may be amended (the "Transaction Agreement"). For example, and without limiting the foregoing, if the Award is cancelled in exchange for a payment pursuant to the terms of the Transaction Agreement, the Employee shall not be entitled to any payment under this Section 11.

12. Prohibited Activities. Notwithstanding any provision in this Agreement to the contrary, if the Employee, directly or indirectly, engages in any "Prohibited Activity" (as defined below) without the Corporation's prior written consent, then any portion of this Award that remains outstanding as of the date of such Prohibited Activity shall be immediately cancelled and forfeited. "Prohibited Activity" means any of the following activities engaged in, directly or indirectly, by the Employee during the time the Employee is employed by the Corporation or any of its Affiliates (collectively, "Clearwater Paper") or during the Performance Period, in each case as determined by the Committee in its sole discretion:

(a) The Employee engages in, whether as an owner, consultant, employee or otherwise, activities competitive with that of Clearwater Paper in any state, province or like geography where Clearwater Paper does business;

(b) Other than on behalf of Clearwater Paper, the Employee solicits for employment, offers or causes to be offered employment, either on a full-time, part-time or consulting basis, to any person who is employed by Clearwater Paper and with whom the Employee had regular contact during the course of his or her employment by Clearwater Paper; or

(c) The Employee breaches any of the Employee's obligations under any confidentiality or nondisclosure agreement with Clearwater Paper.

13. Available Shares. The Corporation agrees that it will at all times during the term of this Agreement reserve and keep available sufficient authorized but unissued or reacquired Shares to satisfy the requirements of this Agreement.

14. Applicable Taxes. In the event the Corporation determines that it is required to withhold state or federal income taxes, social security taxes or any other applicable taxes as a result of the payment of the Shares, the Corporation will satisfy such withholding requirements by withholding of Shares otherwise payable upon the settlement of the Award, which Shares will have a Fair Market Value (determined as of the date when taxes would otherwise be withheld in cash) not in excess of the amount necessary to satisfy the maximum statutory tax rates in the Employee's applicable jurisdictions.

15. Relationship to Other Benefits. Performance Shares shall not be taken into account in determining any benefits under any pension, savings, disability, severance, group insurance or any other pay-related plan of the Corporation or its Subsidiaries or Affiliates.

16. Stockholder Rights. Neither the Employee nor the Employee's beneficiary or representative shall have any rights as a stockholder with respect to any Shares subject to this Agreement until such Shares shall have been issued to the Employee or the Employee's beneficiary or representative.

17. Transfers, Assignments, Pledges. Except as otherwise provided in this Agreement, the rights and privileges conferred by this Agreement shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or of any right or privilege conferred by this Agreement, contrary to the provisions of this Section 17, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred by this Agreement, the Award and the rights and privileges conferred by this Agreement shall immediately become null and void. However, this Section 17 shall not preclude: (i) an Employee from designating a beneficiary to succeed, after the Employee's death, to any rights of the Employee or benefits distributable to the Employee under this Agreement not distributed at the time of the Employee's death; or (ii) a transfer of any Award hereunder by will or the laws of descent or distribution. In that regard, any such rights shall be exercisable by the Employee's beneficiary, and such benefits shall be distributed to the beneficiary, in accordance with the provisions of this Agreement and the Plan. The beneficiary shall be the named beneficiary or beneficiaries designated by the Employee in writing filed with the Corporation in such form and at such time as the Corporation shall require. If a deceased Employee has not designated a beneficiary, or if the designated beneficiary does not survive the Employee, any benefits distributable to the Employee shall be distributed to the legal representative of the estate of the Employee. If a deceased Employee has designated a beneficiary and the designated beneficiary survives the Employee but dies before the complete distribution of benefits to the designated beneficiary under this Agreement, then any benefits distributable to the designated beneficiary shall be distributed to the legal representative of the estate of the designated beneficiary.

18. No Employment Rights. Nothing in this Agreement shall be construed as giving the Employee the right to be retained as an employee or as impairing the rights of the Corporation or a Subsidiary or an Affiliate to terminate his or her employment at any time, with or without cause.

19. Administration. The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee and any decision made by it with respect to this Agreement is final and binding.

20. Interpretation/Applicable Law. This Agreement shall be interpreted and construed in a manner consistent with the terms of the Plan and in accordance with the laws of the State of Delaware (without regard to choice of law principles). If there is any discrepancy between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall control.

21. Term of the Agreement. The term of this Agreement shall end upon the earlier of (i) the delivery of all of the Shares or other consideration to be issued in exchange for Performance Shares (and accrued dividend equivalents) or (ii) upon the termination of the Employee's Service for any reason other than Retirement, or the Employee's Disability or death.

[remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, each party has or has caused this Agreement to be executed as of the respective date set forth below.

**CORPORATION:**

Clearwater Paper Corporation,  
a Delaware corporation

[ ]  
Senior Vice President, Human Resources

Date: [Grant Date]

Acknowledged and agreed as of the Grant Date:

Printed Name: [Participant Name]

Date: [Acceptance Date]

NOTE: GRANT WILL BE ACCEPTED ELECTRONICALLY



CLEARWATER PAPER CORPORATION  
RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) is made and entered into as of Grant Date (the “Grant Date”), by and between Clearwater Paper Corporation, a Delaware corporation (the “Corporation”), and Participant Name (the “Employee”).

W I T N E S S E T H:

WHEREAS, the Corporation maintains the Clearwater Paper Corporation 2017 Stock Incentive Plan (the “Plan”), which is incorporated into and forms a part of this Agreement, and the Employee has been selected to receive a grant of Restricted Stock Units under Section 10 of the Plan;

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

1. Award. Subject to the terms of this Agreement, the Employee is hereby awarded a grant of Number of Awards Granted Restricted Stock Units (the “Award”). Except as otherwise set forth herein, the number of Shares actually payable to the Employee is contingent on the Employee’s continuous Service through each Vesting Date occurring during the Vesting Period. This Award has been granted pursuant to the Plan and is subject to all the terms and provisions thereof, a copy of which has been made available to the Employee and the terms and conditions of which are incorporated by reference into this Agreement.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms used in this Agreement shall have the meanings set forth in this Section 1. Capitalized terms not defined in this Agreement shall have the same definitions as in the Plan.

- (a) “Cause” means the occurrence of any one or more of the following: (i) the Employee’s conviction of any felony or any crime involving fraud, dishonesty or moral turpitude; (ii) the Employee’s participation in a fraud or act of dishonesty against the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation that results in material harm to the business of the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation; (iii) the Employee’s intentional, material violation of any contract between the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation and the Employee, or any statutory duty the Employee owes the Corporation, its Affiliates or any successor to the Corporation, in either case that the Employee does not correct within 30 days after written notice thereof has been provided to the Employee, (iv) the commission of an act by the Employee that could (either alone or with other acts) be considered harassment or discrimination on the basis of gender, race, age, religion, sexual orientation or other protected category; or (v) the commission by the Employee of an alcohol or drug offense in violation of the Corporation’s, or a Subsidiary’s or an Affiliate’s Substance Abuse Policy for salaried employees.
- (b) “Disability” means a condition pursuant to which the Employee has received and exhausted income replacement benefits under a short-term disability plan of the Corporation or a Subsidiary for the maximum time period permitted under such plan.
- (c) “Double Trigger Event” means the Employee’s Service with the Corporation or a Subsidiary or an Affiliate is involuntarily terminated without Cause or voluntarily

terminated for Good Reason within one month prior to or 24 months following the effective date of a Change of Control.

- (d) “Good Reason” means that one or more of the following are undertaken by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation without the Employee’s written consent: (i) the assignment to the Employee of any duties or responsibilities that results in a material diminution in the Employee’s position or function as in effect immediately prior to the effective date of a Change of Control; provided, however, that a change in the Employee’s title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a 10% or greater reduction, other than in connection with an across-the-board reduction applicable to other similarly situated employees, by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation in the Employee’s base salary and/or target bonus, and/or target long-term incentive opportunity, all as in effect on the effective date of the Change of Control or as increased thereafter; (iii) any failure by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation to continue in effect (or substantially replace in the aggregate) any material benefit plan or program in which the Employee was participating immediately prior to the effective date of the Change of Control (hereinafter referred to as “Benefit Plans”), or the taking of any action by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation that would adversely affect the Employee’s participation in or reduce the Employee’s benefits under the Benefit Plan; provided, however, that no voluntary termination of Service with Good Reason shall be deemed to have occurred if the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation provide for the Employee’s participation in benefit plans and programs that, taken as a whole, are comparable to the Benefit Plans; (iv) a relocation of the Employee’s business office to a location more than 50 miles from the location at which the Employee performs duties as of the effective date of the Change of Control, except for required travel by the Employee on the Corporation’s, its Subsidiaries’ or Affiliates’ or any successor to the Corporation’s business; or (v) a material breach by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation concerning the terms and conditions of the Employee’s employment.
- (e) “Retirement” means the Employee’s termination of Service for any reason other than for Cause on or after the earlier of his or her (A) attainment of age 65 or (B) attainment of age 55 and completion of 10 years of Service.
- (f) “Service” shall have the meaning given such term under the Plan, except that as used in this Agreement the term “Service” shall be limited to employment and shall exclude service performed as an Outside Director or as a Consultant.
- (g) “Vesting Date” means each date during the Vesting Period on which a portion of the Restricted Stock Units granted under this Agreement are scheduled to vest, as specified in the Addendum to this Agreement.
- (h) “Vesting Period” means the vesting period specified in the Addendum to this Agreement.

3. Dividend Equivalents. During the Vesting Period, dividend equivalents shall be converted into additional Restricted Stock Units based on the closing price of the Stock on the New York Stock Exchange on the dividend payment date. Such additional Restricted Stock Units shall vest or be forfeited in the same manner as the underlying Restricted Stock Units to which they relate.

4. Settlement of Awards. Pursuant to Section 5, the Corporation shall deliver to the Employee one Share for each vested Restricted Stock Unit included in the Award and, as applicable, one share for each vested Restricted Stock Unit that corresponds to an accrued dividend equivalent. Any vested Restricted Stock Units payable to the Employee (including Shares payable pursuant to Section 3) shall be paid solely in Shares. Any fractional Share will be rounded to the closest whole Share.

5. Time of Payment. Except for Shares issuable pursuant to Section 6 or Section 8, the Shares issuable for the vested Restricted Stock Units shall be delivered to the Employee (or, in the case of the Employee's death, to the Employee's beneficiary or representative) as soon as practicable after each Vesting Date (but in no event later than the 15<sup>th</sup> day of the third calendar month following such date). With respect to Shares issuable for Restricted Stock Units that become vested and payable pursuant to Section 6, such Shares shall be delivered to the Employee (or, in the case of the Employee's death, to the Employee's beneficiary or representative) as soon as practicable after the next annual Vesting Date scheduled to occur following the Employee's termination of Service (but in no event later than the 15<sup>th</sup> day of the third calendar month following such Vesting Date). With respect to Shares issuable in connection with Restricted Stock Units that become vested pursuant to Section 8, such Shares shall be delivered to the Employee as soon as practicable after (but no later than the 15<sup>th</sup> day of the third calendar month after) the date on which the Double Trigger Event occurs; provided however, that if the Employee's Service with the Corporation, a Subsidiary or an Affiliate is involuntarily terminated without Cause or voluntarily terminated for Good Reason on or prior to the date of the Change of Control to which the Double Trigger Event relates, then such Shares shall be delivered immediately prior to the consummation of such Change of Control.

6. Retirement, Disability, or Death During the Vesting Period. If the Employee's Service with the Corporation or a Subsidiary or an Affiliate terminates during the Vesting Period because of the Employee's Retirement, due to his or her Disability or due to his or her death, the Employee (or, in the case of the Employee's death, the Employee's beneficiary) will be entitled to the Shares attributable to any previously vested Restricted Stock Units, and a prorated number of Shares attributable to the Restricted Stock Units scheduled to vest at the next annual Vesting Date scheduled to occur following the Employee's termination of Service. The prorated number of Shares shall be determined by multiplying the total number of Restricted Stock Units scheduled to vest at such Vesting Date by a fraction, the numerator of which is the number of completed full months the Employee is employed (including disability) from the previous annual Vesting Date (or the Grant Date if the Employee's Service terminates prior to the first annual Vesting Date) to the date of termination of Service, and the denominator of which is 12.

7. Termination of Service During the Vesting Period. If the Employee's Service terminates during the Vesting Period for any reason other than as described in Section 6 or Section 8, this Agreement shall be terminated automatically as of the date of such termination of Service and the Employee shall not become vested in any of the Restricted Stock Units subject to this Agreement that did not vest prior to the Employee's termination of Service.

8. Change of Control. If a Double Trigger Event occurs prior to the first annual Vesting Date scheduled for the Award, the Employee will be entitled to a prorated number of Shares, determined by multiplying the number of Restricted Stock Units subject to this Agreement by a fraction, the numerator of which is the number of full months the Employee is employed (including disability) from the Grant Date to the date of the Double Trigger Event, and the denominator of which is twelve. If a Double Trigger Event occurs on or after the first annual Vesting Date scheduled for the Award, the Restricted Stock Units, to the extent not previously vested, shall become immediately vested in full and payable in accordance with Sections 4 and 5.

9. Available Shares. The Corporation agrees that it will at all times during the term of this Agreement reserve and keep available sufficient authorized but unissued or reacquired Shares to satisfy the requirements of this Agreement.

10. Applicable Taxes. In the event the Corporation determines that it is required to withhold state or federal income taxes, Social Security taxes, or any other applicable taxes as a result of the payment of the Shares, the Corporation will satisfy such withholding requirements by withholding of Shares otherwise payable upon the settlement of the Award, which Shares will have a Fair Market Value (determined as of the date when taxes would otherwise be withheld in cash) not in excess of the amount necessary to satisfy the maximum statutory tax rates in the Employee's applicable jurisdictions.

11. Relationship to Other Benefits. Restricted Stock Units shall not be taken into account in determining any benefits under any pension, savings, disability, severance, group insurance or any other pay-related plan of the Corporation or its Subsidiaries or Affiliates.

12. Stockholder Rights. Neither the Employee nor the Employee's beneficiary or representative shall have any rights as a stockholder with respect to any Shares subject to this Agreement until such Shares shall have been issued to the Employee or the Employee's beneficiary or representative.

13. Transfers, Assignments, Pledges. Except as otherwise provided in this Agreement, the rights and privileges conferred by this Agreement shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or of any right or privilege conferred by this Agreement, contrary to the provisions of this Section 13, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred by this Agreement, the Award and the rights and privileges conferred by this Agreement shall immediately become null and void. However, this Section 13 shall not preclude: (i) an Employee from designating a beneficiary to succeed, after the Employee's death, to any rights of the Employee or benefits distributable to the Employee under this Agreement not distributed at the time of the Employee's death; or (ii) a transfer of any Award hereunder by will or the laws of descent or distribution. In that regard, any such rights shall be exercisable by the Employee's beneficiary, and such benefits shall be distributed to the beneficiary, in accordance with the provisions of this Agreement and the Plan. The beneficiary shall be the named beneficiary or beneficiaries designated by the Employee in writing filed with the Corporation in such form and at such time as the Corporation shall require. If a deceased Employee has not designated a beneficiary, or if the designated beneficiary does not survive the Employee, any benefits distributable to the Employee shall be distributed to the legal representative of the estate of the Employee. If a deceased Employee has designated a beneficiary and the designated beneficiary survives the Employee but dies before the complete distribution of benefits to the designated beneficiary under this Agreement, then any benefits distributable to the designated beneficiary shall be distributed to the legal representative of the estate of the designated beneficiary.

14. No Employment Rights. Nothing in this Agreement shall be construed as giving the Employee the right to be retained as an employee or as impairing the rights of the Corporation or a Subsidiary or an Affiliate to terminate his or her employment at any time, with or without cause.

15. Prohibited Activities. Notwithstanding any provision in this Agreement to the contrary, if the Employee, directly or indirectly, engages in any "Prohibited Activity" (as defined below) without the Corporation's prior written consent, then any portion of this Award that remains outstanding as of the date of such Prohibited Activity shall be immediately cancelled and

forfeited. “Prohibited Activity” means any of the following activities engaged in, directly or indirectly, by the Employee during the time the Employee is employed by the Corporation or any of its Affiliates (collectively, “Clearwater Paper”) or during the Vesting Period, in each case as determined by the Committee in its sole discretion:

- (a) The Employee engages in, whether as an owner, consultant, employee or otherwise, activities competitive with that of Clearwater Paper in any state, province or like geography where Clearwater Paper does business;
- (b) Other than on behalf of Clearwater Paper, the Employee solicits for employment, offers or causes to be offered employment, either on a full-time, part-time or consulting basis, to any person who is employed by Clearwater Paper and with whom the Employee had regular contact during the course of his or her employment by Clearwater Paper; or
- (c) The Employee breaches any of the Employee’s obligations under any confidentiality or nondisclosure agreement with Clearwater Paper.

16. Administration. The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee and any decision made by it with respect to this Agreement is final and binding.

17. Interpretation/Applicable Law. This Agreement shall be interpreted and construed in a manner consistent with the terms of the Plan and in accordance with the laws of the State of Delaware (without regard to choice of law principles). If there is any discrepancy between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall control.

18. Term of the Agreement. The term of this Agreement shall end upon the earlier of (i) the delivery of all of the Shares or other consideration to be issued in exchange for the Restricted Stock Units (and accrued dividend equivalents) subject to the Award granted to the Employee or (ii) upon the termination of the Employee’s Service for any reason other than retirement under the Retirement Plan, the Employee’s Disability or death or in connection with a Double Trigger Event.

19. Compliance with Section 409A of the Code. The provisions of this Agreement regarding the payments to be provided to the Employee are intended to comply with Section 409A of the Code or an exemption therefrom, and any ambiguity in any such provision shall be resolved in a manner that supports compliance with Section 409A or an exemption therefrom. Without limiting the foregoing,

- (a) The provisions of Sections 5 and 8 requiring payment after a Double Trigger Event or otherwise upon an Employee’s termination of Service shall be construed to require that the Employee “separate from service” with Clearwater and its Affiliates within the meaning of Treasury Regulation Section 1.409A-1(h) as a condition to the Employee receiving such payment.
- (b) If the Employee is entitled to receive a payment subject to Section 409A of the Code after a Double Trigger Event or otherwise upon a termination of Service, and the Corporation determines in good faith that the Employee is a “specified employee” as defined in Section 409A as of the date his Service terminates, then such payment shall be deferred and paid 6 months and 1 day following the date of the Employee’s

termination of Service (or if earlier, payment shall be made within 60 days after the date of the Employee's death).

[remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, each party has or has caused this Agreement to be executed as of the respective date set forth below.

**CORPORATION:**

Clearwater Paper Corporation,  
a Delaware corporation

[ ]  
Senior Vice President, Human Resources

Date: Grant Date

Acknowledged and agreed as of the Grant Date:

Printed Name: [Participant Name]

Date: [Acceptance Date]

NOTE: GRANT WILL BE ACCEPTED ELECTRONICALLY

ADDENDUM TO RESTRICTED STOCK UNIT AGREEMENT

Employee: [Participant Name]

Grant Date: [Grant Date]

Type of Vesting: Ratable vesting. Vesting occurs in equal installments on each Vesting Date as specified in this Addendum, subject to the terms and conditions in the Agreement.

Vesting Period: The period beginning on the Grant Date and ending on the March 15<sup>th</sup> coincident with or next following the third anniversary of the Grant Date.

Vesting Dates: Each date on which a portion of the Award vests and becomes nonforfeitable. Thirty-three percent (33%) of the Award shall vest on the March 15<sup>th</sup> coincident with or next following the first anniversary of the Grant Date, thirty-three percent (33%) of the Award shall vest on the March 15<sup>th</sup> coincident with or next following the second anniversary of the Grant Date, and thirty-four percent (34%) of the Award shall vest on the March 15<sup>th</sup> coincident with or next following the third anniversary of the Grant Date, provided the Employee remains in continuous Service through such Vesting Date, except as specifically set forth in the Agreement.



CLEARWATER PAPER CORPORATION  
RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”) is made and entered into as of [Grant Date] (the “Grant Date”), by and between Clearwater Paper Corporation, a Delaware corporation (the “Corporation”), and [Participant Name] (the “Employee”).

W I T N E S S E T H:

WHEREAS, the Corporation maintains the Clearwater Paper Corporation 2017 Stock Incentive Plan (the “Plan”), which is incorporated into and forms a part of this Agreement, and the Employee has been selected to receive a grant of Restricted Stock Units under Section 10 of the Plan;

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

1. Award. Subject to the terms of this Agreement, the Employee is hereby awarded a grant of [Number of Awards Granted] Restricted Stock Units (the “Award”). Except as otherwise set forth herein, the number of Shares actually payable to the Employee is contingent on the Employee’s continuous Service [for the duration of][through each scheduled Vesting Date occurring during] the Vesting Period. This Award has been granted pursuant to the Plan and is subject to all the terms and provisions thereof, a copy of which has been made available to the Employee and the terms and conditions of which are incorporated by reference into this Agreement.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms used in this Agreement shall have the meanings set forth in this Section 2. Capitalized terms not defined in this Agreement shall have the same definitions as in the Plan.

(a) “Cause” means the occurrence of any one or more of the following: (i) the Employee’s conviction of any felony or any crime involving fraud, dishonesty or moral turpitude; (ii) the Employee’s participation in a fraud or act of dishonesty against the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation that results in material harm to the business of the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation; (iii) the Employee’s intentional, material violation of any contract between the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation and the Employee, or any statutory duty the Employee owes the Corporation, its Affiliates or any successor to the Corporation, in either case that the Employee does not correct within 30 days after written notice thereof has been provided to the Employee, (iv) the commission of an act by the Employee that could (either alone or with other acts) be considered harassment or discrimination on the basis of gender, race, age, religion, sexual orientation or other protected category; or (v) the commission by the Employee of an alcohol or drug offense in violation of the Corporation’s, or a Subsidiary’s or an Affiliate’s Substance Abuse Policy for salaried employees.

(b) “Disability” means a condition pursuant to which the Employee has received and exhausted income replacement benefits under a short-term disability plan of the Corporation or a Subsidiary for the maximum time period permitted under such plan.

(c) “Double Trigger Event” means the Employee’s Service with the Corporation or a Subsidiary or an Affiliate is involuntarily terminated without Cause or voluntarily terminated for

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Good Reason within one month prior to or 24 months following the effective date of a Change of Control.

(d) “Good Reason” means that one or more of the following are undertaken by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation without the Employee’s written consent: (i) the assignment to the Employee of any duties or responsibilities that results in a material diminution in the Employee’s position or function as in effect immediately prior to the effective date of a Change of Control; provided, however, that a change in the Employee’s title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a 10% or greater reduction, other than in connection with an across-the-board reduction applicable to other similarly situated employees, by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation in the Employee’s base salary and/or target bonus, and/or target long-term incentive opportunity, all as in effect on the effective date of the Change of Control or as increased thereafter; (iii) any failure by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation to continue in effect (or substantially replace in the aggregate) any material benefit plan or program in which the Employee was participating immediately prior to the effective date of the Change of Control (hereinafter referred to as “Benefit Plans”), or the taking of any action by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation that would adversely affect the Employee’s participation in or reduce the Employee’s benefits under the Benefit Plans; provided, however, that no voluntary termination of Service with Good Reason shall be deemed to have occurred if the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation provide for the Employee’s participation in benefit plans and programs that, taken as a whole, are comparable to the Benefit Plans; (iv) a relocation of the Employee’s business office to a location more than 50 miles from the location at which the Employee performs duties as of the effective date of the Change of Control, except for required travel by the Employee on the Corporation’s, its Subsidiaries’ or Affiliates’ or any successor to the Corporation’s business; or (v) a material breach by the Corporation, its Subsidiaries or Affiliates or any successor to the Corporation concerning the terms and conditions of the Employee’s employment.

(e) “Service” shall have the meaning given such term under the Plan, except that as used in this Agreement the term “Service” shall be limited to employment and shall exclude service performed as an Outside Director or as a Consultant.

(f) “Vesting Date” means each date during the Vesting Period on which a portion of the Restricted Stock Units granted under this Agreement are scheduled to vest, as specified in the Addendum to this Agreement.

(g) “Vesting Period” means the vesting period specified in the Addendum to this Agreement.

3. Dividend Equivalents. During the Vesting Period, dividend equivalents shall be converted into additional Restricted Stock Units based on the closing price of the Stock on the New York Stock Exchange on the dividend payment date. Such additional Restricted Stock Units shall vest or be forfeited in the same manner as the underlying Restricted Stock Units to which they relate.

4. Settlement of Awards. Pursuant to Section 5, the Corporation shall deliver to the Employee one Share for each vested Restricted Stock Unit included in the Award and, as applicable, one share for each vested Restricted Stock Unit that corresponds to an accrued dividend equivalent. Any vested Restricted Stock Units payable to the Employee (including Shares payable pursuant to Section 3) shall be paid solely in Shares. Any fractional Share will be rounded to the closest whole Share.

5. Time of Payment. Except for Shares issuable pursuant to Section 8, the Shares issuable for the vested Restricted Stock Units shall be delivered to the Employee (or, in the case of the Employee's death, to the Employee's beneficiary or representative) as soon as practicable after the [end of the Vesting Period][applicable Vesting Date] (but in no event later than the 15<sup>th</sup> day of the third calendar month following [the date on which the Vesting Period ends][such Vesting Date]). With respect to Shares issuable in connection with Restricted Stock Units that become vested pursuant to Section 6, such Shares shall be delivered to the Employee (or, in the case of the Employee's death, to the Employee's beneficiary or representative) as soon as practicable after (but no later than the 15<sup>th</sup> day of the third calendar month after) the date on which the Employee terminates Service due to Disability or death. With respect to Shares issuable in connection with Restricted Stock Units that become vested pursuant to Section 8, such Shares shall be delivered to the Employee as soon as practicable after (but no later than the 15<sup>th</sup> day of the third calendar month after) the date on which the Double Trigger Event occurs; provided however, that if the Employee's Service with the Corporation, a Subsidiary or an Affiliate is involuntarily terminated without Cause or voluntarily terminated for Good Reason on or prior to the date of the Change of Control to which the Double Trigger Event relates, then such Shares shall be delivered immediately prior to the consummation of such Change of Control.

6. Disability or Death During the Vesting Period. If the Employee's Service with the Corporation or a Subsidiary or an Affiliate terminates during the Vesting Period due to his or her Disability or due to his or her death, the Employee (or, in the case of the Employee's death, the Employee's beneficiary or representative) will be entitled to a payment of [a prorated number of Shares] [Shares for the already vested portion of the Restricted Stock Units plus a prorated number of Shares for the remaining unvested portion of the Restricted Stock Units], determined by multiplying the number of [Restricted Stock Units subject to this Agreement] [such unvested Restricted Stock Units] by a fraction, the numerator of which is the number of full months of Service completed [in the Vesting Period as of the date of termination][after the most recent Vesting Date], and the denominator of which is the total number of months [in the Vesting Period][in the period between such Vesting Date and the final Vesting Date].

7. Termination of Service During the Vesting Period. If the Employee's Service terminates during the Vesting Period for any reason other than as described in Section 6 or Section 8, the unvested portion of the Restricted Stock Units granted under this Agreement shall be terminated automatically as of the date of such termination of Service.

8. Change of Control. If a Double Trigger Event occurs during the Vesting Period, the Restricted Stock Units shall become immediately vested in full and payable in accordance with Sections 4 and 5.

9. Available Shares. The Corporation agrees that it will at all times during the term of this Agreement reserve and keep available sufficient authorized but unissued or reacquired Shares to satisfy the requirements of this Agreement.

10. Applicable Taxes. In the event the Corporation determines that it is required to withhold state or federal income taxes, Social Security taxes, or any other applicable taxes as a result of the payment of the Shares, the Corporation will satisfy such withholding requirements by withholding of Shares otherwise payable upon the settlement of the Award, which Shares will have a Fair Market Value (determined as of the date when taxes would otherwise be withheld in cash) not in excess of the legally required minimum amount of tax withholding.

11. Relationship to Other Benefits. Restricted Stock Units shall not be taken into account in determining any benefits under any pension, savings, disability, severance, group insurance or any other pay-related plan of the Corporation or its Subsidiaries or Affiliates.

12. Stockholder Rights. Neither the Employee nor the Employee's beneficiary or representative shall have any rights as a stockholder with respect to any Shares subject to this Agreement until such Shares shall have been issued to the Employee or the Employee's beneficiary or representative.

13. Transfers, Assignments, Pledges. Except as otherwise provided in this Agreement, the rights and privileges conferred by this Agreement shall not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or of any right or privilege conferred by this Agreement, contrary to the provisions of this Section 14, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred by this Agreement, the Award and the rights and privileges conferred by this Agreement shall immediately become null and void. However, this Section 14 shall not preclude: (i) an Employee from designating a beneficiary to succeed, after the Employee's death, to any rights of the Employee or benefits distributable to the Employee under this Agreement not distributed at the time of the Employee's death; or (ii) a transfer of any Award hereunder by will or the laws of descent or distribution. In that regard, any such rights shall be exercisable by the Employee's beneficiary, and such benefits shall be distributed to the beneficiary, in accordance with the provisions of this Agreement and the Plan. The beneficiary shall be the named beneficiary or beneficiaries designated by the Employee in writing filed with the Corporation in such form and at such time as the Corporation shall require. If a deceased Employee has not designated a beneficiary, or if the designated beneficiary does not survive the Employee, any benefits distributable to the Employee shall be distributed to the legal representative of the estate of the Employee. If a deceased Employee has designated a beneficiary and the designated beneficiary survives the Employee but dies before the complete distribution of benefits to the designated beneficiary under this Agreement, then any benefits distributable to the designated beneficiary shall be distributed to the legal representative of the estate of the designated beneficiary.

14. No Employment Rights. Nothing in this Agreement shall be construed as giving the Employee the right to be retained as an employee or as impairing the rights of the Corporation or a Subsidiary or an Affiliate to terminate his or her employment at any time, with or without cause.

15. Prohibited Activities. Notwithstanding any provision in this Agreement to the contrary, if the Employee, directly or indirectly, engages in any "Prohibited Activity" (as defined below) without the Corporation's prior written consent, then any portion of this Award that remains outstanding as of the date of such Prohibited Activity shall be immediately cancelled and forfeited. "Prohibited Activity" means any of the following activities engaged in, directly or indirectly, by the Employee during the time the Employee is employed by the Corporation or any of its Affiliates (collectively, "Clearwater Paper") or during the Vesting Period, in each case as determined by the Committee in its sole discretion:

(a) The Employee engages in, whether as an owner, consultant, employee or otherwise, activities competitive with that of Clearwater Paper in any state, province or like geography where Clearwater Paper does business;

(b) Other than on behalf of Clearwater Paper, the Employee solicits for employment, offers or causes to be offered employment, either on a full-time, part-time or consulting basis, to any person who is employed by Clearwater Paper and with whom the Employee had regular contact during the course of his or her employment by Clearwater Paper; or

(c) The Employee breaches any of the Employee's obligations under any confidentiality or nondisclosure agreement with Clearwater Paper.

16. Administration. The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee and any decision made by it with respect to this Agreement is final and binding.

17. Interpretation/Applicable Law. This Agreement shall be interpreted and construed in a manner consistent with the terms of the Plan and in accordance with the laws of the State of Delaware (without regard to choice of law principles). If there is any discrepancy between the terms and conditions of this Agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall control.

18. Term of the Agreement. The term of this Agreement shall end upon the earlier of (i) the delivery of all of the Shares or other consideration to be issued in exchange for the Restricted Stock Units (and accrued dividend equivalents) subject to the Award granted to the Employee or (ii) upon the termination of the Employee's Service for any reason other than the Employee's Disability or death or in connection with a Double Trigger Event.

19. Compliance with Section 409A of the Code. The provisions of this Agreement regarding the payments to be provided to the Employee are intended to comply with Section 409A of the Code or an exemption therefrom, and any ambiguity in any such provision shall be resolved in a manner that supports compliance with Section 409A or an exemption therefrom. Without limiting the foregoing,

- a. The provisions of Sections 5 and 8 requiring payment after a Double Trigger Event or otherwise upon an Employee's termination of Service shall be construed to require that the Employee "separate from service" with Clearwater and its Affiliates within the meaning of Treasury Regulation Section 1.409A-1(h) as a condition to the Employee receiving such payment.
- b. If the Employee is entitled to receive a payment subject to Section 409A of the Code after a Double Trigger Event or otherwise upon a termination of Service, and the Corporation determines in good faith that the Employee is a "specified employee" as defined in Section 409A as of the date his Service terminates, then such payment shall be deferred and paid 6 months and 1 day following the date of the Employee's termination of Service (or if earlier, payment shall be made within 60 days after the date of the Employee's death).

[remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, each party has or has caused this Agreement to be executed as of the respective date set forth below.

**CORPORATION:**

Clearwater Paper Corporation,  
a Delaware corporation

[ ]  
Senior Vice President, Human Resources

Date: [Grant Date]

Acknowledged and agreed as of the Grant Date:

Printed Name: [Participant Name]

Date: [Acceptance Date]

NOTE: GRANT WILL BE ACCEPTED ELECTRONICALLY

ADDENDUM TO RESTRICTED STOCK UNIT AGREEMENT

Employee: [Participant Name]

Grant Date: [Grant Date]

Type of Vesting: Cliff vesting. Vesting occurs only at the end of the Vesting Period, provided the Employee remains in Service through the entire Vesting Period, except as specifically set forth in the Agreement.

Vesting Period: *Alternative 1:* The period of [\_\_\_\_\_] consecutive years beginning on the Grant Date and ending on the [\_\_\_\_\_] anniversary of the Grant Date.

*Alternative 2:* The period beginning on the Grant Date and ending on [\_\_\_\_\_].

Type of Vesting: Ratable vesting. Vesting occurs in equal installments on each Vesting Date as specified in this Addendum, subject to the terms and conditions in the Agreement.

Vesting Period: *Alternative 1:* The period of [\_\_\_\_\_] consecutive years beginning on the Grant Date and ending on the [\_\_\_\_\_] anniversary of the Grant Date.

*Alternative 2:* The period beginning on the Grant Date and ending on [\_\_\_\_\_].

Vesting Dates: *Alternative 1:* Each annual anniversary of the Grant Date occurring during the Vesting Period. On each Vesting Date the Employee shall vest in [\_\_\_\_\_] % of the total number of Restricted Stock Units subject to the Award, provided the Employee remains in Service through such Vesting Date, except as specifically set forth in the Agreement.

*Alternative 2:* Each of the following dates: [\_\_\_\_\_]. On each Vesting Date the Employee shall vest in [\_\_\_\_\_] % of the total number of Restricted Stock Units subject to the Award, provided the Employee remains in Service through such Vesting Date, except as specifically set forth in the Agreement.

CLEARWATER PAPER CORPORATION

ANNUAL INCENTIVE PLAN

Effective January 1, 2024

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CLEARWATER PAPER CORPORATION

ANNUAL INCENTIVE PLAN

Effective January 1, 2024

1. ESTABLISHMENT AND PURPOSE

The Clearwater Paper Corporation Annual Incentive Plan (the “Plan”) is intended to provide annual incentive bonus awards to designated eligible employees of the Corporation. The Plan is intended to comply with the requirements of Section 409A of the Code, to the extent applicable, or one or more exemptions therefrom.

2. DEFINITIONS

(a) “Applicable Severance Plan” means the Clearwater Paper Change of Control Plan, the Clearwater Paper Executive Severance Plan, the Clearwater Paper Salaried Severance Plan or a separate, written employment agreement providing severance benefits, whichever is applicable to the Participant at the time of his or her termination of employment from the Corporation, including any successor severance plan or agreement provided by Clearwater Paper or a successor thereto following a Change of Control.

(b) “Award” means an award under the Plan.

(c) “Award Year” means a Year with respect to which Awards are made.

(d) “Board of Directors” means the Board of Directors of Clearwater Paper Corporation.

(e) “Cause” has the same meaning as given to such term in the Applicable Severance Plan.

(f) “CEO” means the Chief Executive Officer of Clearwater Paper Corporation.

(g) “Change of Control” means the effective date of any one of the following events:

(i) Upon consummation of a merger or consolidation involving Clearwater Paper (a “Business Combination”), in each case, unless, following such Business Combination,

(A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the then outstanding shares of common stock of Clearwater Paper (the “Outstanding Common Stock”) and the then outstanding voting securities of Clearwater Paper entitled to vote generally in the election of directors (the “Outstanding Voting Securities”) immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation or other entity resulting from such Business Combination (including, without limitation, a corporation or other entity which as a result of such transaction owns Clearwater Paper either directly or through one or more subsidiaries),

(B) no individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act)) (a

“Person”) (excluding any corporation or other entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by Clearwater Paper or any of its Subsidiaries or such other corporation or other entity resulting from such Business Combination) beneficially owns, directly or indirectly, thirty percent (30%) or more of, respectively, the then outstanding shares of common stock or common equity of the corporation or other entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation or other entity except to the extent that such ownership is based on the beneficial ownership, directly or indirectly, of Outstanding Common Stock or Outstanding Voting Securities immediately prior to the Business Combination, and

(C) at least a majority of the members of the board of directors or similar governing body of the corporation or other entity resulting from such Business Combination were members of the Board of Directors at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination; or

(ii) On the date that individuals who, as of 12:01 a.m. (Pacific) on the Effective Date, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual who becomes a member of the Board of Directors on or subsequent to the day immediately following the Effective Date whose election, or nomination for election by Clearwater Paper’s stockholders, was approved by a vote of at least a majority of the members of the Board of Directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for purposes of this proviso, any such individual whose appointment to the Board of Directors occurs as a result of an actual or threatened election contest with respect to the election or removal of a member or members of the Board of Directors, an actual or threatened solicitation of proxies or consents or any other actual or threatened action by, or on behalf of, any Person other than the Incumbent Board; or

(iii) Upon the acquisition on or after the Effective Date by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty percent (30%) or more of either

(A) the then Outstanding Common Stock, or

(B) the combined voting power of the Outstanding Voting Securities;

provided, however, that the following acquisitions shall not be deemed to be covered by this paragraph (iii):

(I) any acquisition of Outstanding Common Stock or Outstanding Voting Securities by the Corporation,

(II) any acquisition of Outstanding Common Stock or Outstanding Voting Securities by any employee benefit plan (or related trust) sponsored or maintained by the Corporation, or

(III) any acquisition of Outstanding Common Stock or Outstanding Voting Securities by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of Section 2(f)(i); or

(iv) Upon the consummation of the sale, lease or exchange of all or substantially all of the assets of Clearwater Paper; or

(v) Upon the approval by the stockholders of Clearwater Paper of a complete liquidation or dissolution of Clearwater Paper.

(h) “Clearwater Paper” means Clearwater Paper Corporation, a Delaware corporation.

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

(j) “Committee” means the committee which shall administer the Plan in accordance with Section 3.

(k) “Corporation” means Clearwater Paper Corporation and its Subsidiaries.

(l) “Disability” means a condition pursuant to which the Participant has received and exhausted income replacement benefits under a Corporation short-term disability plan for the maximum time period permitted under such plan.

(m) “Effective Date” means January 1, 2024.

(n) “Employee” means an employee (including any Executive Officer) of the Corporation who is regularly scheduled to work 30 or more hours per week and is not covered by a collective bargaining agreement.

(o) “Exchange Act” means the Securities and Exchange Act of 1934, as amended.

(p) “Executive Officer” means any Employee of the Corporation designated as an “executive officer” by the Board of Directors with respect to the applicable Award Year.

(q) “Management Deferred Compensation Plan” means the Clearwater Paper Corporation Management Deferred Compensation Plan, and any successor plan.

(r) “Participant” means any Executive Officer and any other Employee actively employed by the Corporation during an Award Year in a position designated as a participating position in accordance with rules and regulations adopted by the Committee.

(s) “Retirement” means the Participant’s termination of service for the Corporation for any reason other than for Cause on or after the earlier of his or her (A) attainment of age 65 or (B) attainment of age 55 and completion of 10 years of service for the Corporation.

(t) “Subsidiary” means any corporation fifty percent (50%) or more of the voting stock of which is owned by Clearwater Paper or by one or more of such corporations.

(u) “Year” means the calendar year.

### 3. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Compensation Committee of the Board of Directors, or such other committee as may be designated and appointed by the Board of Directors which shall consist of at least three (3) members of the Board of Directors. Notwithstanding the foregoing, with respect to Participants who are Executive Officers, except in the case of a Change of Control as explained below, the Plan shall be administered solely by the Compensation Committee of the Board of Directors. No member of the Committee shall be eligible to participate and receive Awards under the Plan while serving as a member of the Committee.

In addition to the powers and duties otherwise set forth in the Plan, the Committee shall have full power and authority to administer and interpret the Plan, to establish procedures for administering the Plan, to adopt and periodically review such rules and regulations consistent with the terms of the Plan as the Committee deems necessary or advisable in order to properly carry out the provisions of the Plan, to receive and review an annual report to be submitted by the CEO which shall describe and evaluate the operation of the Plan, and to take any and all necessary action in connection therewith. The Committee's interpretation and construction of the Plan and its determination of the amount of any Award thereunder shall be conclusive and binding on all persons. In making such determinations, the Committee shall be entitled to rely on information and reports provided by the CEO, the Senior Vice President, Legal or the Senior Vice President, Human Resources of Clearwater Paper (or in the event of a restructuring or vacancy in any such position, the officer of Clearwater Paper to whom has been delegated the responsibilities of such restructured or vacant position).

Within thirty (30) days after a Change of Control, the Committee shall appoint an independent committee consisting of at least three (3) current (as of the effective date of the Change of Control) or former Corporation officers and directors, which shall thereafter administer all claims for benefits under the Plan. Upon such appointment the Committee shall cease to have any responsibility for claims administration under the Plan.

#### 4. ELIGIBILITY AND PARTICIPATION

The CEO shall designate the Employees who will participate in the Plan for an Award Year, in accordance with the Committee's rules and regulations.

#### 5. AWARDS

Awards shall be determined in accordance with Sections 6, 7 and 8 following the close of the Award Year and, unless deferred in accordance with the Management Deferred Compensation Plan, shall be paid no later than March 15 following the close of the Award Year.

#### 6. DETERMINING THE TARGET BONUS POOLS AND PERFORMANCE TARGETS

(a) Prior to or during the first 90 days of each Award Year, the Committee shall approve, in accordance with this Section 6 and the Committee's rules and regulations,

- the methodology for determining each Participant's target bonus for the Award Year;
- the number of, and the methodology for determining, target bonus pools for the Award Year;
- the extent to which Participants shall participate in each target bonus pool; and
- the performance criteria and specific performance targets that will be used to determine the percentage of each target bonus pool that will be funded.

(b) Performance Criteria. For the purpose of measuring performance for an Award Year, the Committee shall designate one or more performance criteria ("Performance Criteria") for an Award Year, either individually or in any combination, applied either to the Corporation, Clearwater Paper, an organization unit or Subsidiary, either individually or in any combination,

and measured on an absolute basis or a relative basis compared to a pre-established target, to previous years' results or to the performance of one or more comparable companies or a designated comparison group or index, in each case as specified by the Committee. Such Performance Criteria may include, but are not limited to, one or more of the following:

- Cash flow: operating cash flow, free cash flow, cash flow per share, net operating cash flow, discounted cash flow in excess of cost of capital;
- Earnings per share, including diluted earnings per share;
- Earnings: EBI, EBIT, EBITD, EBITDA, or any combination of the foregoing;
- Return: return on invested capital, return on stockholders' equity, total stockholder return, return on assets, return on net assets;
- Sales: gross sales, net sales;
- Income: gross income, net income, operating income, net operating income, income from continuing operations, pre-tax income;
- Margin: gross margin, profit margin, operating margin, pre-tax operating margin (including EBI, EBIT, EBITD or EBITDA margin);
- Share: market share, market segment share, product share, customer share, channel share;
- Completion of acquisitions, divestitures, joint ventures and restructurings;
- Working capital: in absolute terms, or as a percentage of sales or net sales;
- Debt: in absolute terms (including total debt and total debt plus equity) or as a ratio of debt to debt plus equity;
- Value added: shareholder value added, market value added, economic value added;
- Customer: customer satisfaction, customer loyalty, customer retention, customer service levels;
- Cost: cost structure, cost reduction, cost savings, cost of goods sold, cost of goods sold adjusted for mix, cost of capital;
- Operating goals;
- Strategic goals;
- ESG goals;
- Share price performance; and
- Economic profit.

After the end of the Award Year the Committee shall determine and certify the extent to which the Performance Criteria have been met. The Committee may appropriately adjust any evaluation of performance under one or more of the Performance Criteria to exclude the effect of any of the following that occur during a performance period:

- Asset write-downs;
- Litigation or claim judgments or settlements;
- Changes in law, accounting principles or other such laws or provisions affecting reported results;
- Corporate reorganizations or restructurings;
- Mergers, acquisitions, dispositions or spin-offs;
- Discontinued operations;
- Major maintenance;
- “Mark-to-market” accounting adjustments for equity awards;
- Any extraordinary, nonrecurring items to be disclosed in the Corporation’s financial statements (including footnotes) for the applicable year and/or in management’s discussion and analysis of the financial condition and results of operations appearing in the Corporation’s annual report to stockholders for the applicable year; and
- Such other events as determined by the Committee in its sole discretion.

(c) Individual Performance Criteria. The Committee may provide in its rules and regulations that all or a portion of the bonus payable to a Participant under this Plan for an Award Year shall be conditioned on the Participant achieving certain pre-established individual performance objectives for such Award Year, in addition to the Corporation or applicable organization unit or Subsidiary achieving pre-established performance targets. For the avoidance of doubt, no bonus shall be payable to any such Participant under this Plan for an Award Year if the Corporation or applicable organization unit or Subsidiary fails to achieve the applicable threshold level of performance established by the Committee for the Award Year, based on one or more of the Performance Criteria selected for the Award Year pursuant to Section 6(b) above.

7. CERTIFICATION OF PERFORMANCE AND FUNDING OF BONUS POOLS

After the end of the Award Year and prior to the payment of any Award to any Participant for the Award Year, the Committee shall certify in writing (a) the actual level of performance achieved by the Corporation with respect to the Performance Criteria selected in accordance with Section 6, and (b) based on those actual levels of performance and the funding percentages previously approved by the Committee in accordance with Section 6, the percentage of each target bonus pool that shall be funded.

8. PAYMENT OF FUNDED BONUS POOLS TO PARTICIPANTS

The funded bonus pools shall be paid to Participants based on the Committee’s rules and regulations, previously approved pursuant to Section 6, for determining the extent to which Participants participate in the different bonus pools.

(a) Each Participant’s Award, consisting of his or her eligible share of each of the funded bonus pools, shall be subject to review by and approval of the CEO (or by the Committee in the case of the CEO’s Award). The CEO or the Committee may adjust the amount payable with respect to any Award. Notwithstanding the foregoing, the final determination to adjust an Award payable to any Executive Officer shall be made solely by the Committee.

(b) In no event shall the Award granted to the CEO exceed \$3.0 million, or the Award granted to any other Participant exceed \$2.0 million.

9. FORM AND TIME OF PAYMENT OF AWARDS

(a) All non-deferred Awards under the Plan shall be paid in cash to all Participants. Award amounts shall be prorated for the portion of the Award Year the Employee was an eligible Participant in accordance with rules and regulations adopted by the Committee. Subject to the Applicable Severance Plan, a Participant whose employment is terminated before the end of an Award Year for any reason other than death, Disability or Retirement shall not be entitled to receive an Award. A Participant whose employment is terminated for Cause either during an Award Year or after the end of an Award Year and prior to the payment of the Award for such Award Year shall forfeit any and all rights to receive payment of any Award with respect to such Award Year. Notwithstanding any other provision of this Plan, in no event may the achievement of performance goals for any Participant who is an Executive Officer be waived except in the event of such Participant's death or Disability or pursuant to Section 14 below.

(b) Notwithstanding the foregoing, a Participant may be permitted to elect to defer receipt of payment of all or a portion of an Award subject to, and in accordance with, the terms of the Management Deferred Compensation Plan.

(c) Notwithstanding any other provision of the Plan, the Board of Directors or the Committee may, in its sole discretion, determine limits on the amount and alter the time and form of payment of Awards with respect to an Award Year.

10. NO ASSIGNMENT OF INTEREST

The interest of any person in the Plan or in payments to be received pursuant to it shall not be subject to option or assignable either by voluntary or involuntary assignment or by operation of law, and any act in violation of this section shall be void.

11. EMPLOYMENT RIGHTS

The selection of an Employee as a Participant shall not confer any right on such Employee to receive an Award under the Plan or to continue in the employ of the Corporation or limit in any way the right of the Corporation to terminate such Participant's employment at any time.

12. AMENDMENT OR TERMINATION OF THE PLAN

The Board of Directors or the Committee may amend, suspend or terminate the Plan at any time; provided, however, that any amendment adopted or effective on or after July 1 in any Award Year which would adversely affect the calculation of a Participant's Award or the Participant's eligibility for an Award for such Award Year shall be applied prospectively from the date the amendment was adopted or effective, whichever is later; provided, further that if the Plan is terminated effective on or after July 1 in any Award Year such termination shall not adversely affect any Participant's eligibility for a pro rata share of an Award for the period of such Award Year before the date the termination was adopted or effective, whichever is later, subject to all other applicable terms and conditions of the Plan. The foregoing notwithstanding, no amendment adopted nor termination of the Plan following the occurrence of a Change of Control shall be effective if it (a) would reduce a Participant's target bonus for the Award Year in which the Change of Control occurs, (b) would reduce an Award earned and payable to a Participant in respect of the Award Year that ended immediately before the Award Year in which the Change of Control occurs, or (c) modify the provisions of this sentence.

Notwithstanding the foregoing, the Senior Vice President, Legal or the Senior Vice President, Human Resources of Clearwater Paper (or in the event of a restructuring or vacancy in either such position, the officer of Clearwater Paper to whom has been delegated the responsibilities of such restructured or vacant position) shall have the power and authority to amend the Plan with respect to any amendment that (i) does not materially increase the cost of the Plan to the Corporation or (ii) is required to comply with new or changed legal requirements applicable to the Plan, including, but not limited to, Section 409A of the Code.

13. SUCCESSORS AND ASSIGNS

The Plan shall be binding upon the Corporation, its successors and assigns, and any parent corporation of the Corporation's successors or assigns. Notwithstanding that the Plan may be binding upon a successor or assign by operation of law, the Corporation shall require any successor or assign to expressly assume and agree to be bound by the Plan in the same manner and to the same extent that the Corporation would be if no succession or assignment had taken place.

14. CHANGE OF CONTROL

Notwithstanding any other provision of the Plan to the contrary, this Section 14 shall apply with respect to the determination of Awards and the payment of Awards following a Change of Control.

(a) With respect to any Award earned but not yet paid in respect of the Award Year that ended immediately before the Award Year in which a Change of Control occurs, each Participant shall be paid his or her Award determined in accordance with Sections 5 through 8 based on the performance results for the applicable Award Year. Such Award shall be paid at the time prescribed in Sections 5 and 9(a) for the applicable Award Year.

(b) In the event that the employment of a Participant terminates following a Change of Control and the Participant has met the conditions for receiving severance payments under the Applicable Severance Plan, such Participant shall be paid a prorated Award for the Award Year in which the Change of Control occurs based on the Participant's target bonus for such Award Year. The prorated Award shall be calculated by multiplying the Participant's target bonus for such Award Year by a fraction, the numerator of which is the number of days the Participant was employed by the Corporation during such Award Year and the denominator of which is 365. Such prorated Award shall be paid at such time as the Participant is paid cash severance benefits pursuant to the Applicable Severance Plan.

15. CLAWBACK

Notwithstanding any other provision of this Plan to the contrary, the Committee reserves the right to cancel or adjust the amount of any Award if the financial statements of the Corporation on which the calculation or determination of the Award was based are subsequently restated due to error or misconduct and, in the judgment of the Committee, the financial statements as so restated would have resulted in a smaller or no Award if such information had been known at the time the Award had originally been calculated or determined. In addition, in the event of such a restatement, the Corporation reserves the right to require a Participant to repay to the Corporation the amount by which the Award as originally calculated or determined exceeds the Award as adjusted pursuant to the preceding sentence. Without limiting the foregoing provisions of this Section 15, and notwithstanding any other provision of this Plan, each Award granted under this Plan, and the compensation paid or payable pursuant thereto, shall be subject to such deductions and clawback as may be required to be made pursuant to federal or state law, government regulation or stock exchange listing requirement (or any policy adopted by the Corporation



pursuant to any such law, government regulation or stock exchange listing requirement, including but not limited to the Clearwater Paper Corporation Incentive Compensation Recovery Policy).

In addition, in the event the Committee reasonably determines that a Participant engaged in conduct that resulted in reputational harm to the Corporation, such Participant's unpaid Awards shall be subject to termination by the Committee in its sole discretion and without consideration, and such Participant shall also pay back to the Corporation all or a portion of any Award that has been paid, in each case subject to this Section 15, without consideration and as determined by Committee in its sole discretion.

16. EXECUTION

To record the adoption of the Plan by the Compensation Committee of the Board of Directors, the Corporation has caused its authorized officer to execute the same.

CLEARWATER PAPER CORPORATION

By: \_\_\_\_\_

Name: Kari Moyes

Title: Senior Vice President, Human Resources

**Clearwater Paper Corporation**

**Subsidiaries**

<b>Entity</b>	<b>Jurisdiction of Incorporation or formation</b>	<b>Name Under Which Entity Conducts Business</b>
Clearwater Paper Tissue, LLC	Delaware	None
Clearwater Fiber, LLC	Delaware	None
Manchester Industries Inc. of Virginia	Virginia	None
Clearwater Paper Shelby, LLC	Delaware	None
Clearwater Paper Las Vegas, LLC	Delaware	None
Clearwater Paper Elwood, LLC	Delaware	None
Cellu Tissue Holding, Inc.	Delaware	None

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (Nos. 333-156131, 333-156133, 333-156136, 333-172077, 333-219560, and 333-238784) on Form S-8 of our reports dated February 20, 2023, with respect to the consolidated financial statements of Clearwater Paper Corporation and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Seattle, Washington  
February 20, 2023

**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barckley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ Alexander Toeldte  
Alexander Toeldte

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**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barckley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ Kevin J. Hunt  
Kevin Hunt

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**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barckley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ John J. Corkrean  
John J. Corkrean

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**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barckley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ Joe W. Laymon  
Joe W. Laymon

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**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barckley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ Ann C. Nelson  
Ann C. Nelson

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**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barckley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ John P. O'Donnell  
John P. O'Donnell

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**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barkley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ Christine M. Vickers Tucker  
Christine M. Vickers Tucker

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**Clearwater Paper Corporation**  
**Power of Attorney**

I, the undersigned, appoint Michael S. Gadd or, in his absence or inability to act, Sherri J. Baker or Rebecca A. Barckley, my attorney-in-fact for me and in my name, place and stead to execute for me on my behalf in my capacity as a Director of Clearwater Paper Corporation, the Annual Report on Form 10-K of Clearwater Paper Corporation for the fiscal year ended December 31, 2023, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, and any and all amendments thereto, hereby ratifying, approving and confirming all that any such attorney-in-fact may do by virtue of this Power of Attorney.

IN WITNESS WHEREOF, I have executed this Power of Attorney effective as of February 20, 2024.

/s/ Jeanne M. Hillman  
Jeanne M. Hillman

**CERTIFICATION**

I, Arsen S. Kitch, certify that:

1. I have reviewed this report on Form 10-K of Clearwater Paper Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024

/s/ Arsen S. Kitch

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**Arsen S. Kitch**

President and Chief Executive Officer

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***CERTIFICATION***

I, Sherri J. Baker, certify that:

1. I have reviewed this report on Form 10-K of Clearwater Paper Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024

/s/ Sherri J. Baker

**Sherri J. Baker**  
Senior Vice President, Chief Financial Officer

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

I, Arsen S. Kitch, President and Chief Executive Officer of Clearwater Paper Corporation (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report of the Company on Form 10-K for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ARSEN S. KITCH

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**Arsen S. Kitch**

President and Chief Executive Officer

February 20, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

I, Sherri J. Baker, Senior Vice President, Chief Financial Officer of Clearwater Paper Corporation (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Annual Report of the Company on Form 10-K for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SHERRI J. BAKER

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**Sherri J. Baker**

Senior Vice President, Chief Financial Officer

February 20, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Clearwater Paper Corporation**  
**Incentive Compensation Recovery Policy**

## 1. INTRODUCTION

The Board of Directors (the “**Board**”) of Clearwater Paper Corporation (the “**Company**”) has determined that it is in the best interests of the Company to adopt a policy (the “**Policy**”) providing for the Company’s recovery of certain Incentive Compensation (as defined below) paid to Covered Executives (as defined below) under certain circumstances. Determinations to be made under the Policy may be made either by the independent directors of the Board or the Compensation Committee of the Board, and such independent directors and the Compensation Committee are collectively referred to in this Policy as the “**Administrator**.” The Board may amend or terminate this Policy at any time, including to reflect changes in applicable law or listing standards.

This policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and the listing rules of New York Stock Exchange LLC (“**NYSE**”).

## 2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation received by Covered Executives on or after October 2, 2023 (the “**Effective Date**”), as and to the extent permitted by applicable law.

## 3. DEFINITIONS

For purposes of this Policy, the following terms shall have the meanings set forth below:

“**Accounting Restatement**” means an accounting restatement of the Company’s financial statements due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Covered Executive**” shall mean a current or former executive officer of the Company within the meaning of Rule 10D-1 and the listing rules of NYSE. Subsequent changes in a Covered Executive’s employment status, including retirement or termination of employment (including acting in an interim capacity) do not affect the Company’s rights to recover Incentive Compensation pursuant to this Policy.

“**Financial Reporting Measures**” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, as well as stock price and total shareholder return (“**TSR**”) (and any measures that are derived wholly or in part from stock price or TSR). A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission.

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**“Incentive Compensation”** shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive Compensation shall be deemed **“received”** for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period. For the avoidance of doubt, Incentive Compensation includes, but is not limited to, annual bonuses under the Company’s Annual Incentive Plan and awards of performance shares under the Company’s Stock Incentive Plan, and any other awards under the Stock Incentive Plan that are granted or become vested based upon the attainment of a Financial Reporting Measure.

#### 4. RECOVERY

In the event that the Company is required to prepare an Accounting Restatement, the Administrator shall require that each Covered Executive repay to the Company, in a reasonably prompt manner, the Erroneously Awarded Compensation (as defined in the following paragraph) that was received by the Covered Executive during the three completed fiscal years preceding the date on which the Company is required to prepare the Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall be deemed a completed fiscal year) (the **“Lookback Period”**). The date on which the Company is required to prepare an Accounting Restatement is the earlier to occur of (a) the date the Board, a committee of the Board or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

The Administrator shall require that the Covered Executive repay to the Company, in a reasonably prompt manner, up to the full amount of the difference between (1) any Incentive Compensation received by the Covered Executive during the Lookback Period that was calculated based on the financial statements that were subsequently restated, and (2) the lower amount of such Incentive Compensation to which the Covered Executive would have been entitled had the financial statements been properly reported (**“Erroneously Awarded Compensation”**). The amount of Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid. For Incentive Compensation based on stock price or TSR where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Administrator based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received and, in such case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such determination to NYSE.

The Covered Executive’s obligation to repay Erroneously Awarded Compensation shall apply on a “no fault” basis—that is, regardless of whether any misconduct occurred or whether the Covered Executive was responsible for the Accounting Restatement. Moreover, the Covered Executive’s obligation to repay Erroneously Awarded Compensation is not dependent on if or when the Accounting Restatement is filed with the SEC.

Notwithstanding the foregoing, the Administrator shall not be required to pursue recovery of Erroneously Awarded Compensation if (and to the extent) the Administrator has made a determination that recovery would be impracticable for the following reasons, and subject to the following procedural and disclosure requirements:

- 
- (i) The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered, after the Administrator has made a reasonable attempt to recover such Erroneously Awarded Compensation, documented such reasonable attempt(s) to recover, and provided that documentation to NYSE;
  - (ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022; provided, that before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Administrator must obtain an opinion of home country counsel, acceptable to NYSE, that recovery would result in such a violation, and must provide such opinion to NYSE; or
  - (iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

## **5. SOURCES OF RECOVERY**

The Administrator shall have broad discretion to determine the appropriate means of recovery of Erroneously Awarded Compensation and may seek recovery from Covered Executives from any of the following sources: prior Incentive Compensation payments; future payments of Incentive Compensation; cancellation of outstanding cash or equity awards, whether vested or unvested; reduction or elimination of future cash or equity awards; and direct payment. To the extent permitted by applicable law, the Company may offset such amount against any compensation or other amounts owed by the Company to the Covered Executive. The Administrator shall have no obligation to apply the same method of recovery to each affected Covered Executive in connection with any Accounting Restatement.

The Company may not indemnify any Covered Executive against the loss of Erroneously Awarded Compensation.

## **6. SEVERABILITY**

If any provision of this Policy or the application of any such provision to any Covered Executive shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provision shall be deemed amended to the minimum extent necessary to render such provision or application enforceable.

## **7. NO IMPAIRMENT OF OTHER REMEDIES**

This Policy does not preclude the Company from taking any other action to enforce a Covered Executive's obligations to the Company, including termination of employment and institution of civil proceedings, or reporting of any misconduct to appropriate government authorities.

Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law or pursuant to the terms of any other policy of the Company or any provision in any compensatory plan or arrangement, employment agreement, equity award agreement, or similar plan, agreement or arrangement.

This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer.

#### **8. EMPLOYEE ACKNOWLEDGEMENT**

From and after the Effective Date, each Covered Executive shall be required to sign a Recovery Policy Acknowledgement in the form attached hereto as Exhibit A as a condition to receiving awards or payments of Incentive Compensation on or after that date.

**EXHIBIT A**

**RECOVERY POLICY ACKNOWLEDGEMENT**

I, the undersigned employee of Clearwater Paper Corporation (the “*Company*”), agree and acknowledge that I am fully bound by, and subject to, all of the terms and conditions of the Company’s Incentive Compensation Recovery Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the “*Policy*”). I have read and understand the Policy and have had the opportunity to ask questions to the Company regarding the Policy. In the event of any inconsistency between the provisions of the Policy and another agreement or other document setting forth the terms and conditions of any Incentive Compensation (as defined in the Policy), the terms of the Policy shall govern.

In the event the Administrator of the Policy determines that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture or reimbursement. I understand that the reimbursement or forfeiture of Incentive Compensation pursuant to the Policy shall not in any way limit or affect the Company’s right to pursue disciplinary action or dismissal, take legal action or pursue any other remedies available to the Company. I hereby agree to waive the assertion or application of any rights under federal, state, local or foreign law or in contract or equity that would otherwise conflict with or narrow the Company’s authority to interpret, apply and enforce the Policy to its fullest extent, including but not limited to, the Company’s authority to withhold or divert my wages pursuant to the Policy.

I acknowledge my execution of this Acknowledgment is in consideration of, and is a condition to, my receipt of any Incentive Compensation, *provided, however*, that nothing in this Acknowledgement shall be deemed to obligate the Company to make any such awards or payments.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_