

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, 2016

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 001-36285



Incorporated in the State of Delaware  
I.R.S. Employer Identification No. 46-4559529  
1301 RIVERPLACE BOULEVARD, SUITE 2300  
JACKSONVILLE, FL 32207  
(Principal Executive Office)  
Telephone Number: (904) 357-4600

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

Title of each class	Name of exchange on which registered
Common stock, par value \$0.01 per share	New York Stock Exchange
8.00% Series A Mandatory Convertible Preferred Stock, par value \$0.01 per share	New York Stock Exchange

Securities to be 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 and posted on its corporate Web site, if any, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

The aggregate market value of the Common Stock of the registrant held by non-affiliates at the close of business on June 24, 2016 was \$559,627,666 based on the closing sale price as reported on the New York Stock Exchange.

The registrant had 43,260,052 shares of Common Stock, \$.01 par value per share, outstanding as of February 16, 2017.

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the 2017 annual meeting of the stockholders of the registrant scheduled to be held May 22, 2017, are incorporated by reference in Part III hereof.

**Table of Contents**

<b><u>Item</u></b>		<b><u>Page</u></b>
	<b>Part I</b>	
1.	<a href="#">Business</a>	<a href="#">1</a>
1A.	<a href="#">Risk Factors</a>	<a href="#">5</a>
1B.	<a href="#">Unresolved Staff Comments</a>	<a href="#">15</a>
2.	<a href="#">Properties</a>	<a href="#">15</a>
3.	<a href="#">Legal Proceedings</a>	<a href="#">15</a>
4.	<a href="#">Mine Safety Disclosures</a>	<a href="#">16</a>
	<b>Part II</b>	
5.	<a href="#">Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">17</a>
6.	<a href="#">Selected Financial Data</a>	<a href="#">20</a>
7.	<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">21</a>
7A.	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">32</a>
8.	<a href="#">Financial Statements and Supplementary Data</a>	<a href="#">32</a>
9.	<a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<a href="#">32</a>
9A.	<a href="#">Controls and Procedures</a>	<a href="#">33</a>
9B.	<a href="#">Other Information</a>	<a href="#">33</a>
	<b>Part III</b>	
10.	<a href="#">Directors, Executive Officers and Corporate Governance</a>	<a href="#">34</a>
11.	<a href="#">Executive Compensation</a>	<a href="#">34</a>
12.	<a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">34</a>
13.	<a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	<a href="#">34</a>
14.	<a href="#">Principal Accounting Fees and Services</a>	<a href="#">34</a>
	<b>Part IV</b>	
15.	<a href="#">Exhibits, Financial Statement Schedules</a>	<a href="#">35</a>
16.	<a href="#">Form 10-K Summary</a>	<a href="#">35</a>

**Index to Financial Statements**

	<b><u>Page</u></b>
<a href="#">Management's Report on Internal Control over Financial Reporting</a>	<a href="#">F- 1</a>
<a href="#">Reports of Independent Registered Public Accounting Firms</a>	<a href="#">F- 2</a>
<a href="#">Consolidated Statements of Income and Comprehensive Income for the Three Years Ended December 31, 2016</a>	<a href="#">F- 5</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2016 and 2015</a>	<a href="#">F- 6</a>
<a href="#">Consolidated Statements of Cash Flows for the Three Years Ended December 31, 2016</a>	<a href="#">F- 7</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">F- 8</a>

**Index to Financial Statement Schedules**

<a href="#">Schedule II - Valuation and Qualifying Accounts</a>	<a href="#">F- 39</a>
All other financial statement schedules have been omitted because they are not applicable, the required matter is not present, or the required information has been otherwise supplied in the financial statements or the notes thereto.	
<a href="#">Signatures</a>	<a href="#">F- 40</a>
<a href="#">Exhibit Index</a>	

## Part I

When we refer to “we,” “us,” “our,” “the Company,” or “Rayonier Advanced Materials” we mean Rayonier Advanced Materials Inc. and its consolidated subsidiaries. References herein to “Notes to Financial Statements” refer to the Notes to the Consolidated Financial Statements of Rayonier Advanced Materials Inc. included in Item 8 of this Report.

### Note About Forward-Looking Statements

Certain statements in this document regarding anticipated financial, business, legal or other outcomes including business and market conditions, outlook and other similar statements relating to Rayonier Advanced Materials’ future events, developments, or financial or operational performance or results, are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as “may,” “will,” “should,” “expect,” “estimate,” “believe,” “intend,” “forecast,” “anticipate” “guidance” and other similar language. However, the absence of these or similar words or expressions does not mean a statement is not forward-looking. While we believe these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance these expectations will be attained and it is possible actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. The risk factors contained in Item 1A — *Risk Factors*, among others, could cause actual results or events to differ materially from the Company’s historical experience and those expressed in forward-looking statements made in this document.

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we have made or may make in our filings and other submissions to the U.S. Securities and Exchange Commission (the “SEC”), including those on Forms 10-Q, 10-K, 8-K and other reports.

### Note About Non-GAAP Financial Measures

This document contains certain non-GAAP financial measures, including Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) and adjusted free cash flows. These non-GAAP measures are reconciled to each of their respective most directly comparable GAAP financial measures in Item 7 — *Management’s Discussion and Analysis of Financial Condition and Results of Operations*.

We believe these non-GAAP measures provide useful information to our board of directors, management and investors regarding certain trends relating to our financial condition and results of operations. Our management uses these non-GAAP measures to compare our performance to that of prior periods for trend analyses, purposes of determining management incentive compensation and budgeting, forecasting and planning purposes.

We do not consider these non-GAAP measures an alternative to financial measures determined in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). The principal limitations of these non-GAAP financial measures are that they may exclude significant expenses and income items that are required by GAAP to be recognized in our consolidated financial statements. In addition, they reflect the exercise of management’s judgment about which expenses and income items are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management provides reconciliations of the non-GAAP financial measures we use to their most directly comparable GAAP measures. Non-GAAP financial measures should not be relied upon, in whole or part, in evaluating the financial condition, results of operations or future prospects of the Company.

## Item 1. Business

### General

Rayonier Advanced Materials Inc., with approximately 456,000 metric tons of cellulose specialties sales in 2016, about two times the sales volumes of the next largest competitor, is the global leader in the production of cellulose specialties. Cellulose specialties are natural polymers, used as raw materials to manufacture a broad range of consumer-oriented products such as cigarette filters, liquid crystal displays, impact-resistant plastics, thickeners for food products, pharmaceuticals, cosmetics, high-tenacity

rayon yarn for tires and industrial hoses, food casings, paints and lacquers. We manufacture products tailored to the precise and demanding chemical and physical specifications required by our customers, achieving industry leading purity and product functionality. Our ability to consistently manufacture high-quality cellulose specialties products is the result of our proprietary production processes, intellectual property, technical expertise and knowledge of cellulosic chemistry.

Additionally, a significant portion of our production capacity is dedicated to manufacturing commodity products for viscose and absorbent materials applications. In 2016, we sold approximately 249,000 metric tons of commodity products. Commodity viscose is a raw material required for the manufacture of viscose staple fibers which are used in woven applications such as textiles for clothing and other fabrics, and in non-woven applications such as baby wipes, cosmetic and personal wipes, industrial wipes and mattress ticking. Absorbent materials, typically referred to as fluff fibers, are used as an absorbent medium in products such as disposable baby diapers, feminine hygiene products, incontinence pads, convalescent bed pads, industrial towels and wipes and non-woven fabrics. Cellulose specialties typically contain over 95 percent cellulose, while commodity products typically contain less than 95 percent cellulose.

Prior to June 27, 2014, the Company consisted of Rayonier Inc.'s ("Rayonier") wholly-owned performance fibers segment and an allocable portion of Rayonier's corporate costs (together, "Rayonier's performance fibers business" or the "performance fibers business"). On that date, holders of Rayonier common shares received one share of the Company's common stock for every three Rayonier common shares held on the record date. This resulted in the separation of the Company from Rayonier (the "Separation"). The Separation was structured to be tax free to Rayonier shareholders for U.S. federal income tax purposes and the Company operates as an independent, publicly traded company.

## Segments

The Company operates as a single segment business with two major product lines: cellulose specialties and commodity products. See Note 3 — *Segment and Geographical Information* for more information.

## Industry

### *Cellulose Specialties*

Cellulose specialties are an organic material primarily derived from either wood or cotton and are used as a raw material to manufacture a broad range of products. Cellulose specialties generally command a price premium and earn higher margins through the economic cycle relative to commodity products. Typically, product pricing is set annually in the fourth quarter for the following year based on discussions with customers and the terms of contractual arrangements. The manufacture and sale of cellulose specialties products are the primary driver of the Company's profitability.

Our cellulose specialties, derived from wood, require high levels of purity, consistency and process knowledge. Our products play a significant role in our customers' (primarily specialty chemical companies) manufacturing processes, which require cellulose specialties of high purity and uniformity for efficient production. Therefore, our customers demand we consistently deliver products of the highest quality. As a result, our products are custom engineered and manufactured to customers' specifications and require a stringent qualification process as our quality and consistency allow our customers to operate more efficiently and cost effectively.

Our key competitive advantage is our unique ability to utilize our flexible manufacturing facilities to engineer cellulose specialties fibers to customers' specifications. We are the only cellulose specialties producer with manufacturing facilities that provide flexibility to use both hardwood and softwood, kraft and sulfite cooking processes, as well as a variety of proprietary chemical treatments to provide customized product functionality. Additionally, we have a significant amount of process knowledge: the understanding of wood fiber properties and their modification under a sequence of chemical processes, accumulated and developed over 90 years of practical application to achieve unique properties for a variety of customer needs. Combining this process knowledge with our manufacturing flexibility and knowledge of customers' applications and specifications, allows us to have the most extensive capability set to modify cellulose fibers in the industry.

### *Commodity Products*

We have the ability to easily shift our production between commodity viscose and absorbent materials to take advantage of market conditions and generate the most attractive margins.

Commodity viscose is primarily sold to producers of viscose staple fibers. Shifts in fashion styles and textile fiber blending have increased demand for viscose staple fibers. Additionally, variability in cotton linter supply and increasing environmental concerns about cotton production have resulted in viscose staple producers shifting volume away from cotton linter pulp to wood-based dissolving pulp.

Absorbent materials, or fluff fibers, are typically used in consumer products. These fibers provide a medium for fluid acquisition, distribution and retention in the products in which they are incorporated. Pricing for commodity products is typically referenced to published indexes or based on publicly available spot market prices.

## **Competition**

### *Cellulose Specialties*

Significant intellectual property, capital investment and technical expertise are needed to design and manufacture customized cellulose specialties fibers to exacting customer specifications. The product must be formulated to achieve the desired characteristics including parameters for purity, viscosity, brightness, reactivity and other physical properties. Product qualification time can be lengthy, extending six to twenty-four months. Resulting customer relationships are typically long-term, based on an understanding of our customers' production processes and technical expertise which we utilize to solve customers' production issues and support new product development. Further, establishing a production line and obtaining the necessary production technologies requires substantial capital and ongoing maintenance expenditures.

Product performance, technical service and price are principal methods of competition in cellulose specialties. Product performance is primarily determined by the purity and uniformity of the cellulose specialties. Our intellectual property, technical expertise and experience provide the basis by which we are able to uniformly produce high-value cellulose specialties. Additionally, we are able to produce high-value, uniform cellulose specialties through our diverse proprietary manufacturing processes.

We compete with both domestic and foreign producers in cellulose specialties. Competitors include GP Cellulose (formerly known as Buckeye Technologies), Borregaard, Bracell, Tembec Sappi, Nippon, Cosmo Specialty Fibers and Aditya Birla Group. Some competitors use both wood and cotton linter fibers, as a source of cellulose fibers.

### *Commodity Products*

The principal method of competition in commodity products is price, as purity and uniformity are less critical differentiators. We compete with both domestic and foreign producers of commodity products.

For commodity viscose, there are many competitors that derive their commodity viscose from either wood or cotton. Although cellulose specialties can generally be sold to meet commodity viscose demand, the reverse is not typically true.

For absorbent materials, major competitors include GP Cellulose, Domtar and International Paper.

## **Raw Materials and Energy**

Our manufacturing processes require significant amounts of wood to produce cellulose specialties and commodity products. We consume approximately 1.6 million short green tons of hardwood chips and 2.5 million short green tons of softwood chips per year.

Our manufacturing processes also require significant amounts of chemicals, including caustic soda (sodium hydroxide), sulfuric acid, ammonia, sodium chlorate and various specialty chemicals. These chemicals are purchased under negotiated supply agreements with third parties.

Currently, the majority of our energy is produced through the burning of lignin and other residual biomass in recovery and power boilers located at our plants. The plants still require fuel oil, natural gas and purchased electricity to supplement their energy requirements.

Raw materials and energy are subject to significant changes in prices and availability. Weather conditions and demand in the wood products and pulp and paper markets can affect the cost of wood. We continually pursue reductions in usage and costs of key raw materials, supplies and services and do not foresee any material constraints in the near term from pricing or availability.

## **Manufacturing Processes**

Our production facilities are located in Jesup, Georgia and Fernandina Beach, Florida.

The Jesup plant can produce cellulose specialties or commodity products using both hardwood and softwood in a pre-hydrolyzed kraft, or high pH, cooking process. The Fernandina Beach plant can produce cellulose specialties or commodity products using softwood in a sulfite, or low pH, cooking process. These different cooking processes are used with various types of wood cellulose and combined with proprietary bleaching sequences and a cold caustic extraction process to manufacture more than 25 different grades of cellulose specialties.

The general process of extracting and purifying cellulose from wood at our Jesup and Fernandina plants is as follows:

***Wood Chips*** Logs are purchased, debarked and chipped into uniform dimensions to improve the chips' reaction to chemicals during the cooking process. Various hardwood and softwood species, as well as different areas of the log, are used to produce the many grades of purified cellulose specialties. To manufacture approximately one metric ton of cellulose specialties, we use approximately six short green tons of wood.

***Cooking and Washing*** The chips are loaded into pressure vessels with various chemicals and heated to separate lignin, the natural component that binds the cellulose fibers together, and other impurities from the cellulose. After the cooking process is complete, the lignin and chemicals are separated from the cellulose in a washing process. The lignin is generally recovered and burned for energy, and the chemicals are recovered and reused in the production process.

***Bleaching*** The cellulose separated in the washing process is bleached with various chemicals to impart the required brightness and increase the purity and uniformity of the cellulose. Some cellulose specialties require processing through a cold caustic extraction ("CCE") stage, in order to increase the purity and uniformity of the cellulose to our customer specifications. Our CCE process, which is a key element of our intellectual property, generates cellulose specialties purity levels in excess of 98 percent.

***Machining, Drying and Packaging*** Following the bleaching stage, the purified cellulose is dried per customer specifications into large rolls. These large rolls are cut, according to customer requirements, into sheets or smaller rolls then packaged and shipped. Our products are transported in the United States by railroad or trucks, and internationally by ship.

## **Intellectual Property**

We own patents, trademarks and trade secrets, and have developed significant know-how, relating to the production of purified cellulose, which we deem important to our operations. We intend to protect our intellectual property, including, when appropriate, filing patent applications for inventions that are deemed important to our operations. Our U.S. patents generally have a duration of 20 years from the date of filing. We also require key employees to enter into non-compete agreements as appropriate.

## **Seasonality**

Our results are not normally affected by seasonal changes.

## **Customers**

See Note 3 — *Segment and Geographical Information* for information on our major customers.

## **Research and Development**

The quality and consistency of our cellulose specialties and research and development capabilities create a significant competitive advantage, and is an important factor in our ability to achieve a premium price for our products. Our research and development efforts are primarily directed at further developing products and technologies, improving the quality of cellulose fiber grades, improving manufacturing efficiency and environmental controls and reducing fossil fuel consumption. We have also reinvigorated our research and development activities to develop and market new products and applications.

We spent \$4 million, \$3 million and \$3 million on research and development for the years ended December 31, 2016, 2015 and 2014, respectively.

## **Environmental Matters**

Our manufacturing operations are subject to significant federal, state and local environmental regulations. For a more detailed discussion, see Item 1A — *Risk Factors*, Item 3 — *Legal Proceedings*, Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations — Environmental Regulation*, Note 14 — *Liabilities for Disposed Operations* and Note 17 — *Contingencies*.

## **Employee Relations**

We currently employ approximately 1,200 people, nearly all of whom are in the United States. See Note 17 — *Contingencies* for more information.

## **Availability of Reports and Other Information**

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and amendments to those reports filed or furnished pursuant to Sections 13(a) or 14 of the Securities Exchange Act of 1934 are made



available to the public free of charge in the Investor Relations section of our website [www.rayonieram.com](http://www.rayonieram.com), shortly after we electronically file such material with, or furnish them to, the SEC. Our corporate governance guidelines and charters of all committees of our board of directors are also available on our website.

## **Item 1A. Risk Factors**

Our operations are subject to a number of risks, including those listed below. When considering an investment in our securities, you should carefully read and consider these risks, together with all other information in this Report and our other filings and submissions to the SEC. If any of the events described in the following risk factors actually occur, our business, financial condition or operating results, as well as the market price of our securities, could be materially adversely affected.

### **Business and Operating Risks**

*The cellulose specialties industry in which we operate is highly competitive, which is expected to result in reduced pricing and volumes.*

We face competition from domestic and foreign producers of cellulose specialties, which is our primary source of profitability. Demand weakness combined with increased cellulose specialties production capacity from our competitors drove cellulose specialties sales prices down approximately 13 percent over the last two years and we expect prices to decline an additional three to four percent in 2017. Further, in 2016 sales volumes of cellulose specialties decreased approximately two percent from 2015, and are expected to be relatively flat in 2017 versus 2016.

Continued demand weakness and over-supply may have a material adverse impact on our future cellulose specialties sales prices and volumes resulting in a negative impact on our financial condition and results of operations.

*We are dependent on a relatively small number of large cellulose specialties customers for a majority of our sales. The loss of all or a substantial portion of our sales to any of these large customers could have a material adverse effect on us.*

We are subject to risks related to customer concentration because of the relative importance of our largest cellulose specialties customers, many of whom we have been doing business with for decades, and the ability of those customers to influence pricing and other contract terms. We depend on major acetate tow manufacturers for a substantial portion of our sales. Our ten largest cellulose specialties customers, which accounted for approximately 75 percent of sales in 2016, are all either well known, global diversified specialty chemical companies or state-owned enterprises. Although we strive to broaden and diversify our customer base, a significant portion of our revenue is derived from a relatively small number of large-volume customers, and the loss of all or a substantial portion of sales to any of these customers, or significant, unfavorable changes to pricing or terms contained in contracts with them, could adversely affect our business, financial condition or results of operations. We are also subject to credit risk associated with this customer concentration. If one or more of our largest cellulose specialties customers were to become bankrupt, insolvent or otherwise were unable to pay for its products, we may incur significant write-offs of accounts that may have a material adverse effect on our business, financial condition and results of operations. See Note 3 — *Segment and Geographical Information* for information on our major customers.

*Anti-tobacco legislation, campaigns to discourage smoking, increases in tobacco taxes, increased costs of tobacco products and increased use of traditional cigarette substitutes could adversely affect our business, financial condition and results of operations.*

The majority of our cellulose specialties fibers are used to manufacture acetate tow, which is used to make the filter component of a cigarette. Our sales for this end-use have historically accounted for an important portion of our total sales revenue. Significant increases in cigarette costs and potential actions taken by the United States and other countries to discourage smoking, such as tax increases on tobacco products, policy changes and future legislation, may have a material adverse effect on the demand for tobacco products. For example, actions by the Chinese government to curb corruption and limit smoking in public buildings have had some impact on cigarette consumption. Additionally, increased use of e-cigarettes, electronically heated tobacco products and smokeless tobacco products, by way of example, may affect demand for traditional cigarettes. Reduced sales of tobacco products that use acetate-based filters could adversely affect our business, financial condition and results of operations. We estimate that over the past three years approximately 55 percent of our sales were related to the production of acetate tow subsequently used to produce cigarette filters.

***Our business is exposed to risks associated with the cyclical nature of the business of certain of our customers, which may adversely affect our business and results of operations.***

Some of the industries in which our end-use customers participate, such as the construction, automotive and textile industries, are cyclical in nature, thus posing a risk to us which is beyond our control. The industries in which these customers participate are highly competitive, to a large extent driven by end-use applications, and may experience overcapacity or reductions in demand, all of which may affect demand for and pricing of our products. The consequences of this could include the reduction, delay or cancellation of customer orders, and bankruptcy of customers, suppliers or other creditors. Although the occurrence of these events has not had a material impact on our historical financial condition, the occurrence of these events may adversely affect our business, financial condition and results of operation in the future.

***Failure to develop new products, or discover new applications for our existing products and cellulose chemistry expertise, could have a negative impact on our business.***

We have an active research and development program to develop new products and new applications for our existing products and chemical cellulose expertise. However, there can be no assurance this program will be successful, either from a product development or commercialization perspective, or that any particular invention, product or development, or the program as a whole, will lead to significant revenue or profit generation. Failure to generate meaningful revenue and profit from our research and product development efforts could adversely affect our business, financial condition and results of operations in the future.

***Currency fluctuations may have a negative impact on our business.***

Our cellulose specialties sales are denominated in U.S. Dollars and, as a result, currency fluctuations can also negatively impact our competitiveness. A weakening of foreign currencies against the U.S. dollar creates an advantage for our competitors whose costs are denominated in local currencies. Favorable exchange rates enable such competitors to convert sales denominated in the U.S. dollar to local currencies and procure locally produced raw materials at lower costs.

Weak local currencies may have a material adverse impact on our future cellulose specialties sales prices and volumes resulting in a negative impact on our financial condition and results of operations.

***Changes in global economic conditions, market trends and world events could negatively affect customer demand.***

The global reach of our business subjects us to unexpected, uncontrollable and rapidly changing events and circumstances, such as those that may result from the volatile state of the global economic and financial markets, in addition to those experienced in the United States. Countervailing duty and anti-dumping tariffs, or similar types of tariffs, may be imposed on us, which could result in reduced revenues and margins on some of our businesses. For example, after a lengthy investigation, in April of 2014, China's Ministry of Commerce ("MOFCOM") issued a final determination assessing a 17.2 percent duty on imports into China of our lower purity commodity viscose, which is primarily utilized to produce viscose staple fiber for use in the manufacture of fabrics. We expect MOFCOM's final determination to remain in place for five years. MOFCOM's duty could have an adverse effect on our sales of commodity viscose.

***We are subject to risks associated with doing business outside of the United States.***

Although our production facilities are located in the United States, a significant portion of our sales are to customer locations outside of the United States, including China, Japan, the European Union and other international markets. The export of our products into international markets results in risks that are inherent in conducting business under international laws, regulations and customs. Sales to customers outside of the United States made up approximately 60 percent of our revenue in 2016. We expect international sales will continue to contribute significantly to our financial condition and future growth. The risks associated with our business outside the United States include:

- changes in and reinterpretations of the laws, regulations and enforcement priorities of the countries in which we sell our products;
- responsibility to comply with anti-bribery laws such as the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- trade protection laws, policies and measures and other regulatory requirements affecting trade and investment, including loss or modification of exemptions for taxes and tariffs, imposition of new tariffs and duties and import and export licensing requirements;
- product damage or losses incurred during shipping;

- potentially negative consequences from changes in or interpretations of tax laws;
- political instability and actual or anticipated military or political conflicts;
- economic instability, inflation, recessions and interest rate and currency exchange rate fluctuations;
- uncertainties regarding non-U.S. judicial systems, rules and procedures; and
- minimal or limited protection of intellectual property in some countries.

These risks could adversely affect our business, financial condition and results of operations.

***Our business is subject to extensive environmental laws and regulations that may restrict or adversely affect our ability to conduct our business.***

*Environmental laws and regulations are constantly changing and are generally becoming more restrictive.* Laws, regulations and related judicial decisions and administrative interpretations affecting our business are subject to change, and new laws and regulations are frequently enacted. These changes may adversely affect our ability to operate our manufacturing facilities. These laws and regulations may relate to, among other things, air emissions, wastewater discharges, receiving water quality, and remedial standards for contaminated property and groundwater. Over time, the complexity and stringency of these laws and regulations have increased and the enforcement of these laws and regulations has intensified. An example is the 2016 Frank R. Lautenberg Chemical Safety for the 21st Century Act, which amends the Toxic Substances Control Act and, among other things, increases the U.S. Environmental Protection Agency's ("EPA") oversight of chemical manufacturing and use. Over the past few years, the EPA has pursued a number of initiatives that, if implemented, could impose additional operational and pollution control obligations on industrial facilities like ours, especially in the area of air emissions and wastewater and storm water control. See Item 7 - *Management's Discussion and Analysis of Financial Condition and Results of Operations - Environmental Regulation* for further information. Environmental laws and regulations will likely continue to become more restrictive and over time could adversely affect our business, financial condition and results of operations.

*Our plants are subject to stringent environmental laws, regulations and permits that may limit operations and production.* Many of our operations are subject to stringent environmental laws, regulations and permits that contain conditions governing how we operate our facilities including how much and, in some cases, what types of products we can produce. These laws, regulations and permits, now and in the future, may restrict our current production, limit our ability to increase production and impose significant costs on our operations with respect to environmental compliance. It is expected that, overall, costs will likely increase over time as environmental laws, regulations and permit conditions become more stringent, and as the expectations of the communities in which we operate become more demanding.

*Environmental groups and interested individuals may seek to delay or prevent a variety of operations .* We expect environmental groups and interested individuals will intervene with increasing frequency in the regulatory processes in the states where we operate plants. Delays or restrictions due to the intervention of environmental groups or interested individuals could adversely affect our operating results. In addition to intervention in regulatory proceedings, interested groups and individuals may file or threaten to file lawsuits that seek to prevent us from obtaining permits, implementing capital improvements or pursuing operating plans. For example, in March 2014, litigation was commenced in federal court by the Altamaha Riverkeeper alleging violations of federal and state environmental laws relating to permitted wastewater discharges from our Jesup plant (although it was dismissed by the court on summary judgment in 2015), and in January of 2016 the same group brought an action in the Georgia Office of Administrative Hearings against the Georgia Environmental Protection Division of the Natural Resources ("EPD") in opposition to the issuance by EPD of a renewed wastewater treatment permit for our Jesup plant. See Item 3 — *Legal Proceedings* for a description of the pending legal proceedings with the Altamaha Riverkeeper.

*We currently own or may acquire properties that require environmental remediation or otherwise are subject to environmental and other liabilities.* We currently own or formerly operated manufacturing facilities that we do not currently own, and may acquire additional facilities in the future, which are subject to environmental liabilities, such as remediation of soil, sediment and groundwater contamination and other liabilities. The cost of investigation and remediation of contaminated properties could increase operating costs and adversely affect financial results. Although we believe we currently have adequate liabilities recorded, legal requirements relating to assessment and remediation of contaminated properties continue to become more stringent and there can be no assurance actual expenditures will not exceed current liabilities and forecasts, or that other presently unknown liabilities will not be discovered in the future. See Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations — Environmental Regulation* and Note 14 — *Liabilities for Disposed Operations* . We have incurred and expect to continue to incur significant capital, operating and other expenditures to comply with applicable environmental laws and regulations relating to our obligation to assess and remediate contaminated properties. We could also incur substantial costs, such as those relating to enforcement actions (including orders limiting our operations or requiring corrective measures, installation of pollution

control equipment or other remedial actions), remediation and closure costs, as well as third-party claims for property damage and personal injury as a result of violations of, or liabilities arising out of, environmental laws and regulations.

***The impacts of climate-related initiatives, at the international, federal and state levels, remain uncertain at this time.***

There are numerous international, federal and state-level initiatives and proposals to address domestic and global climate issues. Within the United States, most of these proposals would regulate and/or tax, in one fashion or another, the production of carbon dioxide and other “greenhouse gases” to facilitate the reduction of carbon compound emissions to the atmosphere, and provide tax and other incentives to produce and use more “clean energy.”

Beginning in 2009, EPA began regulating greenhouse gases under the Clean Air Act. Current rules affecting our operations include requirements to monitor and report greenhouse gas emissions from our plant operations and to consider greenhouse gases when permitting new or modified facilities. However, a 2014 decision of the U.S. Supreme Court, *Utility Air Regulatory Group v. U.S. Environmental Protection Agency*, limited the ability of the government to regulate greenhouse gases during new and modified source permitting, which reduced somewhat the scope and breadth of EPA’s 2009 actions.

In 2015, EPA issued its final Clean Power Plan rule to regulate greenhouse gas emissions from electric power plants. The regulation is not directed at industry generally, but has very broad requirements that could affect fuel and energy prices for industrial energy consumers. Further, the rule directs states to customize their regulations, which could lead to different results in different states and create additional uncertainty. The rule has been legally challenged by a number of states, industry groups and environmental organizations. On February 10, 2016, the U.S. Supreme Court granted a stay of its implementation while the rule is reviewed by lower courts. It is not certain what impact this rule, if not invalidated by the courts, will have on our operations.

In December of 2015, the United States signed the Paris Agreement on climate change (the “Paris Agreement”), which was entered into under the auspices of the 1992 U.N. Framework Convention on Climate Change (the “UN Framework”), a treaty signed by the U.S. and ratified by the U.S. Senate. The Paris Agreement includes national targets for greenhouse gas emissions reductions and other provisions designed to reduce greenhouse gas emissions worldwide and provide financial incentives to developing nations to discourage greenhouse gas emissions. As of December 31, 2016, 197 countries have signed the Paris Agreement and 125 have ratified it. It is currently unclear how the current U.S. president and his administration will address the Paris Agreement.

Overall, it is reasonably likely legislative and regulatory activity in this area will in some way affect us, but it is unclear at this time when this may occur, and whether such impact will be, in the aggregate, positive, negative, neutral or material. For example, while our plants produce greenhouse gases and utilize fossil fuels, they also generate a meaningful amount of their energy from wood fiber (often referred to as “biomass”), which may be viewed more favorably than fossil fuels in future legislative and regulatory proposals, but that is uncertain at this time. However, to date, many environmental groups have generally opposed the use of biomass for energy production due to their concerns about deforestation. We continue to monitor political and regulatory developments in this area, but their overall impact on us, from a cost, benefit and financial performance standpoint over the long term, remains uncertain at this time.

***Challenges in the commercial and credit environments may materially adversely affect our future access to capital.***

Our ability to issue debt or equity or enter into other financing arrangements on acceptable terms could be materially adversely affected if there is a material decline in the demand for our products or in the solvency of our major customers or suppliers, or if other significantly unfavorable changes in economic conditions occur. Volatility in the world financial markets could increase borrowing or other costs of capital or affect our ability to gain access to the capital markets, which could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

***We may need to make significant additional cash contributions to our retirement benefit plans if investment returns on pension assets are lower than expected or interest rates decline, and/or due to changes to regulatory, accounting and actuarial requirements.***

We have a qualified non-contributory defined benefit pension plan, which covers many of our salaried and hourly employees. The Federal Pension Protection Act of 2006 requires certain capitalization levels be maintained in each of these benefit plans. Because it is unknown what the investment return on pension assets will be in future years or what interest rates may be at any point in time, no assurances can be given that applicable law will not require us to make future material plan contributions. In addition, it is possible new or additional accounting rules and changes to actuarial requirements (for example, if life expectancy assumptions for participants are increased) may also result in the need for additional contributions to the plans. Any such contributions could adversely affect our financial condition. See Item 7 — *Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Use of Estimates* for additional information about these plans, including funding status.

***We depend on third parties for transportation services and increases in costs and the availability of transportation could adversely affect our business.***

Our business depends on transportation services provided by third parties, both domestically and internationally. We rely on these providers for transportation of the products we manufacture as well as delivery of raw materials to our manufacturing facilities. A significant portion of the products we manufacture and raw materials we use are transported in the United States by railroad or trucks, and internationally by ship.

If any of our transportation providers were to fail to deliver the goods we manufacture in a timely manner, or damaged them during transport, we may be unable to sell those products at full value, or at all. Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to timely manufacture our products in response to customer demand. Finally, if any of the ports we commonly use for international shipping, or the port system generally, were to suffer work stoppages, slowdowns or strikes, we could be adversely impacted.

Any significant failure of third-party transportation providers to deliver raw materials or finished products could harm our reputation, negatively affect our customer relationships and adversely affect our business. In addition, increases in transportation rates or fuel costs could adversely affect our financial condition and results of operations.

***Changes in raw material and manufacturing input prices could affect our results of operations and financial condition.***

Because pricing for the majority of our cellulose specialties fibers customers is set annually or otherwise by contract, we typically have very limited ability to pass along fluctuations in costs to customers after pricing has been established. Raw material costs and energy, such as wood, chemicals, oil and natural gas are a significant operating expense. The cost of raw materials and energy can be volatile and are susceptible to rapid and substantial increases due to factors beyond our control, such as changing economic conditions, political unrest, instability in energy-producing nations, and supply and demand considerations. For example, caustic soda, a key manufacturing input, has historically had significant price volatility. Similarly, the price of oil and natural gas (including its pipeline transportation cost) is subject to fluctuations based on market and other factors. These and other similar circumstances could adversely affect our business, financial condition and results of operations.

***Weather and other natural conditions may increase the prices of and reduce access to raw materials.***

We use large quantities of wood as a raw material in our fiber manufacturing process. Weather conditions, timber growth cycles and restrictions on access to timberlands for harvesting (for example, due to prolonged wet conditions) may limit the availability and increase the price of wood (and, in particular, hardwood species), as may other factors, including damage by fire, insect infestation, disease, prolonged drought and natural disasters such as wind storms and hurricanes.

Raw materials are available from a number of suppliers and we have not historically experienced material supply interruptions or substantial sustained price increases; however, during times of limited supply caused by weather and other natural conditions, we may not be able to purchase sufficient quantities of these raw materials to meet our production requirements at prices acceptable to us. An insufficient supply of wood could materially adversely affect our business, financial condition, results of operations and cash flows.

***A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales or adversely affect our business, financial condition and results of operation.***

Any of our manufacturing facilities, or a part of any particular facility, could cease operations unexpectedly due to a number of events, including:

- unscheduled maintenance outages;
- prolonged power failures;
- equipment failure;
- a chemical spill or release;
- explosion of a boiler or other pressure vessel;
- fires, floods, windstorms, earthquakes, hurricanes or other catastrophes;
- terrorism or threats of terrorism; and
- other operational problems.

Furthermore, depending on the nature, extent and length of any operational interruption due to any such event, the results could adversely affect our business, financial condition and results of operations.

***Our failure to maintain satisfactory labor relations could have a material adverse effect on our business.***

As of December 31, 2016, approximately 65 percent of our work force is unionized. As a result, we are required to negotiate the wages, benefits and other terms with these employees collectively. Our financial results could be adversely affected if labor negotiations were to restrict the efficiency of our operations. In addition, our inability to negotiate acceptable contracts with any of these unions as existing agreements expire could result in strikes or work stoppages by the affected workers. Our collective bargaining agreements at our Jesup, Georgia plant expire on June 30, 2017 and negotiations relating to new agreements have commenced. If our unionized employees were to engage in a strike or other work stoppage, we could experience a significant disruption of our operations, which could adversely affect our business, financial condition and results of operations.

***We are dependent upon attracting and retaining key personnel, the loss of whom could adversely affect our business.***

We believe our success depends, to a significant extent, upon our ability to attract and retain key senior management and operations management personnel. Our failure to recruit and retain these key personnel could adversely affect our business, financial condition or results of operations.

***Failure to protect our intellectual property could negatively affect our future performance and growth.***

We rely primarily on confidentiality and non-disclosure agreements, covenants not to compete (where warranted), established internal policies and practices and various physical security and cyber security measures, among other actions, to protect our trade secrets and other intellectual property. Failure to protect this intellectual property could negatively affect our future performance and growth.

***The risk of loss of the Company's intellectual property, including trade secrets or other sensitive business information, disruption of its manufacturing operations, in each case due to cyber attacks or cyber security breaches, could adversely impact the Company.***

Cyber attacks or cyber security breaches could compromise the Company's intellectual property, including confidential business information, cause a disruption to the Company's operations or harm the Company's reputation. For example, our Jesup facility purchases some of its electricity from the grid and, therefore, any cyber attack on the electricity transmission system could adversely impact Jesup's operations. While the Company has implemented an appropriate cyber security program, there can be no assurance a cyber attack would not be successful, or that such a cyber security breach will not occur. Such an event could have an adverse impact on the Company's results of operations and financial condition.

***Our business exposes us to potential product liability claims, which could adversely affect our financial condition and performance.***

The development, manufacture and sale of our products by us, including products manufactured for use by the food, cigarette, automotive and pharmaceutical industries, involves a risk of exposure to product liability claims, and related adverse publicity. A product liability claim or judgment against us could also result in substantial and unexpected expenditures, affect confidence in our products, and divert management's attention from other responsibilities. Although we maintain product liability insurance, there can be no assurance this type or the level of coverage is adequate or that we will be able to continue to maintain our existing insurance or obtain comparable insurance at a reasonable cost, if at all. A partially or completely uninsured judgment against us could have a material adverse effect on our results of operations or financial condition. Although we have standard contracting policies and controls, we may not always be able to contractually limit our exposure to third-party claims should our failure to perform result in downstream supply disruptions or product recalls.

***We have debt obligations that could adversely affect our business and our ability to meet our obligations.***

As of December 31, 2016, our total combined indebtedness was \$ 783 million.

This significant amount of debt could have important consequences to us and our investors, including:

- requiring a substantial portion of our cash flows from operations to make interest payments on this debt;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing;

- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flows available to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- placing us at a competitive disadvantage to our competitors that may not be as highly leveraged with debt; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase common stock.

To the extent we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flows from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

***Our operations require substantial capital .***

We require substantial capital for ongoing maintenance, repair and replacement of existing facilities and equipment. Although we maintain our production equipment with regular scheduled maintenance, key pieces of equipment may need to be repaired or replaced periodically. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could adversely affect our financial condition and results of operations. In addition, new or existing environmental regulations at times require additional capital expenditures for compliance.

We believe our capital resources are currently adequate to meet our current projected operating needs, capital expenditures and other cash requirements. However, if for any reason we are unable to provide for our operating needs, capital expenditures and other cash requirements on reasonable economic terms, we could experience an adverse effect on our business, financial condition and results of operations.

***We may need additional financing in the future to meet our capital needs or to make acquisitions, and such financing may not be available on favorable terms, if at all, and may be dilutive to existing stockholders.***

We may need to seek additional financing for general corporate purposes. For example, we may need to increase our investment in research and development activities, make strategic investments in our facilities or require funding to invest in joint ventures or make acquisitions. We may be unable to obtain desired additional financing on terms favorable to us, if at all. For example, during periods of volatile credit markets, there is a risk that lenders, even those with strong balance sheets and sound lending practices, could fail or refuse to honor their credit commitments and obligations, including but not limited to extending credit up to the maximum permitted by a credit facility and otherwise accessing capital and/or honoring loan commitments. If our lenders are unable to fund borrowings under their loan commitments or we are unable to borrow, it could be difficult to replace such loan commitments on similar terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund growth opportunities, successfully develop or enhance products or respond to competitive pressures, any of which could negatively affect our business. If we raise additional funds through the issuance of equity securities, our stockholders will experience dilution of their ownership interest. If we raise additional funds by issuing debt, it may be subject to limitations on our operations and ability to pay dividends due to restrictive covenants in addition to those that are expected to be in place pursuant to our existing indebtedness.

***The inability to make or effectively integrate future acquisitions may affect our results.***

As part of our growth strategy, we may pursue additional acquisitions of complementary businesses and product lines, and invest in joint ventures. The ability to grow through acquisitions or other investments depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions or joint venture arrangements. If we fail to successfully integrate acquisitions into our existing business, our business, financial condition and results of operations could be adversely affected.

***We may not achieve the benefits anticipated from our announced transformation plan.***

We are two years into a four year plan to significantly reduce costs and increase cash flows. See Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview* for more information. Failure to achieve the anticipated benefits within the remaining two years could adversely affect our financial condition and results of operations.

## **Risks Related to the Company's Common Stock**

### ***Your percentage of ownership in the Company may be diluted in the future.***

In the future, your percentage ownership in the Company may be diluted because of equity issuances for acquisitions, capital market transactions or other corporate purposes, including equity awards we will grant to our directors, officers and employees. Our employees have options to purchase shares of our common stock and we anticipate our compensation committee will grant additional stock options or other stock-based awards to our employees. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we will issue additional options or other stock-based awards to our employees under our employee benefits plans.

In addition, our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock. In particular, note that, on August 10, 2016, the Company issued 1,725,000 shares of Mandatory Convertible Preferred Stock, Series A (the "Preferred Stock"), as more fully described in that certain Registration Statement on Form S-3 (File No. 333-209747) and Prospectus filed with the SEC on February 26, 2016, as amended by that certain Prospectus Supplement dated August 4, 2016 (the "Prospectus Supplement"). As a result of this offering, unless earlier converted, the Preferred Stock will automatically convert to common stock of the Company on a mandatory conversion date expected to be August 15, 2019, at a conversion rate described in the Prospectus Supplement. See Note 10 — *Stockholders Equity* for more information on the Preferred Stock.

### ***Our common stock ranks junior to the Preferred Stock with respect to dividends and amounts payable in the event of our liquidation.***

Our common stock ranks junior to our Preferred Stock with respect to the payment of dividends and amounts payable in the event of our liquidation, dissolution or winding-up. This means, unless full cumulative dividends have been paid or set aside for payment on all outstanding Preferred Stock for all past dividend periods and the then current dividend period, subject to certain exceptions, no dividends may be declared or paid on our common stock. Likewise, in the event of our voluntary or involuntary liquidation, dissolution or winding-up, no distribution of our assets may be made to holders of our common stock until we have paid to Preferred Stock holders a liquidation preference equal to \$100.00 per share plus accrued and unpaid dividends.

### ***Certain provisions of the Preferred Stock could prevent or delay an acquisition of the Company, which could decrease the price of our common stock.***

Certain terms of our Preferred Stock could make it more difficult or more expensive for a third party to acquire the Company. For example, as more fully described in the Prospectus Supplement, if a fundamental change (including, certain consolidation or merger involving us) were to occur on or prior to August 15, 2019, holders of our Preferred Stock may have the right to convert their Preferred Stock, in whole or in part, at a fundamental change conversion rate and be entitled to receive a fundamental change dividend make-whole amount equal to the present value of all remaining dividend payments on their Preferred Stock, plus accumulated and unpaid dividends, if any. These features of the Preferred Stock could increase the cost of acquiring us or otherwise discourage a third party from acquiring the Company.

### ***Certain provisions in our amended and restated certificate of incorporation and bylaws, and of Delaware law, could prevent or delay an acquisition of the Company, which could decrease the trading price of our common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contain, provisions intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of our stockholders to call a special meeting;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our board to issue preferred stock without stockholder approval;

- the division of our board of directors into three classes of directors, with each class serving a staggered three-year term, and this classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult;
- a provision that stockholders may only remove directors with cause;
- the ability of our directors, and not stockholders, to fill vacancies on our board of directors; and
- the requirement that the affirmative vote of stockholders holding at least 80 percent of our voting stock is required to amend certain provisions in our amended and restated certificate of incorporation and our amended and restated bylaws relating to the number, term and election of our directors, the filling of board vacancies, the calling of special meetings of stockholders and director and officer indemnification provisions.

In addition, because we have not chosen to be exempt from Section 203 of the Delaware General Corporation Law (“DGCL”), this provision could also delay or prevent a change of control you may favor. Section 203 provides, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15 percent of the corporation’s outstanding voting stock.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make the Company immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of the Company and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against the Company and our directors and officers.***

Our amended and restated certificate of incorporation provides that unless the board of directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Company to the Company or its stockholders, creditors or other constituents, any action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL, or our amended and restated certificate of incorporation or bylaws, or any action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine. However, if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in another court sitting in the State of Delaware. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with the Company or its directors or officers, which may discourage such lawsuits against the Company and its directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

## **Risks Related to the Separation**

***The Company’s historical financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.***

The historical information about the Company in this Annual Report on Form 10-K, for periods prior to the Separation, refers to the Company’s business as operated by and integrated with Rayonier. The Company’s historical pre-Separation financial information is derived from the consolidated financial statements and accounting records of Rayonier. Accordingly, the pre-Separation financial information included in this Annual Report on Form 10-K does not necessarily reflect the financial condition, results of operations or cash flows the Company would have achieved as a separate, publicly traded company during the periods presented or those the Company will achieve in the future primarily as a result of the factors described below:

- Prior to the Separation, the Company’s business was operated by Rayonier as a segment of its broader corporate organization, rather than as an independent company. Rayonier or one of its affiliates performed various corporate functions for the Company, such as accounting, information technology and finance. The Company’s pre-Separation historical financial results reflect allocations of corporate expenses from Rayonier for such functions and are likely

to be less than the expenses the Company would have incurred had it operated as a separate publicly traded company. The Company will need to make significant investments to replicate or outsource from other providers certain facilities, systems, infrastructure and personnel to which the Company no longer has access as a result of its separation from Rayonier. These initiatives to develop the Company's independent ability to operate without access to Rayonier's existing operational and administrative infrastructure will be costly to implement. The Company may not be able to operate its business efficiently or at comparable costs, and its profitability may decline;

- Prior to the Separation, the Company was able to use Rayonier's size and purchasing power in procuring various goods and services and shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. As a separate, independent company, the Company may be unable to obtain goods and services at the prices and terms obtained prior to the Separation, which could decrease the Company's overall profitability; and
- The cost of capital for the Company's business may be higher than Rayonier's cost of capital prior to the Separation.

***Potential indemnification liabilities to Rayonier pursuant to the separation agreement could materially adversely affect the Company.***

The separation agreement with Rayonier provides for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between the Company and Rayonier with respect to and resulting from the Separation. Among other things, the separation agreement provides for indemnification obligations designed to make the Company financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the Company's separation from Rayonier, as well as those obligations of Rayonier assumed by the Company pursuant to the separation agreement. If the Company is required to indemnify Rayonier under the circumstances set forth in the separation agreement, the Company may be subject to substantial liabilities.

***The Company may not achieve some or all of the expected benefits of the Separation, and the Separation may adversely affect the Company's business.***

The Company may not be able to achieve the full strategic and financial benefits expected to result from the Separation, or such benefits may be delayed or not occur at all. The Separation and distribution is expected to provide the following benefits, among others: (i) a distinct investment identity allowing investors to evaluate the merits, performance and future prospects of the Company separately from Rayonier; (ii) more efficient allocation of capital for the Company; and (iii) direct access by the Company to the capital markets.

The Company may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the Company may be more susceptible to market fluctuations and other adverse events than if it were still a part of Rayonier; (b) the Company's business is less diversified than Rayonier's business prior to the Separation; and (c) the other actions required to separate Rayonier's and the Company's respective businesses could have diverted management's attention from planning to grow and operate the Company's business or created disruptions of the Company's operations that could, in each case, impact the Company's performance in the future. If the Company fails to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, the business, financial conditions and results of operations of the Company could be adversely affected.

***There could be significant liability if the distribution of common stock that occurred as a result of the Separation is determined to be a taxable transaction.***

Our former parent, Rayonier, received a private letter ruling from the Internal Revenue Service ("IRS") to the effect that, among other things, the Separation and the distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code, and it is a condition to the distribution that this private letter ruling shall not be revoked or modified in any material respect. In addition, Rayonier received an opinion from outside tax counsel to the effect that, with respect to certain requirements for tax-free treatment under Section 355 of the Code on which the IRS will not rule, such requirements will be satisfied. The ruling and the opinion rely on certain facts, assumptions, representations and undertakings from Rayonier and the Company regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, Rayonier and its shareholders may not be able to rely on the ruling or the opinion of tax counsel and could be subject to significant tax liabilities.

Notwithstanding a private letter ruling from the IRS and opinion of tax counsel, the IRS could determine on audit the Separation is taxable if it determines any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion that are not covered by the private letter ruling, or for other reasons, including as a result of certain significant changes in the share ownership of Rayonier or the Company after the separation. If the Separation

is determined to be taxable for U.S. federal income tax purposes, Rayonier and its shareholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities and the Company could incur significant liabilities. In connection with the Separation, Rayonier and the Company entered into a tax matters agreement, which describes the sharing of any such liabilities between Rayonier and the Company.

### Item 1B. Unresolved Staff Comments

On June 21, 2016, we received a letter from the staff of the U.S. Securities and Exchange Commission (“SEC”) in which it requested we voluntarily provide to it documents and correspondence with environmental regulators concerning certain former operations. See Item 3 — *Legal Proceedings* for more information on this matter.

### Item 2. Properties

The following table details the significant properties we owned or leased at December 31, 2016 :

		Capacity	Owned/Leased
Cellulose Specialties Facilities	Jesup, Georgia	330,000 metric tons of cellulose specialties or commodity products	Owned
		245,000 metric tons of commodity products	
	Fernandina Beach, Florida	155,000 metric tons of cellulose specialties or commodity products	Owned
	Jesup, Georgia	Research Facility	Owned
Wood Chipping Facilities	Offerman, Georgia	880,000 short green tons of wood chips	Owned
	Collins, Georgia	780,000 short green tons of wood chips	Owned
	Eastman, Georgia	350,000 short green tons of wood chips	Owned
	Barnesville, Georgia	350,000 short green tons of wood chips	Owned
	Quitman, Georgia	200,000 short green tons of wood chips	Owned
Corporate and Other	Jacksonville, Florida	Corporate Headquarters	Leased

Our manufacturing facilities are maintained through ongoing capital investments, regular maintenance and equipment upgrades. During 2016, our chemical cellulose fibers manufacturing facilities produced at or near capacity levels for most of the year.

### Item 3. Legal Proceedings

The Company is engaged in various legal and regulatory actions and proceedings, and has been named as a defendant in various lawsuits and claims arising in the ordinary course of its business. While the Company has procured reasonable and customary insurance covering risks normally occurring in connection with its businesses, the Company has in certain cases retained some risk through the operation of self-insurance, primarily in the areas of workers’ compensation, property insurance and general liability. Unless specifically noted, any possible range of loss associated with the legal proceedings described below is not reasonably estimable at this time. While there can be no assurance, the ultimate outcome of these actions, either individually or in the aggregate, is not expected to have a material adverse effect on the Company’s financial position, results of operations or cash flows, except as may be noted below.

*Jesup Plant Permit*

On January 27, 2016, the Altamaha Riverkeeper (“ARK”) filed a Petition for Hearing in the Office of Administrative Hearings for the State of Georgia, captioned *Altamaha Riverkeeper, Inc. v. Environmental Protection Division (“EPD”), Georgia Department of Natural Resources*, in which ARK appealed the issuance by EPD to the Company of a new permit for the treatment and discharge of waste water from the Jesup mill, which was to go into effect March 1, 2016. In the petition, ARK claims, among other things, that the issuance of the permit by EPD would violate Georgia’s narrative water quality standard, a rule promulgated by the Georgia Natural Resources Board pursuant to certain provisions of the Clean Water Act and the Georgia Water Quality Control Act. The petition seeks to have the permit invalidated and modified as demanded by ARK. On February 16, 2016, the Company moved to legally intervene, as a party-in-interest, in this matter (because EPD, as the permit issuer, is the named defendant) and its petition was granted by the administrative law judge (“ALJ”). The trial was held in June of 2016, and on September 30, 2016 the ALJ issued her decision. While the ALJ rejected many of ARK’s claims, she held there existed a reasonable potential for the Company’s treated effluent discharged to the Altamaha River to cause a violation of Georgia’s narrative water quality standard, but only under low (rather than “normal”) river flow conditions. As such, the ALJ reversed the issuance of the new permit by EPD and remanded the matter back to EPD for consideration and issuance of a permit that comports with this ruling. The Company strongly disagrees with the decision and has appealed it, as has EPD. The appeal is being heard in the Superior Court of Wayne County, Georgia and we expect a ruling on our appeal in the first half of 2017. Until final resolution of this litigation, the Jesup plant will continue to operate under its existing waste water permit.

*SEC Inquiry*

On June 21, 2016, the Company received a letter from the staff of the U.S. Securities and Exchange Commission (“SEC”) in which it requested the Company voluntarily provide to it documents and correspondence with environmental regulators concerning certain former operations of the Company. These documents were requested following the Company’s response to comments from SEC staff regarding certain environmental reserves taken by the Company in the fourth quarter of 2014 and the disclosures made by the Company in connection therewith. The Company is cooperating with the SEC in its request. No enforcement action has been brought by the SEC to date and it is unknown whether any such action will be brought in the future. The Company believes its reserves and disclosures were appropriate and in compliance with applicable accounting rules and law.

**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 Prices of our Common Stock; Dividends***

The table below reflects, for the quarters indicated, the dividends declared per share of common stock and the range of market prices of our common stock as reported in the consolidated transaction reporting system of the New York Stock Exchange, the only exchange on which our stock is listed, under the trading symbol **RYAM**.

	High <sup>(a)</sup>	Low <sup>(a)</sup>	Dividends
<b>2016</b>			
Fourth Quarter	\$ 16.07	\$ 11.93	\$ 0.07
Third Quarter	15.83	10.72	0.07
Second Quarter	14.40	9.34	0.07
First Quarter	9.84	6.00	0.07
<b>2015</b>			
Fourth Quarter	11.91	6.12	0.07
Third Quarter	16.26	6.01	0.07
Second Quarter	19.35	14.90	0.07
First Quarter	23.77	14.88	0.07

a) High and low market prices are based on daily close values.

On February 24, 2017, our board of directors declared a first quarter cash dividend of seven cents per share of common stock. The common stock dividend is payable March 31, 2017, to stockholders of record on March 17, 2017. There were approximately 43,260,052 shares of stock outstanding and 5,135 record holders, respectively, on February 16, 2017. On January 17, 2017 our board of directors declared a cash dividend of \$2.00 per share of our Preferred Stock. The dividend was paid on February 15, 2017 to holders of record of our Preferred Stock as of February 1, 2017.

The declaration and payment of future dividends on our common stock will be at the discretion of our board of directors and will be dependent upon our financial condition, results of operations, capital requirements, and other factors our board of directors deems relevant. Certain of our debt facilities may also restrict the declaration and payment of dividends, depending upon our then current compliance with certain covenants. In addition, the terms of our Preferred Stock provide that, unless full cumulative dividends have been paid or set aside for payment on all outstanding Preferred Stock for all prior dividend periods, no dividends may be declared or paid on our common stock. Dividends on our Preferred Stock are payable on a cumulative basis if and when they are declared by our board of directors. If declared, dividends will be paid at an annual rate of 8.00% of the liquidation preference of \$100 per share. Dividend payment dates are February 15, May 15, August 15 and November 15 of each year, commencing on November 15, 2016 and ending on August 15, 2019. Dividends may be paid in cash or, subject to certain limitations, in shares of common stock or any combination of cash and shares of common stock. See Note 10 — *Stockholders' Equity (Deficit)* for more information about our Preferred Stock.

**Issuer Purchases of Equity Securities**

The following table provides information regarding our purchases of Rayonier Advanced Materials common stock during the quarter ended December 31, 2016 :

<b>Period</b>	<b>Total Number of Shares Purchased (a)</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs</b>
September 24 to October 29	—	\$ —	—	—
October 30 to November 26	—	—	—	—
November 27 to December 31	104	13.88	—	—
Total	<u>104</u>		<u>—</u>	

(a) Repurchased to satisfy the minimum tax withholding requirements related to the vesting of restricted stock under the Rayonier Advanced Materials Incentive Stock Plan.

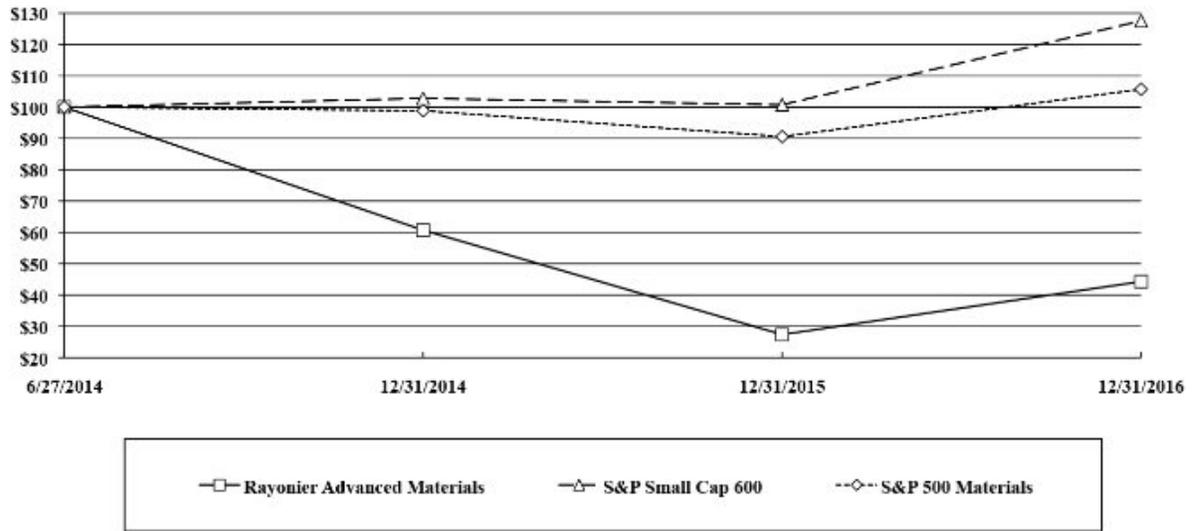
**Securities Authorized for Issuance under Equity Compensation Plans**

See Part III, Item 12 of this report for information relating to our equity compensation plans.

**Stock Performance Graph**

The following graph compares the performance of Rayonier Advanced Material’s common stock (assuming reinvestment of dividends) with a broad-based market index, Standard & Poor’s (“S&P”) Small Cap 600, and an industry-specific index, the S&P 500 Materials Index. The initial date on the graph, June 27, 2014, reflects the date the Company separated from its former parent Rayonier.

The table and related information shall not be deemed to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.



The data in the following table was used to create the above graph:

	6/27/2014	12/31/2014	12/31/2015	12/31/2016
Rayonier Advanced Materials	\$100	\$61	\$27	\$44
S&P Small Cap 600	\$100	\$103	\$101	\$128
S&P 500 Materials Index	\$100	\$99	\$91	\$106

**Item 6. Selected Financial Data**

The following financial data should be read in conjunction with our Consolidated Financial Statements. Prior to 2014, the following selected financial data consists of Rayonier's performance fibers business for the years presented. For 2014, the balance sheet represents the financial position of the Company as of December 31, 2014 and the statement of income and statement of cash flows are presented as if the performance fibers business had been combined with the Company for the year ended December 31, 2014.

(millions of dollars except per share amounts)	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Statement of Income Data:</b>					
Net Sales	\$ 869	\$ 941	\$ 958	\$ 1,047	\$ 1,095
Gross margin	182	202	224	333	380
Operating income	138	120	63	289	342
Net income	73	55	32	220	242
Diluted earnings per share of common stock (a)	1.55	1.30	0.75	5.21	5.74
Dividends declared per share of common stock	0.28	0.28	0.14	—	—
<b>Balance Sheet Data:</b>					
Total assets (b)	\$ 1,422	\$ 1,279	\$ 1,293	\$ 1,120	\$ 921
Property, plant and equipment, net	801	804	843	846	681
Total debt (b)	783	858	934	—	—
Stockholders' equity (deficit)	212	(17)	(62)	968	725
<b>Statement of Cash Flows Data:</b>					
Cash provided by operating activities	\$ 232	\$ 202	\$ 188	\$ 258	\$ 305
Cash used for investing activities	(87)	(78)	(90)	(251)	(305)
Cash provided by (used in) financing activities	80	(89)	(31)	(7)	—
Capital expenditures	(89)	(78)	(75)	(96)	(105)
<b>Non GAAP Measures:</b>					
EBITDA (c)	\$ 235	\$ 209	\$ 149	\$ 363	\$ 402
Pro Forma EBITDA (c)	\$ 226	\$ 238	\$ 267	\$ 369	\$ 402
Adjusted Free Cash Flows (c)	\$ 147	\$ 124	\$ 113	\$ 143	\$ 188

(a) In conjunction with the Separation, 42,176,565 shares of our common stock were distributed to Rayonier shareholders on June 27, 2014. For comparative purposes, this amount has been assumed to be outstanding as of the beginning of each period prior to the Separation in the calculation of Basic Earnings Per Share. For the year ended December 31, 2016, basic and diluted earnings per share include the impact of dividends on the Company's Preferred Stock. See Note 10 — *Stockholders' Equity (Deficit)* for additional information.

(b) For comparability purposes, prior year balances have been restated in connection with the adoption of the Financial Accounting Standards Board's Accounting Standards Update No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. See Note 1 — *Basis of Presentation and New Accounting Pronouncements* for more information.

(c) EBITDA, pro forma EBITDA and adjusted free cash flows are non-GAAP measures. See "Note about Non-GAAP Financial Measures" on page one for limitations associated with non-GAAP measures. Also see Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations — Performance and Liquidity Indicators* for definitions of these non-GAAP measures as well as a reconciliation of EBITDA, pro forma EBITDA and adjusted free cash flows to their most directly comparable GAAP financial measure.

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

**Overview**

*General*

We are the leading global producer of cellulose specialties, a natural polymer, used as a raw material to manufacture a broad range of consumer-oriented products such as cigarette filters, liquid crystal displays, impact-resistant plastics, thickeners for food products, pharmaceuticals, cosmetics, high-tenacity rayon yarn for tires and industrial hoses, food casings, paints and lacquers. The manufacture and sale of cellulose specialties products are the primary driver of the Company's profitability. Pricing for our cellulose specialties products is typically set annually in the fourth quarter for the following year based on discussions with customers and the terms of contractual arrangements.

We also produce commodity products, primarily commodity viscose and absorbent materials. Commodity viscose is a raw material for the manufacture of viscose staple fibers which are used in woven applications such as textiles for clothing and other fabrics, and in non-woven applications such as baby wipes, cosmetic and personal wipes, industrial wipes and mattress ticking. Absorbent materials, typically referred to as fluff fibers, are used as an absorbent medium in products such as disposable baby diapers, feminine hygiene products, incontinence pads, convalescent bed pads, industrial towels and wipes and non-woven fabrics. Pricing for commodity products is typically referenced to published indexes or based on publicly available spot market prices.

Our production facilities in Jesup, Georgia and Fernandina Beach, Florida, have a combined annual cellulose specialties production capacity of approximately 485,000 metric tons of cellulose specialties. Additionally, we have dedicated approximately 245,000 metric tons to commodity products.

Our products are sold throughout the world to companies for use in various industrial applications and to produce a wide variety of products. Approximately 60 percent of our sales are to export customers, primarily in Asia and Europe. Our top ten customers represent approximately 75 percent of our sales.

Cost of sales includes the cost of wood, chemicals, energy, depreciation, manufacturing overhead and transportation used to manufacture and deliver our products. Significant components and percentages of per metric ton cost are as follows:

- Wood costs represent approximately 28 percent of the per metric ton cost of sales. We consume approximately 1.6 million short green tons of hardwood chips and 2.5 million short green tons of softwood chips per year. Weather conditions and demand in the wood products and pulp and paper markets can affect the cost of wood.
- Chemical costs represent approximately 13 percent of the per metric ton cost of sales. Chemicals, including caustic soda (sodium hydroxide), sulfuric acid, sodium chlorate and various specialty chemicals are purchased under negotiated supply agreements with third parties.
- Energy costs represent approximately 5 percent of the per metric ton costs of sales. The great majority of our energy is produced through the burning of lignin and other residual biomass in recovery and power boilers located at our plants. The plants also require fuel oil, natural gas and electricity to supplement their energy requirements.

Wood, chemicals and energy are subject to significant changes in price and availability. We continually pursue reductions in usage and costs of key raw materials, supplies and services and do not foresee any material constraints in the near term from pricing or availability. We currently have limited ability to pass cost increases on to our customers.

*Rayonier Advanced Materials Four Pillars of Strategic Growth*

In 2016, we launched a four-pronged approach aimed at transforming our business and growing EBITDA to drive long-term success for our stockholders. Our plan centers on strategic focus on the following four pillars:

- Cost Transformation achieved through sustainable cost improvements and fostering a culture of continuous improvement;
- New Products through which we are committed to expanding our business by developing value-added products derived from co-products, advanced materials from renewables, cellulose processing technology and next generation cellulose fibers. We have made significant progress in developing and applying proprietary technologies to new products in many of the end-market segments we serve, many of which have been introduced to customers and are currently in lab and manufacturing trials. We have also introduced products based on newly developed technology which has led to new commercial sales;

- Market Optimization which focuses on maximizing our existing products and market mix by considering our customers' needs, our manufacturing capabilities and transportation efficiency opportunities to drive higher value for our customers and our Company. We are committed to working with new and existing customers to find ways to grow value together; and
- Acquisitions focused in areas that leverage our core competencies in markets and technologies that are attractive and complementary to our existing business. We expect these investments to broaden our capability set and expose us to a broader array of growth opportunities. In doing so, we hope to create greater diversity and growth potential in our revenue and earnings streams.

#### *LignoTech Florida*

In December 2016, we announced the settlement of all conditions precedent related to the our venture with Borregaard ASA (“Borregaard”) to manufacture, market and sell natural lignin-based products from our Fernandina Beach, Florida facility. We received final approvals from our boards of directors and secured the necessary permits to begin construction of the new lignin facility at our Fernandina Beach plant. The venture, LignoTech Florida (LTF), will serve the growing global demand for natural lignin-based products.

Lignin, a natural component of wood, is a co-product of our sulphite cellulose specialties manufacturing process and is currently used for energy at our Fernandina plant. LTF will process the lignin into higher-value products that provide environmentally-friendly alternatives to fossil fuel based products used globally in construction, agriculture and other industrial applications. LTF will allow us to lower our overall cost position at our Fernandina Beach plant while providing an opportunity to generate revenue in new and attractive growth markets.

We will own 45 percent and Borregaard will own 55 percent. Borregaard will provide its market leading technical knowledge and global sales distribution network, while we will supply raw materials, site services and other support.

The LTF plant is expected to be completed in two phases over five years and require an aggregate capital investment of approximately \$135 million to yield an annual capacity of 150,000 metric tons. In addition to contributions from the LTF partners, we expect to fund a portion of the total investment through financing at the project level. Construction for the project began in December 2016. LTF operations are slated to begin mid-2018.

#### *Preferred Stock Offering*

On August 4, 2016, we completed a registered public offering of 1,725,000 shares of 8.00% Series A Mandatory Convertible Preferred Stock (the “Preferred Stock”), at a public offering price of \$100.00 per share. Net proceeds from the offering were approximately \$167 million. We intend to use the funds generated from our Preferred Stock equity issuance to grow and diversify our business through our four pillars of strategic growth. See Note 10 — *Stockholders' Equity (Deficit)* for more information on our Preferred Stock.

#### *Outlook*

Cellulose specialties markets are mixed as demand for acetate products remains suppressed. Ethers and other cellulose specialties markets are improving, providing opportunities for volume growth. Overall, cellulose specialties markets continue to be impacted by foreign competitors benefiting from weak global currencies relative to the U. S. dollar. Given these market conditions, we have expanded our presence in non-acetate products, although at lower prices than acetate. We expect 2017 cellulose specialties prices to decline three to four percent reflecting a shift in our cellulose specialties mix as well as previously disclosed lower acetate prices. Cellulose specialties sales volumes are expected to be relatively flat compared to 2016. We expect \$25 to \$30 million of cost improvements to partially offset declines in revenue, resulting in forecasted net income of \$41 to \$48 million and EBITDA of \$190 to \$200 million. Cash flows from operations and adjusted free cash flows are expected to be \$140 to \$150 million and \$80 to \$90 million. We anticipate capital expenditures of approximately \$60 million , including our investment in the LignoTech Florida project.

#### **Reconciliation of Non-GAAP measures**

For a reconciliation of EBITDA to net income, see Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations — Performance and Liquidity Indicators*.

EBITDA guidance for 2017 of \$190 to \$200 million represents expected 2017 net income of \$41 to \$48 million excluding estimated income tax expense, interest expense, net, and depreciation and amortization of \$27 to \$30 million , \$37 million and \$85 million , respectively.

Adjusted Free Cash Flows Guidance for 2017 of \$80 to \$90 million represents expected 2017 operating cash flows of \$140 to \$150 million excluding capital expenditures of \$60 million .

## **Critical Accounting Policies and Use of Estimates**

The preparation of financial statements requires us to make estimates, assumptions and judgments that affect our assets, liabilities, revenues and expenses, and to disclose contingent assets and liabilities in our Consolidated Financial Statements. We base these estimates and assumptions on historical data and trends, current fact patterns, expectations and other sources of information management believes are reasonable. Actual results may differ from these estimates.

### *Principles of Consolidation*

Prior to the Separation, our results of operations, financial position and cash flows consisted of Rayonier's performance fibers business. Our financial statements are presented as if the performance fibers business had been combined with the Company for all periods presented. All intercompany transactions are eliminated.

The statements of income for periods prior to the Separation include allocations of certain costs from Rayonier related to the operations of the performance fibers business. The statements of income also include expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments. Management believes the methodologies employed for the allocation of costs were reasonable in relation to the historical reporting of Rayonier, but may not necessarily be indicative of costs had the Company operated on a stand-alone basis during the periods prior to the Separation, nor what the costs may be in the future.

### *Revenue Recognition*

Rayonier Advanced Materials generally recognizes sales when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred, (iii) the price to the buyer is fixed and determinable and (iv) collectibility is reasonably assured. Generally, title passes upon delivery to the agreed upon location. Based on the time required to reach each location, customer orders are generally received in one period with the corresponding revenue recognized in a subsequent period. As such, there could be substantial variation in orders received and revenue recognized from period to period. Payments from customers made in advance of the recognition of revenue are included in accrued customer incentives and prepayments.

### *Property, Plant & Equipment*

Depreciation expense is computed using the units-of-production method for our plant and equipment and the straight-line method on all other property, plant and equipment over the useful economic lives of the assets involved. The total units of production used to calculate depreciation expense is determined by factoring annual production days, based on normal production conditions, by the economic useful life of the asset involved. On average, the units-of-production and straight-line methodologies accounted for approximately 94 percent and 6 percent of depreciation expense, respectively. The physical life of equipment, however, may be shortened by economic obsolescence caused by environmental regulation, competition or other causes. We depreciate our non-production assets, including office, lab and transportation equipment, using the straight-line depreciation method over 3 to 25 years. Buildings and land improvements are depreciated using the straight-line method over 15 to 35 years and 5 to 30 years, respectively. Management believes these depreciation methods are the most appropriate, versus other generally accepted accounting methods, as they most closely match revenues with expenses.

Gains and losses on the retirement of assets are included in operating income. Long-lived assets are reviewed annually for impairment or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets that are held and used is measured by net undiscounted cash flows expected to be generated by the asset. Property, plant and equipment are grouped for purposes of evaluating recoverability at the combined plant level, the lowest level for which independent cash flows are identifiable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

### *Environmental liabilities associated with disposed operations*

At December 31, 2016 , we had \$153 million of accrued liabilities for environmental costs relating to disposed operations. Numerous cost assumptions are used in estimating these obligations. Factors affecting these estimates include changes in the nature or extent of contamination, changes in the content or volume of the material discharged or treated in connection with one or more impacted sites, requirements to perform additional or different assessment or remediation, changes in technology that may lead to additional or different environmental remediation strategies, approaches and work-plans, discovery of additional or

unanticipated contaminated soil, groundwater or sediment on or off-site, changes in remedy selection, changes in law or interpretation of existing law and the outcome of negotiations with governmental agencies or non-governmental parties. We periodically review our environmental liabilities and also engage third-party consultants to assess our ongoing remediation of contaminated sites. Quarterly, we review our environmental liabilities related to assessment activities and remediation costs and adjust them as necessary. Liabilities for financial assurance, monitoring and maintenance activities and other activities are assessed annually. A significant change in any of these estimates could have a material effect on the results of our operations. See Note 14 — *Liabilities for Disposed Operations* for additional information.

*Determining the adequacy of pension and other postretirement benefit assets and liabilities*

Certain employees participate in the Company’s defined benefit pension and postretirement health and life insurance plan. The defined benefit pension plan is closed to new participants. Numerous estimates and assumptions are required to determine the proper amount of pension and postretirement liabilities and annual expense to record in our financial statements. The key assumptions include discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees. Although authoritative guidance on how to select most of these assumptions exists, we exercise some degree of judgment when selecting these assumptions based on input from our actuary. Different assumptions, as well as actual versus expected results, would change the periodic benefit cost and funded status of the benefit plans recognized in the financial statements.

Our long-term return assumption was established based on historical long-term rates of return on broad equity and bond indices, discussions with our actuary and investment advisors and consideration of the actual annualized rate of return from 1994 (the date of Rayonier’s spin-off from ITT Corporation) through 2016 . At the end of 2016 , we reviewed this assumption for reasonableness and determined the 2016 long-term rate of return assumption should be 8.50 percent . Beginning in 2017, we will reduce the expected long-term rate of return on plan assets to 7.75 percent . In 2017, we will also change the method we use to determine the service and interest cost components of net periodic benefit cost. Historically, we have determined the cost using a single weighted-average discount rate derived from the yield curve. Under the new method, known as the spot rate approach, individual spot rates along the yield curve that correspond with the timing of each benefit payment will be used. We believe this change will provide a more precise measurement of service and interest costs by improving the correlation between projected cash outflows and corresponding spot rates on the yield curve. This change does not affect the measurement of plan obligations but generally results in lower pension expense in periods where the yield curve is upward sloping. We will account for this change prospectively as a change in accounting estimate.

In determining future pension obligations, we select a discount rate based on information supplied by our actuary. The actuarial rates are developed by models which incorporate high-quality (AA rated), long-term corporate bond rates into their calculations. The discount rate decreased from 4.03% at December 31, 2015 to 3.88% at December 31, 2016 .

Our pension plans were underfunded by \$139 million at December 31, 2016 . The funded status is essentially flat as compared to 2015 as actual investment performance and higher voluntary contributions to the pension plan in the current year were offset by a decrease in the discount rate. We did not have any mandatory pension contributions in 2016 , 2015 or 2014 . In July of 2016, we made a \$10 million voluntary contribution to the pension plan. No discretionary contributions to our qualified pension plan were made in 2015 or 2014 . Future contribution requirements will vary depending on actual investment performance, changes in valuation assumptions, interest rates and requirements under the Pension Protection Act. No contributions are expected to be made in 2017.

In 2017 , we expect pension expense to be approximately the same as 2016 . Future pension expense will be impacted by many factors including actual investment performance, changes in discount rates, timing of contributions and other employee related matters. See Note 16 — *Employee Benefit Plans* for additional information.

The sensitivity of pension expense and projected benefit obligation related to our two qualified pension plans to changes in economic assumptions is highlighted below:

<b>Change in Assumption (millions)</b>	<b>Impact on:</b>	
	<b>Annual Pension Expense</b>	<b>Projected Benefit Obligation</b>
50 bp decrease in discount rate	+ 2.1	+ 27.3
50 bp increase in discount rate	- 1.9	- 24.6
50 bp decrease in long-term return on assets	+ 1.4	
50 bp increase in long-term return on assets	- 1.4	

*Realizability of both recorded and unrecorded tax assets and tax liabilities*

We have recorded certain deferred tax assets we believe will be realized in future periods. The realization of tax assets is based on our historical profitability and unlimited carryforward periods on a majority of our deferred tax assets. These assets are reviewed periodically in order to assess their realizability. This review requires management to make assumptions and estimates about future profitability affecting the realization of these tax assets. If the review indicates the realizability may be less than likely, a valuation allowance is recorded.

Our income tax returns are subject to examination by U.S. federal and state taxing authorities. In evaluating the tax benefits associated with various tax filing positions, we record a tax benefit for an uncertain tax position if it is more-likely-than-not to be realized upon ultimate settlement of the issue. We record a liability for an uncertain tax position that does not meet this criterion. The liabilities for unrecognized tax benefits are adjusted in the period in which it is determined the issue is settled with the taxing authorities, the statute of limitations expires for the relevant taxing authority to examine the tax position or when new facts or information become available. See Note 13 — *Income Taxes* for additional information.

**New Accounting Standards**

See Note 1 — *Basis of Presentation and New Accounting Pronouncements* for a discussion of recently issued accounting pronouncements that may affect our financial results and disclosures in future periods.

**Summary of our results of operations for the three years ended December 31 :**

<b>Financial Information (in millions)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Net Sales</b>			
Cellulose specialties	\$ 695	\$ 767	\$ 844
Commodity products and other	174	174	114
<b>Total Net Sales</b>	<b>869</b>	<b>941</b>	<b>958</b>
<b>Cost of Sales</b>	<b>(687)</b>	<b>(739)</b>	<b>(734)</b>
<b>Gross Margin</b>	<b>182</b>	<b>202</b>	<b>224</b>
Selling, general and administrative expenses	(38)	(48)	(40)
Other operating expense, net	(6)	(34)	(121)
<b>Operating Income</b>	<b>138</b>	<b>120</b>	<b>63</b>
Interest expense, net	(35)	(37)	(22)
Gain on debt extinguishment	9	—	—
<b>Income Before Income Taxes</b>	<b>112</b>	<b>83</b>	<b>41</b>
Income Tax Expense	(39)	(28)	(9)
<b>Net Income</b>	<b>\$ 73</b>	<b>\$ 55</b>	<b>\$ 32</b>
<b>Other Data</b>			
Average Sales Prices (\$ per metric ton)			
Cellulose specialties	\$ 1,525	\$ 1,641	\$ 1,762
Commodity products	668	671	692
Sales Volumes (thousands of metric tons)			
Cellulose specialties	456	467	479
Commodity products	249	247	148
Gross Margin %	20.9%	21.5%	23.4%
Operating Margin %	15.9%	12.8%	6.6%
Effective Tax Rate %	34.9%	33.3%	21.8%

**Results of Operations, Year Ended December 31, 2016 versus December 31, 2015**

<b>Sales (in millions)</b>	<b>2015</b>	<b>Changes Attributable to:</b>		<b>2016</b>
		<b>Price</b>	<b>Volume/Mix</b>	
Cellulose specialties	\$ 767	\$ (53)	\$ (19)	\$ 695
Commodity products and other	174	(1)	1	174
<b>Total sales</b>	<b>\$ 941</b>	<b>\$ (54)</b>	<b>\$ (18)</b>	<b>\$ 869</b>

Total net sales were \$72 million lower, or approximately 8 percent, in 2016, primarily due to a 7 percent decline in cellulose specialties prices which reflects the anticipated declines from the prior year. Additionally, cellulose specialties sales volumes decreased approximately 11 thousand tons, or 2 percent as a result of weak market conditions. This decrease was slightly less than expected due to the timing of revenue recognition in the fourth quarter of 2016.

<b>Operating Income (in millions)</b>	<b>2015</b>	<b>Gross Margin Changes Attributable to (a):</b>				<b>2016</b>
		<b>Price</b>	<b>Volume/ Sales Mix</b>	<b>Cost</b>	<b>SG&amp;A and other</b>	
Operating Income	\$ 120	\$ (54)	\$ (14)	\$ 46	\$ 40	\$ 138
Operating Margin %	12.8%	(5.3)%	(1.5)%	5.3%	4.6%	15.9%

(a) Computed based on contribution margin.

In 2016, operating income and margin percentage increased \$18 million and 3.1 percentage points versus prior year. Lower cellulose specialties prices and sales volumes were partially offset by lower costs driven by the Company's cost improvements. Selling, general and administrative ("SG&A") and other expenses decreased \$40 million primarily as a result of the Jesup asset impairment recognized in the second quarter of 2015. Additionally, lower professional fees, stock compensation expense and pension expense in 2016 compared to 2015 contributed to the decrease in SG&A and other.

We incurred \$35 million of interest expense in 2016 compared with \$37 million of interest expense in 2015. The decrease in interest expense reflects the repurchase of Senior Notes in the first quarter of 2016, partially offset by higher LIBOR rates on floating rate debt. See Note 6 — *Debt* for additional information.

Our effective tax rate for 2016 was 34.9 percent, compared with 33.3 percent for 2015. The increase from the prior year period reflects the impact of the domestic manufacturing tax deduction being limited in the current year. The Company anticipates it will have no taxable income for 2016 as a result of higher tax depreciation and a tax accounting method change related to the deductibility of certain repair expenditures. As the manufacturing deduction is limited by taxable income, there is no benefit recognized in the current year. See Note 13 — *Income Taxes* for additional information.

**Results of Operations, Year Ended December 31, 2015 versus December 31, 2014**

<b>Sales (in millions)</b>	<b>2014</b>	<b>Changes Attributable to:</b>		<b>2015</b>
		<b>Price</b>	<b>Volume/Mix</b>	
Cellulose specialties	\$ 844	\$ (57)	\$ (20)	\$ 767
Commodity products and other	114	(5)	65	174
<b>Total sales</b>	<b>\$ 958</b>	<b>\$ (62)</b>	<b>\$ 45</b>	<b>\$ 941</b>

Total net sales were \$17 million lower, or approximately 2 percent, in 2015, primarily due to lower cellulose specialties prices. Additionally, cellulose specialties volumes declined approximately 12 thousand tons, or 2 percent, as we worked with our customers during the fourth quarter to assist them in balancing their inventories to address lower demand as a result of acetate supply chain de-stocking. Partially offsetting the decline were higher commodity sales volumes, driven by improved operational run rates and reduced inventory levels.

<b>Operating Income (in millions)</b>	<b>Gross Margin Changes Attributable to (a):</b>					<b>2015</b>
	<b>2014</b>	<b>Price</b>	<b>Volume/ Sales Mix</b>	<b>Cost</b>	<b>SG&amp;A and other</b>	
Operating Income	\$ 63	\$ (62)	\$ 13	\$ 28	\$ 78	\$ 120
Operating Margin %	6.6%	(6.5)%	1.4%	3.0%	8.3%	12.8%

(a) Computed based on contribution margin.

For 2015, operating income and margin percentage increased \$57 million and 6.2 percentage points versus prior year. Lower cellulose specialties prices and volumes were partially offset by higher commodity products sales volumes and lower costs as a result of the Company's cost improvement initiatives and lower raw material and other input prices. Selling, general and administrative ("SG&A") and other expenses decreased \$78 million as the \$28 million impairment charge related to the Jesup plant repositioning was more than offset by lower environmental liability adjustments of \$81 million, lower impairment charges for disposed operations of \$7 million and lower one-time separation and legal costs of \$26 million. SG&A and other expenses for 2015 were also negatively impacted by increased costs of being an independent public company. See Note 12 — *Other Operating Expense, Net* for additional information about the 2014 environmental liability adjustments and impairment charges.

We incurred \$37 million of interest expense in 2015 compared with \$22 million of interest expense in 2014. The increase in interest expense reflects a full year of outstanding debt in 2015 as compared to six months in the prior year. See Note 6 — *Debt* for additional information.

Our effective tax rate for 2015 was 33.3 percent, compared with 21.8 percent for 2014. The prior year period reflects a higher relative benefit from the domestic manufacturing deduction as a result of large, one-time environmental liability adjustments, which are not currently deductible for tax purposes and therefore lowered pre-tax income without reducing the domestic manufacturing deduction benefit in that period.

The 2015 effective tax rate was below the federal rate of 35 percent, primarily due to the benefit of the domestic manufacturing tax deduction and state tax credits, partially offset by an adjustment to the state deferred tax rate. See Note 13 — *Income Taxes* for additional information.

## Liquidity and Capital Resources

Cash flows from operations have historically been our primary source of liquidity and capital resources. We believe our cash flows and availability under our revolving credit facility, as well as our ability to access the capital markets, if necessary or desirable, will be adequate to fund our operations and anticipated long-term funding requirements, including capital expenditures, dividend payments, defined benefit plan contributions and repayment of debt maturities.

The debt agreements contain various customary covenants. At December 31, 2016, we were in compliance with all covenants. Our debt's non-guarantors had no assets, revenues, covenant EBITDA or liabilities. See Note 6 — *Debt* for additional information.

A summary of liquidity and capital resources is shown below (in millions of dollars):

	As of December 31,		
	2016	2015	2014
Cash and cash equivalents (a)	\$ 326	\$ 101	\$ 66
Availability under the Revolving Credit Facility (b)	229	236	222
Total debt (c)	783	858	934
Stockholders' (deficit) equity	212	(17)	(62)
Total capitalization (total debt plus equity)	995	841	872
Debt to capital ratio	79%	102%	107%

(a) Cash and cash equivalents consisted of cash, money market deposits and time deposits with original maturities of 90 days or less.

(b) Availability under the revolving credit facility is reduced by standby letters of credit of approximately \$21 million, \$14 million and \$28 million at December 31, 2016, 2015 and 2014, respectively. See Note 18 — *Guarantees* for additional information.

(c) See Note 6 — *Debt* for additional information.

### Cash Flows (in millions of dollars)

The following table summarizes our cash flows from operating, investing and financing activities for each of the three years ended December 31 :

<b>Cash Provided by (Used for):</b>	2016	2015	2014
Operating activities	\$ 232	\$ 202	\$ 188
Investing activities	(87)	(77)	(90)
Financing activities	80	(89)	(31)

#### *Cash Provided by Operating Activities*

Cash provided by operating activities in 2016 increased \$30 million as lower cellulose specialties sales prices and volumes were offset by the impact of our Cost Transformation and improvements in working capital driven primarily by lower receivables and inventory balances. Current year working capital improvements were partially offset by a \$10 million dollar voluntary contribution to the Company's pension plan.

Cash provided by operating activities in 2015 increased \$14 million due to higher commodity sales volumes, the impact of our cost savings initiatives and decreases in working capital driven primarily by lower inventory balances. Inventory balances as of December 31, 2014 were higher than normal as a result of good production results in the fourth quarter. These higher balances were reduced during 2015.

#### *Cash Used for Investing Activities*

Cash used for investing activities in 2016 increased \$10 million primarily due to the timing of capital asset purchases. Cash used for investing activities in 2015 decreased \$13 million primarily due to the purchase of timber deeds in 2014.

#### *Cash Provided by (Used for) Financing Activities*

Cash provided by financing activities in 2016 increased \$169 million primarily due to the issuance of the Preferred Stock partially offset by Preferred Stock dividend payments and higher debt repayments in 2016 including the Company's first quarter 2016 repurchase of senior notes.

Cash used for financing activities in 2015 increased \$58 million due to the higher repayments of debt, net of the issuance of debt, debt issuance costs and net payments to Rayonier and higher dividend payments. See Note 1 — *Basis of Presentation and New Accounting Pronouncements*, Note 6 — *Debt* and Note 10 — *Stockholders' Equity (Deficit)* for additional information.

**Performance and Liquidity Indicators**

The discussion below is presented to enhance the reader's understanding of our operating performance, liquidity, ability to generate cash and satisfy rating agency and creditor requirements. This information includes the following measures of financial results: EBITDA, pro forma EBITDA and adjusted free cash flows. These measures are not defined by U.S. Generally Accepted Accounting Principles ("GAAP") and the discussion of EBITDA and adjusted free cash flows is not intended to conflict with or change any of the GAAP disclosures described above. Management considers these measures, in addition to operating income, to be important to estimate the enterprise and stockholder values of the Company, and for making strategic and operating decisions. In addition, analysts, investors and creditors use these measures when analyzing our operating performance, financial condition and cash generating ability. Management uses EBITDA and pro forma EBITDA as performance measures and adjusted free cash flows as a liquidity measure. See "Note about Non-GAAP Financial Measures" on page one for limitations associated with non-GAAP measures.

EBITDA is defined by SEC rule as earnings before interest, taxes, depreciation and amortization. Pro forma EBITDA is defined by the Company as EBITDA before non-cash impairment, one-time separation and legal costs, insurance recovery, environmental liability adjustments and gain on debt extinguishment. EBITDA and pro forma EBITDA are not necessarily indicative of results that may be generated in future periods.

Below is a reconciliation of Net Income to EBITDA and pro forma EBITDA for the five years ended December 31 (in millions of dollars):

<b>Net Income to EBITDA Reconciliation</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net Income	\$ 73	\$ 55	\$ 32	\$ 220	\$ 242
Depreciation and amortization	88	89	86	74	61
Interest expense, net	35	37	22	—	(1)
Income tax expense	39	28	9	69	100
<b>EBITDA</b>	<b>235</b>	<b>209</b>	<b>149</b>	<b>363</b>	<b>402</b>
Non-cash impairment charge	—	28	—	—	—
One-time separation and legal costs	—	2	26	6	—
Insurance recovery	—	(1)	(3)	—	—
Environmental reserve adjustments	—	—	95	—	—
Gain on debt extinguishment	(9)	—	—	—	—
<b>Pro Forma EBITDA</b>	<b>226</b>	<b>238</b>	<b>267</b>	<b>369</b>	<b>402</b>

EBITDA for 2016 increased compared to the corresponding 2015 period as lower cellulose specialty sales prices and volumes were more than offset by lower non-cash charges and lower production and SG&A costs driven by the Cost Transformation.

Pro forma EBITDA for the current year decreased from 2015 due to lower cellulose specialties sales prices and volumes partially offset by cost improvements from the Company's Cost Transformation.

Adjusted free cash flows is defined as cash provided by operating activities adjusted for capital expenditures excluding strategic capital expenditures and subsequent tax benefits to exchange the Alternative Fuel Mixture Credit ("AFMC") for the Cellulosic Biofuel Producer Credit ("CBPC"). Adjusted free cash flows, as defined by the Company, is a non-GAAP measure of cash generated during a period which is available for dividend distribution, debt reduction, strategic capital expenditures and acquisitions and repurchase of the Company's common stock. Adjusted free cash flows is not necessarily indicative of the adjusted free cash flows that may be generated in future periods.

Below is a reconciliation of cash flows from operations to adjusted free cash flows for the five years ended December 31 (in millions of dollars):

**Cash Flows from Operations to Adjusted Free Cash Flows**

<b>Reconciliation</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Cash flows from operations	\$ 232	\$ 202	\$ 188	\$ 258	\$ 305
Capital expenditures (a)	(85)	(78)	(75)	(96)	(105)
Tax benefit due to exchange of AFMC for CBPC	—	—	—	(19)	(12)
Adjusted Free Cash Flows	<u>\$ 147</u>	<u>\$ 124</u>	<u>\$ 113</u>	<u>\$ 143</u>	<u>\$ 188</u>

- (a) Capital expenditures exclude strategic capital expenditures which are deemed discretionary by management. Strategic capital for the year ended December 31, 2016 was \$4 million for LignoTech Florida. There was no strategic capital for the year ended December 31, 2015. Strategic capital totaled \$13 million for the purchase of timber deeds and \$2 million for the purchase of land for the year ended December 31, 2014. Strategic capital totaled \$141 million and \$201 million for the Cellulose Specialties Expansion project for the years ended December 31, 2013 and 2012, respectively.

Adjusted free cash flows increased over the prior year as lower cellulose specialties sales prices and volumes were offset by the impact of our Cost Transformation and improvements in working capital driven primarily by lower receivables and inventory balances.

**Off Balance Sheet Arrangements**

We utilize off-balance sheet arrangements to provide credit support for certain suppliers and vendors in case of their default on critical obligations, collateral for certain self-insurance programs we maintain and guarantees for the completion of our remediation of environmental liabilities. These arrangements consist of standby letters of credit and surety bonds. As part of our ongoing operations, we also periodically issue guarantees to third parties. Off-balance sheet arrangements are not considered a source of liquidity or capital resources and do not expose us to material risks or material unfavorable financial impacts. See Note 18 — *Guarantees* for further discussion.

**Contractual Financial Obligations**

See Note 18 — *Guarantees* for details on the letters of credit and surety bonds as of December 31, 2016.

The following table aggregates our contractual financial obligations as of December 31, 2016 and anticipated cash spending by period:

<b>Contractual Financial Obligations (in millions)</b>	<b>Total</b>	<b>Payments Due by Period</b>			
		<b>2017</b>	<b>2018-2019</b>	<b>2020-2021</b>	<b>Thereafter</b>
Long-term debt, including current maturities	\$ 788	\$ 10	\$ 29	\$ 243	\$ 506
Interest payments on long-term debt and capital lease obligations (a)	238	35	70	65	68
Purchase obligations (b)	100	25	15	10	50
Purchase orders (c)	1	1	—	—	—
Postretirement obligations	15	1	3	3	8
Capital lease obligations	4	—	1	1	2
Operating leases — PP&E, offices (d)	5	2	2	1	—
Total contractual cash obligations	<u>\$ 1,151</u>	<u>\$ 74</u>	<u>\$ 120</u>	<u>\$ 323</u>	<u>\$ 634</u>

- (a) Projected interest payments for variable-rate debt were calculated based on outstanding principal amounts and interest rates as of December 31, 2016. See Note 6 — *Debt* for additional information.

- (b) Purchase obligations primarily consist of payments expected to be made on natural gas, steam energy and wood chips purchase contracts.
- (c) Purchase orders represent non-cancellable purchase agreements entered into in the normal course of business with various suppliers that specify a fixed or minimum quantity that we must purchase.
- (d) Operating leases primarily consist of the office lease for our corporate headquarters and machinery and equipment.

## Environmental Regulation

We are subject to stringent environmental laws and regulations concerning air emissions, wastewater discharges, waste handling and disposal, and assessment and remediation of environmental contamination, which impact both our current ongoing operations and 17 former operating facilities or third party-owned sites classified as disposed operations. These include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state laws and regulations, as well as requirements relating to ancillary matters such as financial assurance of the Company's legal obligations for facility closure and post-closure care. Management closely monitors our environmental responsibilities and believes we are in compliance with current material requirements. In addition to ongoing compliance with laws and regulations, our facilities operate in accordance with various permits, which are issued by state and federal environmental agencies. Many of these permits impose operating conditions on us which require significant expenditures to ensure compliance. Upon renewal and renegotiation of these permits, the issuing agencies often seek to impose new or additional conditions in response to new environmental laws and regulations, or more stringent interpretations of existing laws and regulations. In addition, under many federal environmental laws, private citizens and organizations, such as environmental advocacy groups, have the right to legally challenge permitting and other decisions made by regulatory agencies.

Our operations are subject to constantly changing environmental requirements, and interpretations of existing requirements, which are often impacted by new policy initiatives, new and amended legislation and regulation, negotiations involving state and federal governmental agencies and various other stakeholders, as well as, at times, litigation. For additional information, see Item 1A - *Risk Factors* for a discussion of the potential impact of environmental risks on our business, and Item 3 - *Legal Proceedings*, for a discussion of any environmental-related litigation.

### Ongoing Operations

During 2016, 2015 and 2014, we spent the following for capital projects related to environmental compliance for ongoing operations:

<u>(in millions)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Boiler MACT (a)	\$ 10	\$ 18	\$ 17
Jesup plant consent order (b)	—	—	1
Other (c)	—	—	2
Total	<u>\$ 10</u>	<u>\$ 18</u>	<u>\$ 20</u>

- (a) Represents spending required as a result of a regulation originally promulgated in 2012 (and later re-promulgated after litigation), which imposes more stringent emissions limits on certain air pollutants from industrial boilers. This project was completed in 2016.
- (b) Represents spending related to a 2008 Jesup plant consent order, as later amended, in which we agreed to implement certain capital improvements relating to the plant's wastewater treatment.
- (c) Includes spending for improvements to our manufacturing process and pollution control systems to comply with the requirements of new or renewed air emission and waste water discharge permits, and other required improvements for our plants.

The Company's future spending requirements in the area of environmental compliance could change significantly based on the passage of new environmental laws and regulations.

*Disposed Operations*

For information and details relating to our disposed operations and estimated liabilities relating thereto, see Item 1A — *Risk Factors* and Note 14 — *Liabilities for Disposed Operations* .

**Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

**Market and Other Economic Risks**

We are exposed to various market risks, primarily changes in interest rates and commodity prices. Our objective is to minimize the economic impact of these market risks. We may use derivatives in accordance with policies and procedures approved by the Audit Committee of our Board of Directors. Any such derivatives would be managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. We do not enter into financial instruments for trading or speculative purposes. At December 31, 2016 , we had no derivatives outstanding.

Cyclical pricing of commodity market paper pulp is one of the factors which influences prices in the absorbent materials and commodity viscose product lines. Our cellulose specialties product prices are impacted by market supply and demand, raw material and processing costs, changes in global currencies and other factors. They are not correlated to commodity paper pulp prices. In addition, a majority of our cellulose specialties products are under long-term volume contracts that expire between 2017 and 2019 . The pricing provisions of these contracts are typically set in the fourth quarter in the year prior to the shipment.

As of December 31, 2016 , we had \$271 million of long-term variable rate debt which is subject to interest rate risk. At this borrowing level, a hypothetical one-percentage point increase/decrease in interest rates would result in a corresponding increase/decrease of approximately \$3 million in interest payments and expense over a 12 month period. Our primary interest rate exposure on variable rate debt results from changes in LIBOR.

The fair market value of our long-term fixed interest rate debt is also subject to interest rate risk. However, we intend to hold most of our debt until maturity. The estimated fair value of our fixed-rate debt at December 31, 2016 was \$ 475 million compared to the \$ 506 million principal amount. We use quoted market prices to estimate the fair value of our fixed-rate debt. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical one-percentage point increase/decrease in prevailing interest rates at December 31, 2016 would result in a corresponding decrease/increase in the fair value of our fixed-rate debt of approximately \$28 million .

We may periodically enter into commodity forward contracts to fix some of our fuel oil and natural gas costs. Such forward contracts partially mitigate the risk of a change in margins resulting from an increase or decrease in these energy costs. At December 31, 2016 , we had no fuel oil or natural gas forward contracts outstanding.

**Item 8. Financial Statements and Supplementary Data**

See *Index to Financial Statements* on page ii.

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

As previously disclosed in the Company's Current Report on Form 8-K filed on March 14, 2016, our Audit Committee approved the engagement of Grant Thornton LLP as our independent registered public accounting firm effective March 12, 2016. There were no disagreements or reportable events related to the change in accountants requiring disclosure under Item 304(b) of Regulation S-K.

**Item 9A. Controls and Procedures**

*Disclosure Controls and Procedures*

Rayonier Advanced Materials management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) are designed with the objective of ensuring that information required to be disclosed in reports filed under the Exchange Act, such as this annual report on Form 10-K , is (1) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no control evaluation can provide absolute assurance all control exceptions and instances of fraud have been prevented or detected on a timely basis. Even systems determined to be effective can provide only reasonable assurance their objectives are achieved.

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this annual report on Form 10-K , our management, including the Chief Executive Officer and Chief Financial Officer, concluded the design and operation of the disclosure controls and procedures were effective as of December 31, 2016 .

*Internal Control over Financial Reporting*

With regard to our internal control over financial reporting as defined in paragraph (f) of Rule 13a-15(f), see Management’s Report on Internal Control over Financial Reporting on page F-1, followed by the Reports of Independent Registered Public Accounting Firm on pages F-2 and F-4, included in Item 8 — *Financial Statements and Supplementary Data* of this annual report on Form 10-K .

In the quarter ended December 31, 2016 , based upon the evaluation required by paragraph (d) of Rule 13a-15, there were no changes in our internal control over financial reporting that would materially affect or are reasonably likely to materially affect our internal control over financial reporting.

**Item 9B. Other Information**

None.

### Part III

Certain information required by Part III is incorporated by reference from the Company's definitive Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for the Company's 2017 Annual Meeting of Stockholders (the "Proxy Statement"). We will make the Proxy Statement available on our website at [www.rayonieram.com](http://www.rayonieram.com) as soon as it is filed with the SEC.

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item with respect to directors, executive officers and corporate governance is incorporated by reference from the sections entitled "Election of Directors," "Corporate Governance," "Executive Officers" and "Report of the Audit Committee" in the Proxy Statement. The information required by this Item with respect to disclosure of any known late filing or failure by an insider to file a report required by Section 16 of the Exchange Act is incorporated by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

Our Standard of Ethics and Code of Corporate Conduct, which is applicable to our principal executive officer and financial and accounting officers, is available on our website, [www.rayonieram.com](http://www.rayonieram.com). Any amendments to or waivers of the Standard of Ethics and Code of Corporate Conduct will also be disclosed on our website.

#### **Item 11. Executive Compensation**

The information called for by Item 11 is incorporated herein by reference from the section and subsections entitled "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan-Based Awards," "Outstanding Equity Awards at Fiscal Year-End," "Option Exercises and Stock Vested," "Pension Benefits," "Nonqualified Deferred Compensation," "Potential Payments Upon Termination or Change in Control," "Director Compensation," "Corporate Governance — Compensation Committee Interlocks and Insider Participation; Processes and Procedures" and "Compensation Discussion and Analysis — Report of the Compensation and Management Development Committee" in the Proxy Statement.

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

The information called for by Item 12 is incorporated herein by reference from the sections entitled "Share Ownership of Certain Beneficial Owners," "Share Ownership of Directors and Executive Officers" and "Equity Compensation Plan Information" in the Proxy Statement.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information called for by Item 13 is incorporated herein by reference from the section and subsections entitled "Election of Directors," "Corporate Governance — Director Independence" and "Corporate Governance — Related Person Transactions" in the Proxy Statement.

#### **Item 14. Principal Accounting Fees and Services**

The information called for by Item 14 is incorporated herein by reference from the subsection entitled "Report of the Audit Committee — Information Regarding Independent Registered Public Accounting Firm" in the Proxy Statement.

**Part IV**

**Item 15. Exhibits, Financial Statement Schedules**

(a) Documents filed as a part of this report:

(1) See *Index to Financial Statements* on page ii for a list of the financial statements filed as part of this report.

(2) See *Schedule II — Valuation and Qualifying Accounts*. All other financial statement schedules have been omitted because they are not applicable, the required matter is not present or the required information has otherwise been supplied in the financial statements or the notes thereto.

(3) See *Exhibit Index* for a list of the exhibits filed or incorporated herein as part of this report. Exhibits that are incorporated by reference to documents filed previously by the Company under the Securities Exchange Act of 1934, as amended, are filed with the SEC under File No. 1-6780.

(b) Exhibits:

See Item 15 (a)(3).

(c) Financial Statement Schedules:

See Item 15 (a)(2).

**Item 16. Form 10-K Summary**

None.

## Management's Report on Internal Control over Financial Reporting

To Our Stockholders:

The management of Rayonier Advanced Materials Inc. and its subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our system of internal controls over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of the inherent limitations of internal control over financial reporting, misstatements due to error or fraud may not be prevented or detected on a timely basis. 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.

Rayonier Advanced Materials Inc.'s management, under the supervision of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. In making this assessment, we used the framework included in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation under the criteria set forth in *Internal Control — Integrated Framework*, management concluded that our internal control over financial reporting was effective as of December 31, 2016.

Grant Thornton LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2016. The report on the Company's internal control over financial reporting as of December 31, 2016, is on page F-3.

RAYONIER ADVANCED MATERIALS INC.

By: /s/ PAUL G. BOYNTON

---

Paul G. Boynton  
*Chairman, President and Chief Executive Officer*  
February 24, 2017

By: /s/ FRANK A. RUPERTO

---

Frank A. Ruperto  
*Chief Financial Officer and Senior Vice President, Finance and Strategy*  
*(Duly Authorized Officer and Principal Financial Officer)*  
February 24, 2017

**Report of Independent Registered Public Accounting Firm**

**The Board of Directors and Stockholders of Rayonier Advanced Materials Inc.**

We have audited the accompanying consolidated balance sheets of Rayonier Advanced Materials Inc. and subsidiaries (the “Company”) as of December 31, 2016, and the related consolidated statements of income and comprehensive income, and cash flows for the year ended December 31, 2016. Our audits of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 15(a). These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rayonier Advanced Materials Inc. and subsidiaries as of December 31, 2016, and the results of its operations and its cash flows for the year ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 24, 2017 expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP

Jacksonville, Florida  
February 24, 2017

**Report of Independent Registered Public Accounting Firm**

**The Board of Directors and Stockholders of Rayonier Advanced Materials Inc.**

We have audited the internal control over financial reporting of Rayonier Advanced Materials Inc. and subsidiaries (the “Company”) as of December 31, 2016, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 Internal Control-Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2016, and our report dated February 24, 2017 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Jacksonville, Florida  
February 24, 2017

**Report of Independent Registered Public Accounting Firm**

**To the Board of Directors and Stockholders of Rayonier Advanced Materials Inc.**

We have audited the accompanying consolidated balance sheet of Rayonier Advanced Materials Inc. (“the Company”) as of December 31, 2015, and the related consolidated statements of income and comprehensive income, and cash flows for each of the two years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits .

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2015, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP  
Certified Public Accountants

Jacksonville, Florida  
February 26, 2016

**Rayonier Advanced Materials Inc.**  
**Consolidated Statements of Income and Comprehensive Income**  
**For the Years Ended December 31,**  
**(Dollars in thousands, except per share amounts)**

	2016	2015	2014
<b>Net Sales</b>	\$ 868,731	\$ 941,384	\$ 957,689
<b>Cost of Sales</b>	(687,458)	(738,930)	(733,942)
<b>Gross Margin</b>	181,273	202,454	223,747
Selling, general and administrative expenses	(37,942)	(47,662)	(39,969)
Other operating expense, net (Note 12)	(5,684)	(35,269)	(120,823)
<b>Operating Income</b>	137,647	119,523	62,955
Interest expense	(34,627)	(36,869)	(22,378)
Interest and miscellaneous income (expense), net	737	210	(106)
Gain on debt extinguishment	8,844	—	—
<b>Income Before Income Taxes</b>	112,601	82,864	40,471
Income tax expense (Note 13)	(39,315)	(27,607)	(8,816)
<b>Net Income</b>	<u>\$ 73,286</u>	<u>\$ 55,257</u>	<u>\$ 31,655</u>
<b>Earnings Per Share of Common Stock (Note 11)</b>			
Basic earnings per share	<u>\$ 1.61</u>	<u>\$ 1.31</u>	<u>\$ 0.75</u>
Diluted earnings per share	<u>\$ 1.55</u>	<u>\$ 1.30</u>	<u>\$ 0.75</u>
<b>Dividends Declared Per Share</b>	<u>\$ 0.28</u>	<u>\$ 0.28</u>	<u>\$ 0.14</u>
<b>Comprehensive Income:</b>			
<b>Net Income</b>	\$ 73,286	\$ 55,257	\$ 31,655
<b>Other Comprehensive Income (Loss) (Note 8)</b>			
Net loss from pension and postretirement plans, net of income tax benefit of \$254, \$3,313 and \$15,944	(460)	(6,176)	(28,326)
Total other comprehensive loss	(460)	(6,176)	(28,326)
<b>Comprehensive Income</b>	<u>\$ 72,826</u>	<u>\$ 49,081</u>	<u>\$ 3,329</u>

See Notes to Consolidated Financial Statements.

**Rayonier Advanced Materials Inc.**  
**Consolidated Balance Sheets**  
**As of December 31,**  
**(Dollars in thousands)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 326,655	\$ 101,303
Accounts receivable, less allowance for doubtful accounts of \$151 and \$151	37,626	68,892
Inventory (Note 4)	118,368	125,409
Prepaid and other current assets	36,859	32,149
Total current assets	519,508	327,753
<b>Property, Plant and Equipment, Net (Note 5)</b>	<b>801,039</b>	<b>803,838</b>
<b>Deferred Tax Assets (Note 13)</b>	<b>51,246</b>	<b>97,420</b>
<b>Other Assets</b>	<b>50,146</b>	<b>49,601</b>
<b>Total Assets</b>	<b>\$ 1,421,939</b>	<b>\$ 1,278,612</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 36,379	\$ 44,992
Accrued customer incentives and prepayments	34,541	34,685
Accrued payroll and benefits	21,902	20,743
Current maturities of long-term debt (Note 6)	9,593	7,938
Other current liabilities	10,783	11,052
Current liabilities for disposed operations (Note 14)	13,781	12,034
Total current liabilities	126,979	131,444
<b>Long-Term Debt (Note 6)</b>	<b>773,689</b>	<b>850,116</b>
<b>Non-Current Liabilities for Disposed Operations (Note 14)</b>	<b>139,129</b>	<b>145,350</b>
<b>Pension and Other Postretirement Benefits (Note 16)</b>	<b>161,729</b>	<b>162,084</b>
<b>Other Non-Current Liabilities</b>	<b>8,664</b>	<b>6,757</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity (Deficit) (Note 10)</b>		
Preferred stock, 10,000,000 shares authorized at \$0.01 par value, 1,725,000 and 0 issued and outstanding as of December 31, 2016 and 2015, respectively, aggregate liquidation preference \$172,500	17	—
Common stock, 140,000,000 shares authorized at \$0.01 par value, 43,261,905 and 42,872,435 issued and outstanding, as of December 31, 2016 and 2015, respectively	433	429
Additional paid-in capital	242,402	70,213
Retained earnings	78,977	21,839
Accumulated other comprehensive loss (Note 8)	(110,080)	(109,620)
<b>Total Stockholders' Equity (Deficit)</b>	<b>211,749</b>	<b>(17,139)</b>
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<b>\$ 1,421,939</b>	<b>\$ 1,278,612</b>

See Notes to Consolidated Financial Statements.

**Rayonier Advanced Materials Inc.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31,**  
**(Dollars in thousands)**

	2016	2015	2014
<b>Operating Activities</b>			
Net income	\$ 73,286	\$ 55,257	\$ 31,655
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	88,274	89,189	85,607
Stock-based incentive compensation expense	7,217	9,992	8,738
Amortization of capitalized debt costs and debt discount	1,919	2,116	1,007
Deferred income taxes	45,199	(9,757)	(33,672)
Increase in liabilities for disposed operations	5,298	6,930	88,548
Impairment charges	—	28,462	7,184
Gain on debt extinguishment	(8,844)	—	—
Amortization of losses and prior service costs from pension and postretirement plans	12,203	14,702	9,113
Loss from sale/disposal of property, plant and equipment	2,422	1,364	2,123
Other	(3,429)	398	(177)
Changes in operating assets and liabilities:			
Receivables	31,266	696	1,710
Inventories	7,041	14,800	(11,503)
Accounts payable	(2,048)	(19,789)	(4,365)
Accrued liabilities	167	15,466	12,877
Contributions to pension and other postretirement benefit plans	(13,135)	(3,116)	(1,446)
All other operating activities	(4,839)	1,223	(3,988)
Expenditures for disposed operations	(9,772)	(6,275)	(5,659)
<b>Cash Provided by Operating Activities</b>	<b>232,225</b>	<b>201,658</b>	<b>187,752</b>
<b>Investing Activities</b>			
Capital expenditures	(88,703)	(77,424)	(74,791)
Purchase of timber deeds	—	—	(12,692)
Other	2,143	—	(2,978)
<b>Cash Used for Investing Activities</b>	<b>(86,560)</b>	<b>(77,424)</b>	<b>(90,461)</b>
<b>Financing Activities</b>			
Issuance of mandatory convertible preferred stock	166,609	—	—
Issuance of debt	—	—	1,025,000
Repayment of debt	(71,031)	(77,100)	(79,200)
Dividends paid on common stock	(11,840)	(11,816)	(5,926)
Dividends paid on preferred stock	(3,641)	—	—
Debt issuance costs	—	—	(15,432)
Other	(410)	8	823
Net payments to Rayonier	—	—	(956,579)
<b>Cash Provided by (Used for) Financing Activities</b>	<b>79,687</b>	<b>(88,908)</b>	<b>(31,314)</b>
<b>Cash and Cash Equivalents</b>			
Change in cash and cash equivalents	225,352	35,326	65,977
Balance, beginning of year	101,303	65,977	—
Balance, end of year	<u>\$ 326,655</u>	<u>\$ 101,303</u>	<u>\$ 65,977</u>
<b>Supplemental Disclosures of Cash Flows Information</b>			
Cash paid (received) during the period:			
Interest	\$ 35,160	\$ 38,189	\$ 19,567
Income taxes	\$ (4,727)	\$ 31,667	\$ 34,588
Non-cash investing and financing activities:			
Capital assets purchased on account	\$ 10,155	\$ 16,720	\$ 16,637
Capital lease obligation	\$ 3,697	\$ —	\$ —

See Notes to Consolidated Financial Statements.



**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements**  
**(Dollar amounts in thousands unless otherwise stated)**

**1. Basis of Presentation and New Accounting Pronouncements**

***Basis of Presentation***

On June 27, 2014, Rayonier Advanced Materials Inc. (“Rayonier Advanced Materials” or the “Company”) separated (the “Separation”) from its former parent, Rayonier Inc. (“Rayonier”) through the distribution to its stockholders of 42,176,565 shares of common stock (the “Distribution”). The Company’s Consolidated Statements of Income, Comprehensive Income and Cash Flows for the year ended December 31, 2014 consist of the consolidated results of Rayonier Advanced Materials for the six months ended December 31, 2014 and the combined results of Rayonier’s performance fibers business for the six months ended June 27, 2014. The Company’s Consolidated Balance Sheets as of December 31, 2016 and 2015 consist of the consolidated balances of Rayonier Advanced Materials.

The statements of income for periods prior to the Separation include allocations of certain costs from Rayonier related to the operations of the Company. These corporate administrative costs were charged to the Company based on employee headcount and payroll costs. The combined statements of income, for periods prior to the Separation, also include expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments. These allocations were based on revenues and specific identification of time and/or activities associated with the Company. Management believes the methodologies employed for the allocation of costs were reasonable in relation to the historical reporting of Rayonier, but may not necessarily be indicative of costs had the Company operated on a stand-alone basis during the periods prior to the Separation, nor what the costs may be in the future.

The Company’s Consolidated Statements of Income, Comprehensive Income and Cash Flows for the year ended December 31, 2016 and 2015, consist entirely of the consolidated results of Rayonier Advanced Materials.

***Nature of Business Operations***

The Company is a leading manufacturer of high-value cellulose specialties products and commodity products with production facilities in Jesup, Georgia and Fernandina Beach, Florida. These products are sold throughout the world to companies for use in various industrial applications and to produce a wide variety of products, including cigarette filters, foods, pharmaceuticals, textiles and electronics.

The Company’s primary products consist of the following:

***Cellulose specialties***

Cellulose specialties are natural polymers, used as raw materials to manufacture a broad range of consumer-oriented products such as cigarette filters, liquid crystal displays, impact-resistant plastics, thickeners for food products, pharmaceuticals, cosmetics, high-tenacity rayon yarn for tires and industrial hoses, food casings, paints and lacquers. Cellulose specialties are primarily used in dissolving chemical applications that require a highly purified form of cellulose. The Company concentrates on producing the purest, most technologically-demanding forms of cellulose specialties products, such as cellulose acetate and high-purity cellulose ethers, and is a leading supplier of these products. A majority of the Company’s cellulose specialties products are under long-term volume contracts that expire between 2017 and 2019. Pricing under these contracts is typically set in the fourth quarter in the year prior to the shipment.

***Commodity products***

Commodity products are used for viscose and absorbent materials applications. Commodity viscose is a raw material required for the manufacture of viscose staple fibers which are used in woven applications such as textiles for clothing and other fabrics, and in non-woven applications such as baby wipes, cosmetic and personal wipes, industrial wipes and mattress ticking. Absorbent materials, typically referred to as fluff fibers, are used as an absorbent medium in products such as disposable baby diapers, feminine hygiene products, incontinence pads, convalescent bed pads, industrial towels and wipes and non-woven fabrics. Pricing for commodity products is typically referenced to published indexes or based on publicly available spot market prices.

***Principles of Consolidation***

The consolidated financial statements include Rayonier Advanced Materials, as well as the Company’s wholly owned

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

subsidiaries. All intercompany balances and transactions are eliminated.

*Reclassifications*

Certain 2015 and 2014 amounts have been reclassified to conform with the current year presentation.

*Fiscal Year*

The Company's fiscal year end is the last day of the calendar year. For interim reporting periods, the Company uses the last Saturday of the fiscal quarter.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. There are risks inherent in estimating, and therefore, actual results could differ from those estimates.

*Cash and Cash Equivalents*

Cash and cash equivalents include time deposits and other investments that are highly liquid with original maturities of three months or less.

*Accounts Receivable and Allowance for Doubtful Accounts*

Trade accounts receivable are recorded at invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company's allowance is established based on historical patterns of accounts receivable collections and general economic conditions. Outstanding accounts receivable balances are reviewed quarterly or more frequently when circumstances indicate a review is warranted, for example if there is a significant change in the aging of the Company's receivables or a customer's financial condition. Write-offs are recorded at the time a customer receivable is deemed uncollectible and collection efforts have been exhausted.

*Inventory*

Finished goods, work-in-process and raw materials inventories are valued at the lower of cost, as determined on the first-in, first-out basis, or market. Manufacturing and maintenance supplies are valued at average cost. Inventory costs include material, labor and manufacturing overhead. The need for a provision for estimated losses from obsolete, excess or slow-moving inventories is reviewed periodically.

*Property, Plant, Equipment and Depreciation*

Property, plant and equipment additions are recorded at cost, including applicable freight, interest, construction and installation costs. Production related plant and equipment are depreciated using the units-of-production method. The total units of production used to calculate depreciation expense is determined by factoring annual production days, based on normal production conditions, by the economic useful life of the asset involved. Production related assets under capital leases are depreciated using the straight-line method over the related lease term. The Company depreciates its non-production assets, including office, lab and transportation equipment, using the straight-line depreciation method over 3 to 25 years. Buildings and land improvements are depreciated using the straight-line method over 15 to 35 years and 5 to 30 years, respectively. Depreciation expense reflected in cost of sales in the Consolidated Statements of Income was \$84.8 million, \$87.5 million and \$84.6 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Gains and losses on the retirement of assets are included in operating income. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets that are held and used is measured by net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying value exceeds the fair value of the assets, which is based on a discounted cash flows model. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

The Company performs scheduled inspections, repairs and maintenance of plant machinery and equipment at the Company's manufacturing plants during a full plant shutdown. The Company's Jesup, Georgia plant has an annual shutdown while the Company's Fernandina Beach, Florida plant is on an 18-month shutdown cycle. Costs associated with these planned outage periods are referred to as shutdown costs. Shutdown costs are costs incurred to ensure the long-term reliability and safety of operations.

Shut down costs are accounted for using the deferral method, under which expenditures related to shutdown are capitalized in other assets when incurred and amortized to production costs on a straight-line basis over the period benefited, or the period of time until the next scheduled shut down.

Shut down costs are classified as working capital in operating activities in the consolidated statements of cash flows. As of December 31, 2016 and 2015 the Company had \$15.8 million and \$11.8 million in shut down costs capitalized in other current assets and \$1.1 million and \$0 in shut down costs capitalized in other assets, respectively.

#### *Capitalized Interest*

Interest from external borrowings is capitalized on major projects with an expected construction period of one year or longer. The interest costs are added to the cost of the underlying basis of the property, plant and equipment and amortized over the useful life of the assets. During 2016, 2015 and 2014, interest capitalized to property, plant and equipment was \$0.8 million, \$1.3 million and \$0.1 million, respectively.

#### *Fair Value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy that prioritizes the inputs used to measure fair value was established as follows:

*Level 1* — Quoted prices in active markets for identical assets or liabilities.

*Level 2* — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

*Level 3* — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flows methodologies and similar techniques that use significant unobservable inputs.

#### *Revenue Recognition*

The Company generally recognizes sales when persuasive evidence of an agreement exists, delivery of products has occurred, the sales price to the buyer is fixed and determinable and collectibility is reasonably assured. Generally, title passes upon delivery to the agreed upon location. Based on the time required to reach each location, customer orders are generally received in one period with the corresponding revenue recognized in a subsequent period. As such, there could be substantial variation in orders received and revenue recognized from period to period. Customer incentives are recorded as a reduction of gross sales within the same period that revenue from the sale is recognized. Payments from customers made in advance of the recognition of revenue are included in accrued customer incentives and prepayments.

#### *Shipping and Handling Costs*

Shipping and handling costs, such as freight to the customers' destinations, are included in cost of goods sold in the Consolidated Statements of Income.

#### *Environmental Costs*

The Company has established liabilities to assess, remediate, maintain and monitor sites related to disposed operations from which no current or future benefit is discernible. These obligations are established based on projected spending over the next 20 years and require significant estimates to determine the proper amount at any point in time. The projected period, from 2017 through 2036, reflects the time during which potential future costs are both estimable and probable. As new information becomes available, these cost estimates are updated and the recorded liabilities are adjusted appropriately. Environmental liabilities are

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

accounted for on an undiscounted basis and are reflected in current and non-current “Liabilities for disposed operations” in the Consolidated Balance Sheets.

*Employee Benefit Plans*

The determination of expense and funding requirements for the Company’s defined benefit pension plan, unfunded excess pension plan and postretirement health care and life insurance plans are largely based on a number of actuarial assumptions. The key assumptions include discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees.

Periodic pension and other postretirement expense is included in “Cost of sales” and “Selling, general and administrative expenses” in the Consolidated Statements of Income. At December 31, 2016 and 2015, the pension plans were in a net liability position. The estimated amount to be paid in the next 12 months is recorded in “Accrued payroll and benefits” on the Consolidated Balance Sheets, with the remainder recorded as a long-term liability in “Pension and other postretirement benefits.” Changes in the funded status of the Company’s plans are recorded through comprehensive income in the year in which the changes occur. Actuarial gains and losses, which occur when actual experience differs from actuarial assumptions, are reflected in Stockholders’ equity (deficit) (net of taxes). If actuarial gains and losses exceed ten percent of the greater of plan assets or plan liabilities, the Company will amortize them over the average future service period of employees.

*Income Taxes*

For the period prior to the Separation, the Company was a subsidiary of Rayonier and, for purposes of U.S. federal and state income taxes, was not directly subject to income taxes but was included in the income tax return of Rayonier. In the accompanying Consolidated Financial Statements for period prior to the Separation, the Company’s provision for income taxes has been determined on a separate return basis.

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, operating loss carryforwards and tax credit carryforwards. Deferred tax assets and liabilities are measured pursuant to tax laws using rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The Company records a valuation allowance to reduce the carrying amounts of deferred tax assets if it is more likely than not such deferred tax assets will not be realized.

The Company’s income tax returns are subject to audit by U.S. federal and state taxing authorities. In evaluating the tax benefits associated with various tax filing positions, the Company records a tax benefit for an uncertain tax position if it is more-likely-than-not to be realized upon ultimate settlement of the issue. The Company records a liability for an uncertain tax position that does not meet this criterion. The Company adjusts its liabilities for unrecognized tax benefits in the period in which it is determined the issue is settled with the taxing authorities, the statute of limitations expires for the relevant taxing authority to examine the tax position or when new facts or information becomes available.

***Recently Adopted Accounting Pronouncements***

In May 2015, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The update exempts investments measured using the net asset value (NAV) practical expedient in ASC 820, Fair Value Measurement, from categorization within the fair value hierarchy. It became effective for fiscal years beginning after December 15, 2015. The Company adopted as of January 1, 2016 and retrospectively applied the guidance. The adoption did not have a material impact on the Company’s financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. The update requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. It became effective for fiscal years beginning after December 15, 2015. The Company adopted as of March 26, 2016. The effect of this accounting change on prior periods was a reclassification of debt issuance costs as of December 31, 2015 of \$9.6 million and \$0.3 million to “Long-term debt” from “Other assets” and “Prepaid and other current assets,” respectively.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

***New Accounting Pronouncements***

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation*. The update simplifies several areas of accounting for share based payments. The guidance also includes the acceptable or required transition methods for each of the various amendments included in the new standard. It is effective for fiscal years beginning after December 15, 2016. The Company expects to record approximately \$2.2 million in tax expense during the first quarter of 2018 as a result of the adoption of ASU 2016-09.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The update requires entities to recognize assets and liabilities arising from finance and operating leases and to classify those finance and operating lease payments in the financing or operating sections, respectively, of the statement of cash flows. It is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*. The update requires inventory to be measured at the lower of cost and net realizable value. It is effective for fiscal years beginning after December 15, 2016. The update is not expected to have a material impact on the Company's financial statements as current inventory valuation practices already approximate the lower of cost or net realizable value.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, as amended and/or clarified by ASU Nos. 2016-08, 2016-10, 2016-12, and 2016-20, a comprehensive new revenue recognition standard. This standard will supersede virtually all current revenue recognition guidance. The core principle is that a company will recognize revenue when it transfers goods or services to customers for an amount that reflects the consideration to which the company expects to be entitled to in exchange for those goods or services. The new revenue standard (and subsequent amendments) will be effective for the Company's first quarter 2018 Form 10-Q filing.

In preparation for the 2018 adoption date, management is in the process of evaluating the standard's overall impact on the Company's revenue recognition process and the resulting adoption impact. Under ASC 606, revenue is recognized as control is transferred to the customer either at a point in time or over time. The assessment of whether control transfers over time or at a point in time is critical to determining when to recognize revenue.

Management is evaluating whether its contracts satisfy the criteria for revenue recognition over time for customized goods. If the Company determines the over time criteria is satisfied, revenue recognition will be accelerated for cellulose specialties and commodity products contracts. If management determines the over time criteria for revenue recognition is not met, the Company will recognize revenue at a point in time. If a point in time revenue recognition determination is made, the Company expects revenue recognition to remain substantially consistent with current practice.

The Company expects to adopt the standard on a modified retrospective basis and is currently in the process of assessing changes required to its business processes, systems and controls to support revenue recognition and related financial statement disclosures under the new standard.

***Subsequent Events***

Events and transactions subsequent to the balance sheet date have been evaluated for potential recognition and disclosure through February 24, 2017, the date these financial statements were available to be issued. Two subsequent events warranting disclosure were identified.

On January 17, 2017, our board of directors declared a first quarter 2017 cash dividend of \$2.00 per share of our mandatory convertible preferred stock. The dividend was paid on February 15, 2017 to mandatory convertible preferred stockholders of record as of February 1, 2017.

On February 24, 2017, the Company declared a first quarter 2017 cash dividend of \$0.07 per share of common stock. The dividend is payable on March 31, 2017 to stockholders of record on March 17, 2017.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

## 2. Related Party Transactions

As discussed in Note 1 — *Basis of Presentation and New Accounting Pronouncements*, for periods prior to the Separation, the Consolidated Statements of Income include expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments, including general corporate expenses related to executive oversight, accounting, treasury, tax, legal, human resources and information technology. Net charges from Rayonier for these services, reflected in selling, general and administrative expenses in the Consolidated Statements of Income was \$8.0 million for the year ended December 31, 2014. There were no comparable charges for the years ended December 31, 2016 and 2015.

For periods prior to the Separation, the Consolidated Statements of Income also include allocations of certain costs from Rayonier related to the operations of the Company including: medical costs for active salaried and retired employees, workers' compensation, general liability and property insurance, salaried payroll costs, equity based compensation and a pro-rata share of direct corporate administration expense for accounting, human resource services and information system maintenance. Net charges from Rayonier for these costs, reflected in the Consolidated Statements of Income was \$27.3 million for the year ended December 31, 2014. There were no comparable charges for the years ended December 31, 2016 and 2015.

## 3. Segment and Geographical Information

The Company operates as a single segment business with two major product lines: cellulose specialties and commodity products. All sales originate from production facilities in the United States, including the Jesup, Georgia plant, the Fernandina Beach, Florida plant and the five chip facilities. Almost all of the Company's assets are located in the United States. Assets related to its three foreign representative offices, located in London, Tokyo and Shanghai, are not significant.

Sales by the two major product lines was comprised of the following for the three years ended December 31 :

	Sales by Product Line		
	2016	2015	2014
Cellulose specialties	\$ 694,603	\$ 766,940	\$ 843,473
Commodity products and other	174,128	174,444	114,216
Total sales	<u>\$ 868,731</u>	<u>\$ 941,384</u>	<u>\$ 957,689</u>

Geographical distribution of the Company's sales was comprised of the following for the three years ended December 31 :

	Sales by Destination (a)					
	2016	%	2015	%	2014	%
United States	\$ 348,570	40	\$ 398,739	42	\$ 422,648	44
China	250,044	29	256,979	27	255,954	27
Japan	136,817	16	132,480	14	138,961	14
Europe	88,191	10	91,847	10	93,957	10
Latin America	9,876	1	8,176	1	5,510	1
Other Asia	27,280	3	25,373	3	33,250	3
All other	7,953	1	27,790	3	7,409	1
Total sales	<u>\$ 868,731</u>	<u>100</u>	<u>\$ 941,384</u>	<u>100</u>	<u>\$ 957,689</u>	<u>100</u>

(a) All sales to foreign countries are denominated in U.S. dollars.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

The Company had sales to three significant customers which represented over 10 percent of total sales for the three years ended December 31 :

	Percentage of Sales		
	2016	2015	2014
Eastman Chemical Company	25%	28%	31%
Nantong Cellulose Fibers, Co., Ltd.	17%	18%	18%
Daicel Corporation	14%	13%	15%

#### 4. Inventory

As of December 31, 2016 and 2015 , the Company's inventory included the following:

	2016	2015
Finished goods	\$ 94,858	\$ 103,866
Work-in-progress	3,422	2,344
Raw materials	17,183	16,593
Manufacturing and maintenance supplies	2,905	2,606
Total inventory	<u>\$ 118,368</u>	<u>\$ 125,409</u>

#### 5. Property, Plant and Equipment

As of December 31, 2016 and 2015 , the Company's property, plant and equipment included the following:

	2016	2015
Land and land improvements	\$ 15,502	\$ 15,426
Buildings	183,374	181,707
Machinery and equipment	1,843,057	1,764,477
Construction in progress	14,439	65,197
Total property, plant and equipment, gross	<u>2,056,372</u>	<u>2,026,807</u>
Accumulated depreciation	<u>(1,255,333)</u>	<u>(1,222,969)</u>
Total property, plant and equipment, net	<u>\$ 801,039</u>	<u>\$ 803,838</u>

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

**6. Debt**

As of December 31, 2016 and 2015, the Company's debt consisted of the following:

	2016	2015
Revolving Credit Facility of \$250 million, \$229 million available after taking into account outstanding letters of credit, bearing interest at LIBOR plus 1.50% at December 31, 2016	\$ —	\$ —
Term A-1 Loan Facility borrowings maturing through June 2019 bearing interest at LIBOR plus 1.5%, interest rate of 2.26% at December 31, 2016	30,450	55,950
Term A-2 Loan Facility borrowings maturing through June 2021 bearing interest at LIBOR plus 1.08% (after consideration of 0.67% patronage benefit), interest rate of 1.84% at December 31, 2016	251,300	262,750
Senior Notes due 2024 at a fixed interest rate of 5.50%	506,412	550,000
Capital Lease obligation	3,676	—
Total principal payments due	791,838	868,700
Less: original issue discount and debt issuance costs	(8,556)	(10,646)
Total debt	783,282	858,054
Less: Current maturities of long-term debt	(9,593)	(7,938)
Long-term debt	\$ 773,689	\$ 850,116

During the first quarter of 2016, the Company repurchased in the open market \$43.6 million of its Senior Notes due 2024 and retired them for \$34.1 million plus accrued and unpaid interest. In connection with the retirement of these Senior Notes, the Company recorded a gain in other income of approximately \$8.8 million, which includes the write-off of \$0.7 million of unamortized debt issuance costs in the first quarter of 2016. During the year ended December 31, 2016, the Company also made \$25.5 million and \$11.5 million in principal debt repayments on the Term A-1 and Term A-2 Loan Facilities, respectively.

Debt and capital lease payments due during the next five years and thereafter are as follows:

	Capital Lease			Debt Principal Payments
	Minimum Lease Payments	Less: Interest	Net Present Value	
2017	\$ 515	\$ 249	\$ 266	\$ 9,775
2018	515	230	285	11,150
2019	515	209	306	18,225
2020	515	187	328	2,900
2021	515	163	352	239,700
Thereafter	2,533	394	2,139	506,412
Total payments	\$ 5,108	\$ 1,432	\$ 3,676	\$ 788,162

**5.50% Senior Notes due 2024**

On May 22, 2014, the Company issued \$550 million in aggregate principal amount of 5.50 percent senior notes due 2024. The Senior Notes were issued and sold in a private placement to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act") and non-U.S. persons pursuant to Regulation S under the Securities Act.

On or after June 1, 2019, the Company may redeem the Senior Notes, in whole or in part, at the redemption prices specified in the indenture governing the Senior Notes plus accrued and unpaid interest to, but excluding, the redemption date. Prior to June 1, 2017, the Company may redeem up to 40 percent percent of the Senior Notes using proceeds from certain equity offerings in accordance with the terms of the indenture. Prior to June 1, 2019, the Company may redeem some or all of the Senior Notes at

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

a redemption price of 100 percent of the principal amount, plus accrued and unpaid interest, to, but excluding, the redemption date, plus a “make-whole” premium.

The indenture governing the Senior Notes contains various customary covenants that limit the ability of the Company and its restricted subsidiaries, as defined by the Senior Notes, to take certain specified actions, subject to certain exceptions, including: creating liens; incurring indebtedness; making investments and acquisitions; engaging in mergers and other fundamental changes; making dispositions; making restricted payments, including dividends and distributions; and consummating transactions with affiliates. Additionally, the Senior Notes contain customary affirmative covenants and customary events of default (subject, in certain cases, to customary grace or cure periods), including, without limitation, payment defaults, breach of covenant defaults, bankruptcy defaults, judgment defaults, defaults under certain other indebtedness and changes in control. At December 31, 2016, the Company was in compliance with all covenants.

***Senior Secured Credit Facilities***

On June 26, 2014, the Company entered into senior secured credit facilities comprised of a \$110 million senior secured term loan facility (the “Term A-1 Loan Facility”), a \$290 million senior secured term loan facility (the “Term A-2 Loan Facility” and together with the Term A-1 Facility, the “Term Loan Facilities”), and a \$250 million senior secured revolving credit facility (which includes letter of credit and swingline loan subfacilities) (the “Revolving Credit Facility” and together with the Term Loan Facilities, the “Credit Facilities”). The Credit Facilities have a first priority security interest in substantially all present and future material assets, excluding the Fernandina Beach plant’s real property.

The loans under the Credit Facilities will bear interest at either (a) a base rate or (b) an adjusted LIBOR rate, in each case, plus an applicable margin (the “Applicable Margin”), in the case of base rate loans, ranging between 0.25 percent and 1.00 percent, and in the case of adjusted LIBOR rate loans, ranging between 1.25 percent and 2.00 percent. The Applicable Margin for borrowings under the Credit Facilities is based on a consolidated total net leverage-based pricing grid.

The Revolving Credit Facility matures in June 2019. As of December 31, 2016, the Company had no outstanding balance on the Revolving Credit Facility. At December 31, 2016, the Company had \$229 million of available borrowings under the Revolving Credit Facility, net of \$21 million to secure its outstanding letters of credit.

The Credit Facilities contain a number of covenants that limit the ability of the Company and its restricted subsidiaries, as defined by the Credit Facilities, to take certain specified actions, subject to certain exceptions, including: creating liens; incurring indebtedness; making investments and acquisitions; engaging in mergers and other fundamental changes; making dispositions; making restricted payments, including dividends and distributions; and consummating transactions with affiliates. Under the Credit Facilities, the Company will be required to maintain a consolidated first lien secured net leverage ratio of no greater than 3.00 to 1.00 and an interest coverage ratio of no less than 3.00 to 1.00. Additionally, the Credit Facilities contain customary affirmative covenants for credit facilities of this kind and customary events of default (subject, in certain cases, to customary grace or cure periods), including, without limitation, payment defaults, breach of covenant defaults, bankruptcy defaults, judgment defaults, defaults under certain other indebtedness and changes in control. At December 31, 2016, the Company was in compliance with all covenants.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

## 7. Fair Value Measurements

The following table presents the carrying amount, estimated fair values and categorization under the fair value hierarchy for financial instruments held by the Company at December 31, 2016 and 2015, using market information and what management believes to be appropriate valuation methodologies:

Asset (liability) (a)	December 31, 2016			December 31, 2015		
	Carrying Amount	Fair Value		Carrying Amount	Fair Value	
		Level 1	Level 2		Level 1	Level 2
Cash and cash equivalents	\$ 326,655	\$ 326,655	\$ —	\$ 101,303	\$ 101,303	\$ —
Current maturities of long-term debt	(9,327)	—	(9,775)	(7,938)	—	(8,400)
Fixed-rate long-term debt	(499,444)	—	(474,761)	(541,423)	—	(435,171)
Variable-rate long-term debt	(270,836)	—	(271,975)	(308,693)	—	(310,300)

(a) Table excludes the Company's capital lease obligation.

The Company uses the following methods and assumptions in estimating the fair value of its financial instruments:

*Cash and cash equivalents* — The carrying amount is equal to fair market value.

*Debt* — The fair value of fixed rate debt is based upon quoted market prices for debt with similar terms and maturities. The variable rate debt adjusts with changes in the market rate, therefore the carrying value approximates fair value.

## 8. Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss ("AOCI") was comprised of the following for the three years ended December 31:

<u>Unrecognized components of employee benefit plans, net of tax</u>	2016	2015	2014
Balance, beginning of period	\$ (109,620)	\$ (103,444)	\$ (39,699)
Defined benefit pension and post-retirement plans (a)			
Amortization of losses	11,581	14,110	8,217
Amortization of prior service costs	775	767	1,177
Amortization of negative plan amendment	(153)	(175)	(281)
Total reclassifications, before tax	12,203	14,702	9,113
Other loss before reclassifications	(12,917)	(24,191)	(53,383)
Other comprehensive loss, before tax	(714)	(9,489)	(44,270)
Tax benefit	254	3,313	15,944
Net other comprehensive loss	(460)	(6,176)	(28,326)
Net transfer from Rayonier (b)	—	—	(35,419)
Balance, end of period	\$ (110,080)	\$ (109,620)	\$ (103,444)

(a) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 16 — *Employee Benefit Plans* for additional information.

(b) Prior to the Separation, certain of the Company's employees participated in employee benefit plans sponsored by Rayonier. The Company did not record an asset, liability or accumulated other comprehensive loss to recognize the funded status of the Rayonier plans on the Consolidated Balance Sheet until the Separation. See Note 10 — *Stockholders' Equity (Deficit)* for additional information.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

**9. LignoTech Florida**

In December 2016, the Company announced the fulfillment of all conditions precedent related to the LignoTech Florida (“LTF”) venture with Borregaard ASA (“Borregaard”) to manufacture, market and sell lignin-based products from the Company’s Fernandina Beach facility. The Company owns 45 percent of LTF and Borregaard owns 55 percent . The Company will account for its investment in LTF as an equity method investment. As of December 31, 2016 , there was no impact on the Company’s financial statements from its LTF investment. The LTF plant is expected to be completed in two phases over five years and require an aggregate capital investment of approximately \$135 million to yield an annual capacity of 150,000 metric tons. Construction for the project began in December 2016. LTF operations are expected to begin mid-2018.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
(Dollar amounts in thousands unless otherwise stated)

**10. Stockholders' Equity (Deficit)**

An analysis of stockholders' (deficit) equity for each of the three years ended December 31 is shown below (share amounts not in thousands):

	Common Stock		Preferred Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Transfers (to) from Rayonier, net	Accumulated Other Comprehensive Loss	Total Stockholders' (Deficit) Equity
	Shares	Par Value	Shares	Par Value					
<b>Balance, December 31, 2013</b>	—	\$ —	—	\$ —	\$ —	\$ 1,415,894	\$ (407,894)	\$ (39,699)	\$ 968,301
Net income	—	—	—	—	—	31,655	—	—	31,655
Net loss from pension and postretirement plans	—	—	—	—	—	—	—	(28,326)	(28,326)
Net transfers to Rayonier	—	—	—	—	—	—	(1,001,509)	(35,419)	(1,036,928)
Reclassification to additional paid-in capital at distribution date	—	—	—	—	53,696	(1,463,099)	1,409,403	—	—
Issuance of common stock at the Separation	42,176,565	422	—	—	(422)	—	—	—	—
Issuance of common stock under incentive stock plans	440,364	4	—	—	645	—	—	—	649
Stock-based compensation	—	—	—	—	4,695	—	—	—	4,695
Excess tax benefit on stock-based compensation	—	—	—	—	266	—	—	—	266
Repurchase of common stock	(610)	—	—	—	(92)	—	—	—	(92)
Adjustments to tax assets and liabilities associated with the Distribution	—	—	—	—	3,294	—	—	—	3,294
Common stock dividends (\$0.14 per share)	—	—	—	—	—	(5,926)	—	—	(5,926)
<b>Balance, December 31, 2014</b>	42,616,319	\$ 426	—	—	\$ 62,082	\$ (21,476)	\$ —	\$ (103,444)	\$ (62,412)
Net income	—	—	—	—	—	55,257	—	—	55,257
Net loss from pension and postretirement plans	—	—	—	—	—	—	—	(6,176)	(6,176)
Reclassification to additional paid-in capital	—	—	—	—	864	—	—	—	864
Issuance of common stock under incentive stock plans	258,176	3	—	—	5	—	—	—	8
Stock-based compensation	—	—	—	—	9,832	—	—	—	9,832
Excess tax deficit on stock-based compensation	—	—	—	—	(2,558)	—	—	—	(2,558)
Repurchase of common stock	(2,060)	—	—	—	(12)	—	—	—	(12)
Common stock dividends (\$0.28 per share)	—	—	—	—	—	(11,942)	—	—	(11,942)
<b>Balance, December 31, 2015</b>	42,872,435	\$ 429	—	—	\$ 70,213	\$ 21,839	\$ —	\$ (109,620)	\$ (17,139)
Net income	—	—	—	—	—	73,286	—	—	73,286
Net loss from pension and postretirement plans	—	—	—	—	—	—	—	(460)	(460)
Issuance of preferred stock	—	—	1,725,000	17	166,592	—	—	—	166,609
Issuance of common stock under incentive stock plans	422,941	4	—	—	(4)	—	—	—	—
Stock-based compensation	—	—	—	—	7,217	—	—	—	7,217
Excess tax deficit on stock-based compensation	—	—	—	—	(1,228)	—	—	—	(1,228)
Repurchase of common stock	(33,471)	—	—	—	(388)	—	—	—	(388)
Common stock dividends (\$0.28 per share)	—	—	—	—	—	(12,507)	—	—	(12,507)
Preferred stock dividends (\$2.11 per share)	—	—	—	—	—	(3,641)	—	—	(3,641)
<b>Balance, December 31, 2016</b>	43,261,905	433	1,725,000	17	242,402	78,977	—	(110,080)	211,749

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

***Series A Mandatory Convertible Preferred Stock***

On August 4, 2016, the Company completed a registered public offering of 1,725,000 shares of the Company's 8.00% Series A Mandatory Convertible Preferred Stock (the "Preferred Stock"), at a public offering price of \$100.00 per share. Net proceeds were \$166.6 million after deducting underwriting discounts, commissions and expenses.

Each share of the Preferred Stock will automatically convert into shares of common stock, subject to anti-dilution and other adjustments, on the mandatory conversion date, which is expected to be August 15, 2019. The number of shares of common stock issuable on conversion will be determined based on the volume-weighted average price of the Company's common stock over a 20 trading day period immediately prior to the mandatory conversion date ("Applicable Market Value"). If the Applicable Market Value for our common stock is greater than \$15.17 or less than \$12.91, the conversion rate per share of Preferred Stock will be 6.5923 or 7.7459, respectively. If the Applicable Market Value is between \$15.17 and \$12.91, the conversion rate per share of Preferred Stock will be between 6.5923 and 7.7459. Subject to certain restrictions, at any time prior to August 15, 2019, holders of the Preferred Stock may elect to convert all or a portion of their shares into common stock at the minimum conversion rate of 6.5923 shares of common stock per share of Preferred Stock, subject to adjustment.

Preferred Stock holders have no voting rights unless dividends on the Preferred Stock have not been declared and paid for six or more dividend periods. In those circumstances holders will be entitled to vote for the election of a total of two additional members of the Company's board of directors.

Dividends on the Preferred Stock are payable on a cumulative basis if and when they are declared by our board of directors. If declared, dividends will be paid at an annual rate of 8.00% of the liquidation preference of \$100 per share. Dividend payment dates are February 15, May 15, August 15 and November 15 of each year, commencing on November 15, 2016 and ending on August 15, 2019. Dividends may be paid in cash or, subject to certain limitations, in shares of common stock or any combination of cash and shares of common stock. The terms of the Preferred Stock provide that, unless full cumulative dividends have been paid or set aside for payment on all outstanding Preferred Stock for all prior dividend periods, no dividends may be declared or paid on common stock.

***Net Parent Company Investment***

The following provides a reconciliation of the amounts presented as "Net transfers to Rayonier" in the above table and the amounts presented as "Net payments to Rayonier" on the Consolidated Statements of Cash Flows for the year ended December 31, 2014. There were no net payments to/from Rayonier for the years ended December 31, 2016 and 2015.

	<b>2014</b>
Allocation of costs from Rayonier (a)	\$ (35,279)
Cash receipts received by Rayonier on Company's behalf	472,780
Cash disbursements made by Rayonier on Company's behalf	(484,318)
Net distribution to Rayonier on Separation	(906,200)
Net liabilities from transfer of assets and liabilities with Rayonier (b)	(83,911)
Net transfers to Rayonier	(1,036,928)
Non-cash adjustments:	
Stock-based compensation	(3,562)
Net liabilities from transfer of assets and liabilities with Rayonier (b)	83,911
Net payments to Rayonier per the Condensed Consolidated Statements of Cash Flows, prior to Separation	\$ (956,579)

(a) Included in the costs allocated to the Company from Rayonier are expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments. See Note 2 — *Related Party Transactions*.

(b) As a result of the Separation, certain assets and liabilities were transferred to the Company that were not included in the historical financial statements for periods prior to the Separation. These non-cash capital contributions included:

- \$73.9 million of disposed operations liabilities (See Note 14 - *Liabilities for Disposed Operations* for additional information)

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

- \$73.8 million of employee benefit plan liabilities (See Note 16 - *Employee Benefit Plans* for additional information)
- \$67.4 million of deferred tax assets (primarily associated with the liabilities above)
- \$3.6 million of other liabilities, net

## 11. Earnings Per Share of Common Stock

In conjunction with the Separation, 42,176,565 shares of the Company's common stock were distributed to Rayonier shareholders. For comparative purposes, and to provide a more meaningful calculation of weighted-average shares outstanding, the Company assumed this amount to be outstanding as of the beginning of each period prior to the Separation presented in the calculation of weighted-average shares. Prior to the Separation, there were no dilutive shares since the Company had no outstanding equity awards.

Basic earnings per share ("EPS") is calculated by dividing net income available for common stockholders by the weighted-average number of shares of common stock outstanding during the year. Diluted EPS is calculated by dividing net income by the weighted-average number of shares of common stock outstanding adjusted to include the potentially dilutive effect of outstanding stock options, performance shares, restricted shares and Preferred Stock.

The following table provides details of the calculations of basic and diluted EPS for the three years ended December 31 :

	2016	2015	2014
Net income	\$ 73,286	\$ 55,257	\$ 31,655
Less: Preferred Stock dividends	(5,404)	—	—
Net income available for common stockholders	<u>\$ 67,882</u>	<u>\$ 55,257</u>	<u>\$ 31,655</u>
Shares used for determining basic earnings per share of common stock	42,279,811	42,194,891	42,166,629
Dilutive effect of:			
Stock options	—	—	47,073
Performance and restricted shares	422,962	27,968	25,980
Preferred Stock	4,443,048	—	—
Shares used for determining diluted earnings per share of common stock	<u>47,145,821</u>	<u>42,222,859</u>	<u>42,239,682</u>
Basic earnings per share (not in thousands)	<u>\$ 1.61</u>	<u>\$ 1.31</u>	<u>\$ 0.75</u>
Diluted earnings per share (not in thousands)	<u>\$ 1.55</u>	<u>\$ 1.30</u>	<u>\$ 0.75</u>

Anti-dilutive instruments excluded from the computation of diluted earnings per share:

	2016	2015	2014
Stock options	399,012	447,524	229,001
Restricted stock	24,072	220,348	6,282
Performance shares	66,327	3,379	—
Total	<u>489,411</u>	<u>671,251</u>	<u>235,283</u>

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

**12. Other Operating Expense, Net**

Other operating expense, net was comprised of the following for the three years ended December 31 :

	2016	2015	2014
Increase in environmental liabilities for disposed operations (a)	\$ (5,298)	\$ (6,930)	\$ (70,129)
One-time separation and legal costs	—	802	(25,680)
Increase to environmental liabilities for disposed operations resulting from separation from Rayonier (b)	—	—	(18,419)
Non-cash impairment charge (c)	—	(28,462)	(7,184)
Loss on sale or disposal of property, plant and equipment	(2,422)	(998)	(2,123)
Insurance settlement	897	1,000	2,881
Miscellaneous income (expense)	1,139	(681)	(169)
Total	<u>\$ (5,684)</u>	<u>\$ (35,269)</u>	<u>\$ (120,823)</u>

- (a) The increase in environmental liabilities for disposed operations in 2016 , 2015 and 2014 of \$5.3 million , \$6.9 million and \$70.1 million , respectively, reflects an increase to the estimates for the assessment, remediation and long-term monitoring and maintenance of the Company's disposed operations sites over the next 20 years . See Note 14 — *Liabilities for Disposed Operations* for additional information.
- (b) The Company is subject to certain legal requirements relating to the provision of annual financial assurance regarding environmental remediation and post closure care at certain disposed sites. To comply with these requirements, the Company purchased surety bonds from an insurer, with the Company's repayment obligations (if the bonds are drawn upon) secured by the issuance of a letter of credit by the Company's revolving credit facility lender. As a result of the Separation and the Company's obligations to procure financial assurance annually for the foreseeable future, the Company recorded a corresponding increase to liabilities for disposed operations. See Note 14 — *Liabilities for Disposed Operations* and Note 18 — *Guarantees* for additional information.
- (c) In light of the persistent imbalance of supply and demand in the cellulose specialties markets, on July 30, 2015, the Company announced a strategic asset repositioning at its Jesup, Georgia plant to better align its production assets to current market conditions, improve efficiency and restore commodity production throughput to approach historical levels. This repositioning resulted in the abandonment of certain long-lived assets, primarily at the Jesup plant. As a result, the abandoned assets were written down to salvage value and a \$28.5 million pre-tax, non-cash impairment charge was recorded during the second quarter of 2015. The abandonment led management to conduct an impairment analysis on all long-lived assets being held and used on a combined plant level. Based on the impairment analysis performed, management concluded the assets were recoverable.

In 2014, the Company determined certain pieces of property associated with its disposed operations should be assessed for impairment based on recent changes to remediation plans at four of its disposed operations sites. As a result, the Company concluded the land values were impaired and reduced the carrying value of those properties by approximately \$7.2 million .

**13. Income Taxes*****Provision for Income Taxes***

The provision for income taxes for periods prior to the Separation has been computed as if the Company were a stand-alone company.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

The provision for income taxes consisted of the following:

	2016	2015	2014
<b>Current</b>			
Federal	\$ 5,516	\$ (37,561)	\$ (42,183)
State and other	368	197	(305)
	<u>5,884</u>	<u>(37,364)</u>	<u>(42,488)</u>
<b>Deferred</b>			
Federal	(44,488)	11,073	34,301
State and other	(711)	(1,316)	641
	<u>(45,199)</u>	<u>9,757</u>	<u>34,942</u>
<b>Changes in valuation allowance</b>	—	—	(1,270)
Total	<u>\$ (39,315)</u>	<u>\$ (27,607)</u>	<u>\$ (8,816)</u>

A reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate was as follows:

	2016	2015	2014
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
Domestic manufacturing production deduction (a)	—	(4.2)	(14.4)
Cellulosic Biofuel Producer Credit reserve reversal	—	—	(11.8)
State credits	(0.8)	(0.9)	(2.9)
Nondeductible executive compensation	0.6	1.2	2.4
Research credit adjustment	—	—	2.4
Adjustment to prior tax returns	—	—	2.7
Change in valuation allowance	—	—	3.1
Nondeductible transaction costs	—	—	4.0
Change in state rate	—	1.4	—
Other	0.1	0.8	1.3
Income tax rate as reported	<u>34.9 %</u>	<u>33.3 %</u>	<u>21.8 %</u>

- (a) The impact of the manufacturing deduction on the effective tax rate was greater in 2014 due to expenses that reduced pre-tax income but were not currently deductible for income tax purposes. The Company anticipates it will have no taxable income for 2016 as a result of higher tax depreciation and a tax accounting method change related to the deductibility of certain repair expenditures. As the manufacturing deduction is limited by taxable income, there is no benefit recognized in the current year.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
(Dollar amounts in thousands unless otherwise stated)

**Deferred Taxes**

Deferred income taxes result from recording revenues and expenses in different periods for financial reporting versus tax reporting. The nature of the temporary differences and the resulting net deferred tax liability for the two years ended December 31 were as follows:

	2016	2015
<b>Gross deferred tax assets:</b>		
Pension, postretirement and other employee benefits	\$ 71,842	\$ 70,180
State tax credit carryforwards (a)	17,967	16,498
Environmental liabilities	54,351	55,945
Capitalized costs	10,894	14,088
Federal net operating losses (a)	8,951	—
State net operating losses (a)	3,102	3,204
Total gross deferred tax assets	167,107	159,915
Less: Valuation allowance	(20,821)	(19,702)
Total deferred tax assets after valuation allowance	146,286	140,213
<b>Gross deferred tax liabilities:</b>		
Accelerated depreciation (b)	(92,287)	(41,006)
Other	(2,753)	(1,787)
Total gross deferred tax liabilities	(95,040)	(42,793)
Net deferred tax asset	\$ 51,246	\$ 97,420

(a) The following relates to tax credit carryforwards and net operating losses as of December 31, 2016 :

	Gross Amount	Tax Effected	Valuation Allowance	Expiration
State tax credit carryforwards	\$ 17,967	\$ 17,967	\$ 17,719	2018 - 2025
State net operating losses	81,861	3,102	3,102	2016 - 2033
Federal net operating losses	25,573	8,951	—	2036

(b) In 2016, the Company's tax depreciation was higher than normal due to the timing of certain assets' place-in-service dates and tax accounting method change for repair expenditures disclosed above.

**Unrecognized Tax Benefits**

In accordance with generally accepted accounting principles, the Company recognizes the impact of a tax position if a position is "more likely than not" to prevail. As of December 31, 2016, there were no unrecognized tax benefits that, if recognized, would affect the effective tax rate. The Company records interest (and penalties, if applicable) related to unrecognized tax benefits in non-operating expenses. During the years ended December 31, 2016, 2015 and 2014, the Company did not record any interest or penalties. A reconciliation of the beginning and ending unrecognized tax benefits for the years ended December 31 is as follows:

	2016	2015	2014
Balance at January 1,	\$ —	\$ —	\$ 4,767
Decreases related to prior year tax positions	—	—	(4,767)
Increases related to prior year tax positions	—	—	—
Balance at December 31,	\$ —	\$ —	\$ —

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

During 2014, the Company received a resolution from the Internal Revenue Service regarding Rayonier's amended 2009 tax return. As a result, the Company reversed the \$4.8 million uncertain tax liability recorded in 2013 related to an increased domestic production deduction on the Rayonier amended 2009 tax return due to the inclusion of the Cellulosic Biofuel Producer Credit income.

### ***Tax Statutes***

The following table provides detail of tax years that remain open to examination by significant taxing jurisdictions:

<b>Taxing Jurisdiction</b>	<b>Open Tax Years</b>
U.S. Internal Revenue Service	2013 - 2016
State of Florida	2013 - 2016

### ***Tax Matters Agreement***

In connection with the Separation, the Company entered into a tax matters agreement with Rayonier. The agreement governs the parties' respective rights, responsibilities and obligations with respect to taxes for any period (or portion thereof) ending on or before or straddling the Separation. Generally, Rayonier Advanced Materials is liable for all pre-separation U.S. federal income taxes, state taxes and non-income taxes attributable to Rayonier's performance fibers business.

## **14. Liabilities for Disposed Operations**

Under the terms of the Separation, the Company assumed certain environmental liabilities not included in the Company's historical combined financial statements, which were previously managed by Rayonier. These environmental liabilities relate to previously disposed operations, which include Rayonier's Port Angeles, Washington dissolving pulp mill that was closed in 1997 and other sites in Washington; Rayonier's wholly owned subsidiary, Southern Wood Piedmont Company ("SWP"), which ceased operations other than environmental investigation and remediation activities in 1989; and other miscellaneous assets held for disposition. SWP owns or has liability for ten inactive former wood treating sites that are subject to the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") and/or other similar federal or state statutes relating to the investigation and remediation of environmentally-impacted sites.

The Company records accruals for environmental liabilities based on its current interpretation of environmental laws and regulations when it is probable a liability has been incurred and the amount of such liability is estimable. The Company calculates estimates based on a number of factors, including the application and interpretation of current environmental laws, regulations and other requirements; reports and advice of internal and third-party environmental specialists; and management's knowledge and experience with these and similar types of environmental matters. These estimates include potential costs for investigation, assessment, remediation, ongoing operation and maintenance (where applicable), and post-remediation monitoring of the sites, on an undiscounted basis, generally for a period of 20 years, as well as the costs of legally-required financial assurance relating to the Company's obligations. These environmental liabilities do not include potential third-party recoveries to which the Company may be entitled unless they are probable and estimable.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

The following table provides detail, by site, for specific sites where current estimates exceed 10 percent of the total liabilities for disposed operations at December 31, 2016 and 2015. An analysis of the activity for the years ended December 31, 2016 and 2015 is as follows:

	December 31, 2014 Liability	Expenditures	Increase (Decrease) to Liabilities	December 31, 2015 Liability	Expenditures	Increase (Decrease) to Liabilities	December 31, 2016 Liability
Augusta, Georgia	\$ 22,207	\$ (1,187)	\$ 1,861	\$ 22,881	\$ (1,206)	\$ 1,212	\$ 22,887
Spartanburg, South Carolina	18,984	(933)	(575)	17,476	(792)	(4,904)	11,780
Baldwin, Florida	24,528	(838)	3,270	26,960	(3,019)	2,831	26,772
Other SWP sites	37,397	(1,731)	226	35,892	(1,495)	4,799	39,196
Total SWP	103,116	(4,689)	4,782	103,209	(6,512)	3,938	100,635
Port Angeles, Washington	39,913	(1,040)	532	39,405	(809)	714	39,310
All other sites	13,700	(546)	1,616	14,770	(2,451)	646	12,965
Total	\$ 156,729	\$ (6,275)	\$ 6,930	\$ 157,384	\$ (9,772)	\$ 5,298	\$ 152,910
Less: Current portion	(7,241)			(12,034)			(13,781)
Non-Current portion	\$ 149,488			\$ 145,350			\$ 139,129

A brief description of each of these sites is as follows:

*Augusta, Georgia*— SWP operated a wood treatment plant at this site from 1928 to 1988. Remediation activities currently consist primarily of groundwater recovery and treatment. Current cost estimates and the corresponding liability could vary if recovery or discharge volumes change or if changes to current remediation activities are required in the future. As a result of spending, the Company increased its estimated liability by \$1.2 million and \$1.9 million in December 31, 2016 and 2015, respectively, to maintain a 20 year projection of costs in the liability. Total spending related to the site as of December 31, 2016 was \$72.5 million. Liabilities are recorded to cover obligations for the estimated remaining remedial, monitoring activities and financial assurance costs through 2036.

*Spartanburg, South Carolina*— SWP operated a wood treatment plant at this site from 1925 to 1989. Remediation activities consist primarily of groundwater recovery and treatment. In 2012, SWP entered into a consent decree with the South Carolina Department of Health and Environmental Control (“DHEC”) which governs future investigatory and assessment activities at the site and for potential off-site contamination. Depending on the results of this investigation and assessment, additional remedial actions may be required in the future and, therefore, current cost estimates and the corresponding liability could change. In 2016, the Company decreased its estimated liability by \$4.9 million primarily due to expected lower estimated costs for addressing certain off-site areas based on the results of a study performed by the Company and approved by DHEC. In 2015, the Company decreased its estimated liability by \$0.6 million primarily due to expected lower costs for operating, monitoring and maintenance activities. Total spending related to the site as of December 31, 2016 was \$43.5 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remediation and monitoring activities and financial assurance costs through 2036.

*Baldwin, Florida*— SWP operated a wood treatment plant at this site from 1954 to 1987. This site operates under a 10 -year hazardous waste permit issued pursuant to the RCRA. The site’s most recent permit is currently in the renewal process. The current remediation activities primarily consist of groundwater recovery and treatment. Additionally, the investigation and assessment of other potential areas of concern, on and off-site, are ongoing. Additional remedial activities may be necessary in the future and, therefore, current cost estimates and the corresponding liability could change. In 2016, the Company increased its estimated liability by \$2.8 million primarily due to additional expected remediation costs and to maintain its liability at the 20 year projected level as a result of current year spending. In 2015, the Company increased its estimated liability by \$3.3 million primarily due to additional projected financial assurance costs and to maintain its liability at the 20 year projected level as a result of current year spending. Total spending as of December 31, 2016 was \$26.7 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial, monitoring activities and financial assurance costs through 2036.

*Port Angeles, Washington*— Rayonier operated a dissolving pulp mill at this site from 1930 until 1997. The plant site and the adjacent marine areas (a portion of Port Angeles harbor) have been in various stages of the assessment process under the Washington Model Toxics Control Act (“MTCA”) since 2000, and several voluntary interim soil clean-up actions have been performed during this time. In addition, the Company may be liable under CERCLA for “natural resource damages” caused by

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

releases from the site. As a result of an agreed order with the Washington State Department of Ecology (“Ecology”), the remainder of the MTCA regulatory process will be completed on a set timetable, subject to approval of all reports and studies by Ecology. Upon completion of all work required under the agreed order and negotiation of an approved remedy, additional remedial measures for the site and off-site areas may be necessary and, as a result, current cost estimates and the corresponding liability could change. In 2016 and 2015, the Company increased the estimated liability by \$0.7 million and \$0.5 million, respectively, to maintain its liability at the 20 year projected level as a result of current year spending. Total spending related to the site as of December 31, 2016 was \$46.9 million. Liabilities are recorded to cover obligations for the estimable assessment, remediation, monitoring obligations and financial assurance costs through 2036.

In addition to the estimated liabilities, the Company is subject to the risk of reasonably possible additional liabilities in excess of the established liabilities due to potential changes in circumstances and future events, including, without limitation, changes to current laws and regulations; changes in governmental agency personnel, direction, philosophy or enforcement policies; developments in remediation technologies; increases in the cost of remediation, operation, maintenance and monitoring of its disposed operations sites and providing financial assurance relating thereto; changes in the volume, nature or extent of contamination to be remediated or monitoring to be undertaken; the outcome of negotiations with governmental agencies or non-governmental parties; and changes in accounting rules or interpretations. Based on information available as of December 31, 2016, the Company estimates this exposure could range up to approximately \$66 million, although no assurances can be given that this amount will not be exceeded given the factors described above. These potential additional costs are attributable to several of the above sites and other applicable liabilities. This estimate excludes liabilities which would otherwise be considered reasonably possible but for the fact that they are not currently estimable primarily due to the factors discussed above.

Subject to the previous paragraph, the Company believes established liabilities are sufficient for probable costs expected to be incurred over the next 20 years with respect to its disposed operations. However, no assurances are given they will be sufficient for the reasons described above, and additional liabilities could have a material adverse effect on the Company’s financial position, results of operations and cash flows.

**15. Incentive Stock Plans**

The Rayonier Advanced Materials Incentive Stock Plan (“the Stock Plan”) provides for up to 5.2 million shares of stock to be granted for incentive stock options, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and restricted stock units, subject to certain limitations. At December 31, 2016, approximately 1.8 million shares were available for future grants under the Stock Plan.

In connection with the separation from Rayonier, incentive stock options, performance shares and restricted stock awards issued to employees and directors under the Rayonier Incentive Stock Plan prior to the Distribution were adjusted or converted, as applicable, into new awards using formulas generally designed to preserve the value of the awards immediately prior to the Distribution.

The Employee Matters Agreement between Rayonier and the Company, which was executed in connection with the Distribution and filed with the Form 10, describes how the Rayonier stock awards were treated. Refer to the respective sections below for a summary of how each type of award was converted through the Distribution.

The Company recognizes stock-based compensation expense on a straight-line basis over the service period of the award. The Company’s total stock based compensation cost, including allocated amounts, for the years ended December 31, 2016, 2015 and 2014 was \$7.2 million, \$10.0 million and \$8.7 million, respectively. These amounts may not reflect the cost of current or future equity awards. Amounts for periods prior to the Separation may not reflect results the Company would have experienced, or expect to experience, as an independent, publicly traded company.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

Total stock-based compensation expense was allocated for the years ended December 31 as follows:

	2016	2015	2014
Selling, general and administrative expenses	\$ 6,330	\$ 8,124	\$ 7,763
Cost of sales	887	1,868	975
Total stock-based compensation expense	<u>\$ 7,217</u>	<u>\$ 9,992</u>	<u>\$ 8,738</u>

The Company's employee stock option compensation program generally provides accelerated vesting (i.e., a waiver of the remaining period of service required to earn an award) for awards held by employees at the time of their retirement. Stock-based compensation expense for stock option awards is recognized over the shorter of: (1) the service period (i.e., the stated period of time required to earn the award); or (2) the period beginning at the start of the service period and ending when an employee first becomes eligible for retirement.

***Fair Value Calculations by Award***

All restricted stock and performance share awards are presented for Rayonier Advanced Materials stock only. Option awards include Rayonier Advanced Materials awards held by Rayonier employees.

***Non-Qualified Employee Stock Options***

Stock options are granted with an exercise price equal to the market value of the underlying stock on the grant date. They generally vest ratably over three years and have a maximum term of 10 years and two days from the grant date.

The fair value of each option grant is estimated on the grant date using the Black-Scholes option-pricing model. All stock option awards granted prior to the Distribution were valued based on Rayonier's share price and assumptions. For all options granted before the Separation, the expected volatility is based on historical volatility for each grant and is calculated using the historical change in the daily market price of Rayonier's underlying stock over the expected life of the award. No options have been granted since the Separation. The Company has elected to value each grant in total and recognize the expense for stock options on a straight-line basis over three years .

During the years ended December 31, 2016 and 2015 no options were granted. The following chart provides a tabular overview of the weighted average assumptions and related fair value calculations of options granted for the year ended December 31, 2014 :

	2014
Expected volatility	40.1%
Dividend yield	4.2%
Risk-free rate	2.2%
Expected life (in years)	6.3
Fair value per share of options granted	\$ 9.31
Fair value of options granted	\$ 90

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

A summary of the Company's stock option activity is presented below for the year ended December 31, 2016 :

	<b>Stock Options</b>			
	<b>Options</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term (in years)</b>	<b>Aggregate Intrinsic Value</b>
Outstanding at January 1, 2016	441,615	\$ 31.67		
Forfeited	(1,435)	36.55		
Exercised	—	—		
Expired	(41,168)	29.81		
Outstanding at December 31, 2016	399,012	\$ 31.85	4.2	\$ —
Options vested and expected to vest	399,012	\$ 31.85	4.2	\$ —
Options exercisable at December 31, 2016	374,702	\$ 31.53	4.0	\$ —

A summary of additional information pertaining to stock options granted to employees is presented below:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Intrinsic value of options exercised	\$ —	\$ —	\$ 320
Fair value of options vested	\$ 444	\$ 717	\$ 90

*Restricted Stock*

As a result of the Separation, holders of Rayonier restricted stock, including Rayonier non-employee directors, retained those awards and also received one share of Company restricted stock for every three shares of Rayonier restricted stock held prior to the Separation. The adjusted awards resulted in incremental compensation expense of \$2.3 million to be recognized over a two year period following the Distribution.

Restricted stock granted in connection with the Company's performance share plan generally vests upon completion of a one to four year period. The fair value of each share granted is equal to the share price of the underlying stock on the date of grant. As of December 31, 2016, there was \$4.3 million of unrecognized compensation cost related to the Company's outstanding restricted stock. This cost is expected to be recognized over a weighted average period of 1.7 years.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

The following table summarizes the activity of restricted shares granted to employees for the three years ended December 31 :

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Restricted shares granted	598,219	277,298	172,894
Weighted average price of restricted shares granted	\$ 8.03	\$ 20.83	\$ 41.51
Intrinsic value of restricted stock outstanding	\$ 10,326	\$ 3,763	\$ 3,235
Fair value of restricted stock vested	\$ 5,890	\$ 690	\$ 100

A summary of the Company's restricted stock activity is presented below for the year ended December 31, 2016 :

	<b>Restricted Stock</b>	
	<b>Awards</b>	<b>Weighted Average Grant Date Fair Value</b>
Outstanding at January 1, 2016	384,383	\$ 28.41
Granted	598,219	8.03
Forfeited	(147,958)	12.08
Vested	(166,745)	35.45
Outstanding at December 31, 2016	<u>667,899</u>	<u>\$ 11.97</u>

*Performance Share Awards*

The Company's performance share awards generally vest upon completion of a three -year period. The number of shares, if any, that are ultimately awarded is contingent upon the Company's performance against an internal performance metric or a combination of an internal metric and a market condition. Performance under the Company's 2014 award is determined by comparing the Company's total shareholder return versus selected peer group companies.

Company awards which are measured against a market condition or incorporate market conditions are valued using a Monte Carlo simulation model. The model generates the fair value of the market-based award or market-based portion of the award at the grant date. The related expense is then amortized over the award's vesting period.

As of December 31, 2016 , there was \$7.6 million of unrecognized compensation cost related to the Company's performance share awards. This cost is expected to be recognized over a weighted average period of 1.6 years .

The following table summarizes the activity of the Company's performance share units granted to its employees for the three years ended December 31 :

	<b>2016</b>		<b>2015</b>		<b>2014</b>	
	Performance-Based Stock Units	Performance-Based Stock Units	Performance-Based Stock Units	Performance-Based Stock Units	Performance-Based Restricted Stock	Performance-Based Restricted Stock
Common shares of stock reserved for performance shares	1,304,419	422,920	95,952	286,737		
Weighted average fair value of performance share units granted	\$ 7.79	\$ 17.51	\$ 42.27	\$ 40.41		
Intrinsic value of outstanding performance share units	\$ 8,169	\$ 2,070	\$ 1,070	\$ 3,197		

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

A summary of the Company's performance-share activity is presented below for the year ended December 31, 2016 :

	Performance-Based Stock Units		Performance-Based Restricted Stock	
	Awards	Weighted Average Grant Date Fair Value	Awards	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2016	211,460	\$ 17.51	141,698	\$ 40.76
Granted	610,100	7.79	—	—
Forfeited	(102,669)	9.76	—	—
Canceled	—	—	(13,660)	38.07
Outstanding at December 31, 2016	718,891	\$ 10.05	128,038	\$ 41.05

The expected volatility is based on representative price returns using the stock price of several peer companies. The risk-free rate was based on the 3-year U.S. treasury rate on the date of the award. The following chart provides a tabular overview of the weighted average assumptions used in calculating the fair value of the awards granted for the three years ended December 31 :

	2016	2015	2014
Expected volatility	74.3%	17.3%	16.9%
Risk-free rate	1.0%	1.0%	0.7%

**16. Employee Benefit Plans**

*Defined Benefit Plans*

The Company has a qualified non-contributory defined benefit pension plan covering approximately half of its employees and an unfunded plan that provides benefits in excess of amounts allowable in the qualified plans under current tax law. Both the qualified plan and the unfunded excess plan are closed to new participants. Employee benefit plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

The following tables set forth the changes in the projected benefit obligation and plan assets and reconciles the funded status and the amounts recognized in the Consolidated Balance Sheets for the pension and postretirement plans for the two years ended December 31 :

<b>Change in Projected Benefit Obligation</b>	<b>Pension</b>		<b>Postretirement</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Projected benefit obligation at beginning of year	\$ 405,033	\$ 409,356	\$ 26,959	\$ 26,568
Service cost	5,225	5,977	808	1,006
Interest cost	15,915	15,228	871	919
Actuarial loss (gain)	7,416	(7,073)	(940)	(2,049)
Plan amendments (a)	—	—	—	1,321
Employee contributions	—	—	335	361
Benefits paid	(19,110)	(18,455)	(1,195)	(1,167)
Projected benefit obligation at end of year	<u>\$ 414,479</u>	<u>\$ 405,033</u>	<u>\$ 26,838</u>	<u>\$ 26,959</u>

**Change in Plan Assets**

Fair value of plan assets at beginning of year	\$ 266,155	\$ 291,087	\$ —	\$ —
Actual return on plan assets	18,933	(6,627)	—	—
Employer contributions	12,276	2,312	860	806
Employee contributions	—	—	335	361
Benefits paid	(19,110)	(18,455)	(1,195)	(1,167)
Other expense	(2,299)	(2,162)	—	—
Fair value of plan assets at end of year	<u>\$ 275,955</u>	<u>\$ 266,155</u>	<u>\$ —</u>	<u>\$ —</u>

**Funded Status at End of Year:**

Net accrued benefit cost	<u>\$ (138,524)</u>	<u>\$ (138,878)</u>	<u>\$ (26,838)</u>	<u>\$ (26,959)</u>
--------------------------	---------------------	---------------------	--------------------	--------------------

<b>Amounts recognized in the Consolidated Balance Sheets consist of:</b>	<b>Pension</b>			<b>Postretirement</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Non-current assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Current liabilities	(2,293)	(2,268)	(1,340)	(1,485)	(1,485)	(1,485)
Non-current liabilities	(136,231)	(136,610)	(25,498)	(25,498)	(25,474)	(25,474)
Net amount recognized	<u>\$ (138,524)</u>	<u>\$ (138,878)</u>	<u>\$ (26,838)</u>	<u>\$ (26,838)</u>	<u>\$ (26,959)</u>	<u>\$ (26,959)</u>

Net gains or losses recognized in other comprehensive income for the three years ended December 31 are as follows:

	<b>Pension</b>			<b>Postretirement</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Net (losses) gains	\$ 14,101	\$ (24,950)	\$ (49,577)	\$ (1,184)	\$ 759	\$ (3,807)

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
(Dollar amounts in thousands unless otherwise stated)

Net gains or losses and prior service costs or credits reclassified from other comprehensive income and recognized as a component of pension and postretirement expense for the three years ended December 31 are as follows:

	Pension			Postretirement		
	2016	2015	2014	2016	2015	2014
Amortization of losses	\$ 11,343	\$ 13,434	\$ 7,620	\$ 238	\$ 676	\$ 597
Amortization of prior service (credit) cost	761	750	1,161	(139)	(158)	(265)

Net losses, prior service costs or credits and plan amendments that have not yet been included in pension and postretirement expense for the two years ended December 31, which have been recognized as a component of AOCI are as follows:

	Pension		Postretirement	
	2016	2015	2016	2015
Prior service cost	\$ (3,015)	\$ (3,776)	\$ (2)	\$ 27
Net losses	(164,277)	(161,519)	(7,121)	(8,585)
Plan amendment	—	—	1,644	1,797
Deferred income tax benefit	60,684	59,975	2,007	2,461
AOCI	\$ (106,608)	\$ (105,320)	\$ (3,472)	\$ (4,300)

For pension and postretirement plans with accumulated benefit obligations in excess of plan assets, the following table sets forth the projected and accumulated benefit obligations and the fair value of plan assets for the two years ended December 31:

	2016	2015
Projected benefit obligation	\$ 440,339	\$ 431,992
Accumulated benefit obligation	427,755	417,397
Fair value of plan assets	275,955	266,155

The following tables set forth the components of net pension and postretirement benefit cost that have been recognized during the three years ended December 31:

<b>Components of Net Periodic Benefit Cost</b>	Pension			Postretirement		
	2016	2015	2014	2016	2015	2014
Service cost	\$ 5,225	\$ 5,977	\$ 4,099	\$ 808	\$ 1,006	\$ 798
Interest cost	15,915	15,228	11,379	871	919	916
Expected return on plan assets	(23,320)	(23,234)	(18,333)	—	—	—
Amortization of prior service (credit) cost	761	750	1,161	(139)	(158)	(265)
Amortization of losses	11,343	13,434	7,620	238	676	597
Net periodic benefit cost (a)	\$ 9,924	\$ 12,155	\$ 5,926	\$ 1,778	\$ 2,443	\$ 2,046

(a) A portion of the net periodic benefit cost is recorded in cost of goods sold in the Consolidated Statements of Income.

The estimated pre-tax amounts that will be amortized from AOCI into net periodic benefit cost in 2017 are as follows:

	Pension	Postretirement
Amortization of loss	\$ 11,209	\$ 391
Amortization of prior service cost	761	(151)
Total amortization of AOCI loss	\$ 11,970	\$ 240



**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

Beginning in 2017, the Company will change the method used to determine the service and interest cost components of net periodic benefit cost. Previously, the cost was determined using a single weighted-average discount rate derived from the yield curve. Under the new method, known as the spot rate approach, individual spot rates along the yield curve that correspond with the timing of each benefit payment will be used. The Company believes this change will provide a more precise measurement of service and interest costs by improving the correlation between projected cash outflows and corresponding spot rates on the yield curve. This change does not affect the measurement of plan obligations but generally results in lower pension expense in periods where the yield curve is upward sloping. The Company will account for this change prospectively as a change in accounting estimate.

The following table sets forth the principal assumptions inherent in the determination of benefit obligations and net periodic benefit cost of the pension and postretirement benefit plans as of December 31 :

	Pension			Postretirement		
	2016	2015	2014	2016	2015	2014
Assumptions used to determine benefit obligations at December 31:						
Discount rate	3.88%	4.03%	3.71%	3.85%	3.98%	3.65%
Rate of compensation increase	4.10%	4.45%	4.50%	4.50%	4.50%	4.50%
Assumptions used to determine net periodic benefit cost for years ended December 31:						
Discount rate	4.03%	3.71%	4.04%	3.98%	3.65%	4.00%
Expected long-term return on plan assets	8.50%	8.50%	8.50%	n/a	n/a	n/a
Rate of compensation increase	4.10%	4.45%	4.50%	4.50%	4.50%	4.50%

The expected return on plan assets remained at 8.5 percent for the year ended December 31, 2016 . The estimated return is based on historical and expected long-term rates of return on broad equity and bond indices and consideration of the actual annualized rate of return. The Company, with the assistance of external consultants, utilizes this information in developing assumptions for returns, and risks and correlation of asset classes, which are then used to establish the asset allocation ranges. Beginning in 2017, the Company will reduce the expected long-term rate of return on plan assets to 7.75 percent .

The following table sets forth the assumed health care cost trend rates as of December 31 :

	Postretirement	
	2016	2015
Health care cost trend rate assumed for next year	8.00%	7.00%
Rate to which the cost trend is assumed to decline (ultimate trend rate)	5.00%	5.00%
Year that ultimate trend rate is reached	2026	2019

Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement benefit plans. The following table shows the effect of a one percentage point change in assumed health care cost trends:

<b>Effect on:</b>	1 Percent	
	Increase	Decrease
Total of service and interest cost components	\$ 179	\$ (149)
Accumulated postretirement benefit obligation	1,861	(1,588)

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

*Investment of Plan Assets*

The Company's pension plan asset allocation at December 31, 2016 and 2015, and target allocation ranges by asset category are as follows:

<b>Asset Category</b>	<b>Percentage of Plan Assets</b>		<b>Target Allocation Range</b>
	<b>2016</b>	<b>2015</b>	
Domestic equity securities	41%	41%	35-45%
International equity securities	24%	24%	20-30%
Domestic fixed income securities	27%	27%	25-29%
International fixed income securities	5%	5%	3-7%
Real estate fund	3%	3%	2-4%
Total	<u>100%</u>	<u>100%</u>	

The Company's Pension and Savings Plan Committee and the Audit Committee of the Board of Directors oversee the pension plans' investment program which is designed to maximize returns and provide sufficient liquidity to meet plan obligations while maintaining acceptable risk levels. The investment approach emphasizes diversification by allocating the plans' assets among asset categories and selecting investment managers whose various investment methodologies will be minimally correlative with each other. Investments within the equity categories may include large capitalization, small capitalization and emerging market securities, while the international fixed income portfolio may include emerging markets debt. Pension assets did not include a direct investment in Rayonier Advanced Materials common stock at December 31, 2016 or 2015.

*Fair Value Measurements*

The following table sets forth by level, within the fair value hierarchy (see Note 1 — *Basis of Presentation and New Accounting Pronouncements* to the Consolidated Financial Statements for definition), the assets of the plans as of December 31, 2016 and 2015.

<b>Asset Category</b>	<b>Fair Value at December 31, 2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds	\$ 76,757	\$ —	\$ —	\$ 76,757
Investments at net asset value:				
Common collective trust funds				199,198
Total assets at fair value				<u>\$ 275,955</u>

<b>Asset Category</b>	<b>Fair Value at December 31, 2015</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds	\$ 73,882	\$ —	\$ —	\$ 73,882
Investments at net asset value:				
Common collective trust funds				192,273
Total assets at fair value				<u>\$ 266,155</u>

The valuation methodology used for measuring the fair value of these asset categories was as follows:

Mutual funds — Net asset value in an observable market.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

Common collective trust funds — Common collective trusts are measured at NAV per share, as a practical expedient for fair value, as provided by the Plan trustee. The NAV is calculated by determining the fair value of the fund's underlying assets, deducting its liabilities, and dividing by the units outstanding as of the valuation date. These funds are not publicly traded; however, the unit price calculation is based on observable market inputs of the funds' underlying assets.

There have been no changes in the methodology used during the years ended December 31, 2016 and 2015 .

#### *Cash Flows*

Expected benefit payments for the next ten years are as follows:

	<b>Pension Benefits</b>	<b>Postretirement Benefits</b>
2017	\$ 20,787	\$ 1,340
2018	21,536	1,507
2019	22,242	1,445
2020	22,844	1,474
2021	23,400	1,435
2022 — 2026	122,842	7,449

The Company has no mandatory pension contribution requirements in 2017, but may make discretionary contributions.

#### *Defined Contribution Plans*

The Company provides defined contribution plans to all of its hourly and salaried employees. The Company's contributions charged to expense for these plans were \$5.0 million , \$5.2 million and \$3.7 million for the years ended December 31, 2016 , 2015 and 2014 , respectively. Rayonier Advanced Materials Hourly and Salaried Defined Contribution Plans include Rayonier Advanced Materials common stock with a fair market value of \$16.4 million at December 31, 2016 .

## **17. Contingencies**

The Company is engaged in various legal and regulatory actions and proceedings, and has been named as a defendant in various lawsuits and claims arising in the ordinary course of its business. While the Company has procured reasonable and customary insurance covering risks normally occurring in connection with its businesses, the Company has in certain cases retained some risk through the operation of self-insurance, primarily in the areas of workers' compensation, property insurance and general liability. These other lawsuits and claims, either individually or in aggregate, are not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company currently employs approximately 1,200 people, nearly all of whom are in the United States. As of December 31, 2016 , approximately 65 percent of the work force is unionized. As a result, the Company is required to negotiate wages, benefits and other terms with unionized employees collectively.

The collective bargaining agreements at the Company's Jesup, Georgia plant, which cover approximately 48 percent of the Company's work force, will expire on June 30, 2017. The Company is currently negotiating new agreements. Based on past experience, the Company expects to be able to reach an agreement with the labor unions; however, if the Company is unable to negotiate acceptable contracts with any of these unions it could result in strikes or work stoppages which may adversely affect the Company's financial results. The Company believes relations with its employees are satisfactory.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Dollar amounts in thousands unless otherwise stated)**

**18. Guarantees**

The Company provides financial guarantees as required by creditors, insurance programs and various governmental agencies. As of December 31, 2016, the following financial guarantees were outstanding:

<b>Financial Commitments</b>	<b>Maximum Potential Payment</b>	<b>Carrying Amount of Liability</b>
Standby letters of credit (a)	\$ 20,505	\$ 56,334
Surety bonds (b)	56,201	55,199
LTF project (c)	82,400	—
Total financial commitments	<u>\$ 159,106</u>	<u>\$ 111,533</u>

- (a) The letters of credit primarily provide credit support for surety bonds issued to comply with financial assurance requirements relating to environmental remediation of disposed sites and for credit support of natural gas purchases. The letters of credit will expire during 2017 and will be renewed as required.
- (b) Rayonier Advanced Materials purchases surety bonds primarily to comply with financial assurance requirements relating to environmental remediation and post closure care and to provide collateral for the Company's workers' compensation program. These surety bonds expire at various dates during 2017 and 2019. They are expected to be renewed annually as required.
- (c) LTF entered into a construction contract to build its lignin manufacturing facility. The Company is a guarantor under the contract and is jointly and severally liable for payment of costs incurred to construct the facility. In the event of default, the Company expects it would only be liable for its proportional share as a result of an agreement with its venture partner. See Note 9 — *LignoTech Florida* for more information.

**19. Commitments**

The Company leases certain buildings, machinery and equipment under various operating leases. Total rental expense for operating leases amounted to \$4.5 million, \$4.0 million, and \$2.1 million in 2016, 2015 and 2014, respectively.

At December 31, 2016, the future minimum payments under non-cancellable operating leases and purchase obligations were as follows:

	<b>Operating Leases (a)</b>	<b>Purchase Obligations (b)</b>
2017	\$ 1,813	\$ 25,154
2018	1,264	9,612
2019	985	5,168
2020	591	5,168
2021	343	5,168
Thereafter	89	49,471
Total	<u>\$ 5,085</u>	<u>\$ 99,741</u>

- (a) Operating leases include leases on buildings, machinery and equipment under various operating leases.
- (b) Purchase obligations primarily consist of payments expected to be made on natural gas, steam energy and wood chips purchase contracts. Obligations reported in the table are estimates and may vary based on changes in actual price and volumes terms.

**Rayonier Advanced Materials Inc.**  
**Notes to Consolidated Financial Statements (Continued)**  
(Dollar amounts in thousands unless otherwise stated)

**20. Quarterly Results for 2016 and 2015 (Unaudited)**

	Quarter Ended				Total Year
	March 26	June 27	September 26	December 31	
<b>2016</b>					
Net Sales	\$ 217,729	\$ 213,589	\$ 206,540	\$ 230,873	\$ 868,731
Gross Margin	40,238	48,803	50,543	41,689	181,273
Operating Income	31,920	38,569	41,437	25,721	137,647
Net Income	20,893	19,340	21,567	11,486	73,286
Basic earnings per share	0.50	0.46	0.46	0.19	1.61
Diluted earnings per share (a)	0.49	0.46	0.44	0.18	1.55

	Quarter Ended				Total Year
	March 28	June 27	September 26	December 31	
<b>2015</b>					
Net Sales	\$ 221,348	\$ 220,892	\$ 257,590	\$ 241,554	\$ 941,384
Gross Margin	36,872	45,021	70,169	50,392	202,454
Operating Income	23,946	8,585	57,962	29,030	119,523
Net Income (Loss)	10,521	(312)	32,291	12,757	55,257
Basic earnings per share	0.25	(0.01)	0.77	0.30	1.31
Diluted earnings per share	0.25	(0.01)	0.76	0.30	1.30

(a) Basic and diluted earnings per share included the impact of dividends on the Company's Preferred Stock for the quarter ended September 26, 2016 and the quarter and year ended December 31, 2016. As a result of the impact of the Preferred Stock in the third and fourth quarters of 2016, quarterly diluted EPS does not crossfoot to full-year diluted EPS. See Note 10 — *Stockholders' Equity (Deficit)* for additional information.

**Rayonier Advanced Materials Inc.**  
**Schedule II—Valuation and Qualifying Accounts**  
**Years Ended December 31, 2016, 2015, and 2014**  
**(In thousands)**

<b>Description</b>	<b>Balance at Beginning of Year</b>	<b>Charged to Cost and Expenses</b>	<b>Deductions</b>	<b>Balance at End of Year</b>
<b>Allowance for doubtful accounts:</b>				
Year ended December 31, 2016	\$ 151	\$ —	\$ —	\$ 151
Year ended December 31, 2015	151	—	—	151
Year ended December 31, 2014	140	11	—	151
<b>Allowance for sales returns (a):</b>				
Year ended December 31, 2016	\$ —	\$ 523	\$ —	\$ 523
<b>Deferred tax asset valuation allowance:</b>				
Year ended December 31, 2016	\$ 19,702	\$ 1,119	\$ —	\$ 20,821
Year ended December 31, 2015	20,517	—	(815)	19,702
Year ended December 31, 2014	24,588	—	(4,071)	20,517
<b>Self-insurance liabilities:</b>				
Year ended December 31, 2016	\$ 589	\$ 291	\$ (452)	\$ 428
Year ended December 31, 2015 (b)	1,947	(734)	(624)	589
Year ended December 31, 2014	—	2,361	(414)	1,947

(a) An allowance for sales returns was not required for the years ended December 31, 2015 and 2014 .

(b) The decrease in the self-insurance liabilities relates to an adjustment based on an annual actuarial review.

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Rayonier Advanced Materials Inc.

(Registrant)

By:

/s/ FRANK A. RUPERTO

Frank A. Ruperto

*Chief Financial Officer and*

*Senior Vice President, Finance and Strategy*

*(Duly Authorized Officer and Principal Financial Officer)*

Date: February 24, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <p>/s/ PAUL G. BOYNTON</p> <hr/> <p>Paul G. Boynton (Principal Executive Officer)</p>	Chairman of the Board, President and Chief Executive Officer	February 24, 2017
<hr/> <p>/s/ FRANK A. RUPERTO</p> <hr/> <p>Frank A. Ruperto (Principal Financial Officer)</p>	Chief Financial Officer and Senior Vice President, Finance and Strategy	February 24, 2017
<hr/> <p>/s/ JOHN P. CARR</p> <hr/> <p>John P. Carr (Principal Accounting Officer)</p>	Chief Accounting Officer and Vice President, Controller	February 24, 2017
<hr/> <p>*</p> <hr/> <p>C. David Brown, II</p> <hr/> <p>*</p> <hr/> <p>Charles E. Adair</p> <hr/> <p>*</p> <hr/> <p>DeLyle W. Bloomquist</p> <hr/> <p>*</p> <hr/> <p>Mark E. Gaumond</p> <hr/> <p>*</p> <hr/> <p>James F. Kirsch</p> <hr/> <p>*</p> <hr/> <p>Lisa M. Palumbo</p> <hr/> <p>*</p> <hr/> <p>Thomas I. Morgan</p> <hr/> <p>*</p> <hr/> <p>Ronald Townsend</p>	Lead Director Director Director Director Director Director Director	
<p>*By: <hr/><p>/s/ FRANK A. RUPERTO</p><hr/><p>Frank A. Ruperto (Attorney-In-Fact)</p></p>		February 24, 2017

## Exhibit Index

The following is a list of Exhibits filed as part of the Form 10-K. The documents incorporated by reference are located in the SEC's Public Reference Room in Washington D.C. in SEC File no. 001-36285.

As permitted by the rules of the SEC, the Company has not filed certain instruments defining the rights of holders of long-term debt of the Company or consolidated subsidiaries under which the total amount of securities authorized does not exceed 10 percent of the total assets of the Company and its consolidated subsidiaries. The Company agrees to furnish to the SEC, upon request, a copy of any omitted instrument.

<u>Exhibit No.</u>	<u>Description</u>	<u>Location</u>
2.1	Separation and Distribution Agreement between Rayonier Advanced Materials Inc. and Rayonier Inc., dated as of May 28, 2014	Incorporated herein by reference to Exhibit 2.1 to the Registrant's Amendment No. 4 to the Registration Statement on Form 10 filed on May 29, 2014
3.1	Amended and Restated Certificate of Incorporation of Rayonier Advanced Materials Inc.	Incorporated herein by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on June 30, 2014
3.2	Certificate of Designations of 8.00% Series A Mandatory Convertible Preferred Stock of Rayonier Advanced Materials Inc., filed with the Secretary of State of the State of Delaware and effective August 10, 2016	Incorporated herein by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on August 10, 2016
3.3	Amended and Restated Bylaws of Rayonier Advanced Materials Inc.	Incorporated herein by reference to Exhibit 3.2 to the Registrant's Form 8-K filed on June 30, 2014
4.1	Indenture among Rayonier A.M. Products Inc., the guarantors party thereto from time to time and Wells Fargo Bank, National Association, as Trustee, dated as of May 22, 2014	Incorporated herein by reference to Exhibit 4.1 to the Registrant's Amendment No. 4 to Registration Statement on Form 10 filed on May 29, 2014
4.2	Form of certificate representing the Registrant's 8.00% Series A Mandatory Convertible Preferred Stock	Incorporated herein by reference to Exhibit A to Exhibit 3.1 to the Registrant's Form 8-K filed on August 10, 2016
10.1	Transition Services Agreement, dated as of June 27, 2014, by and between Rayonier Inc. and Rayonier Advanced Materials Inc.	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on June 30, 2014
10.2	Tax Matters Agreement, dated as of June 27, 2014, by and among Rayonier Inc., Rayonier Advanced Materials Inc., Rayonier TRS Holdings Inc. and Rayonier A.M. Products Inc.	Incorporated herein by reference to Exhibit 10.2 to the Registrant's Form 8-K filed on June 30, 2014
10.3	Employee Matters Agreement, dated as of June 27, 2014, by and between Rayonier Inc. and Rayonier Advanced Materials Inc.	Incorporated herein by reference to Exhibit 10.3 to the Registrant's Form 8-K filed on June 30, 2014
10.4	Intellectual Property Agreement, dated as of June 27, 2014, by and between Rayonier Inc. and Rayonier Advanced Materials Inc.	Incorporated herein by reference to Exhibit 10.4 to the Registrant's Form 8-K filed on June 30, 2014
10.5	Credit Agreement, dated as of June 24, 2014, among Rayonier A.M. Products Inc., Rayonier Advanced Materials Inc. (following its joinder thereto), the subsidiary loan parties from time to time party thereto (following their joinder thereto), the lenders from time to time party thereto and Bank of America, N.A., as administrative agent	Incorporated herein by reference to Exhibit 10.5 to the Registrant's Form 8-K filed on June 30, 2014
10.6	Rayonier Advanced Materials Inc. Incentive Stock Plan, as amended effective May 23, 2016*	Incorporated herein by reference to Exhibit C to the Registrant's Proxy Statement filed on April 8, 2016
10.7	Form of Rayonier Advanced Materials Inc. Incentive Stock Plan Restricted Stock Award Agreement, effective 2015*	Incorporated herein by reference to Exhibit 10.11 to the Registrant's Form 10-K filed on February 27, 2015
10.8	Description of Rayonier Advanced Materials Inc. 2015 Performance Share Award Program*	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Form 10-Q filed on August 6, 2015
10.9	Form of Rayonier Advanced Materials Inc. Incentive Stock Plan Supplemental Terms Applicable to the 2015 Equity Award Grant*	Incorporated herein by reference to Exhibit 10.12 to the Registrant's Form 10-K filed on February 27, 2015
10.10	Form of Rayonier Advanced Materials Inc. Incentive Stock Plan Supplemental Terms Applicable to the 2016 Equity Award Grant*	Filed herewith
10.11	Form of Rayonier Advanced Materials Inc. Incentive Stock Plan Supplemental Terms Applicable to the 2017 Equity Award Grant*	Filed herewith
10.12	Description of Rayonier Advanced Materials Inc. 2016 Performance Share Award Program*	Incorporated herein by reference to Exhibit 10.14 to the Registrant's Form 10-K filed on February 26, 2016
10.13	Description of Rayonier Advanced Materials Inc. 2017 Performance Share Award Program*	Filed herewith
10.14	Agreement between Rayonier Advanced Materials Inc. and Paul G. Boynton Regarding Special Stock Grant, dated May 28, 2014*	Incorporated herein by reference to Exhibit 10.6 to the Registrant's Amendment No. 4 to the Registration Statement on Form 10 filed on May 29, 2014

10.15	Amendment dated March 23, 2015 to Agreement between Rayonier Advanced Materials Inc. and Paul G. Boynton Regarding Retention Award*	Incorporated herein by reference to Exhibit 10.2 to the Registrant's Form 10-Q filed on May 1, 2015
10.16	Rayonier Advanced Materials Inc. Non-Equity Incentive Plan, as amended effective May 23, 2016*	Incorporated herein by reference to Exhibit B to the Registrant's Proxy Statement filed on April 8, 2016
10.17	Rayonier Advanced Materials Inc. Executive Severance Pay Plan, as amended effective March 1, 2017*	Filed herewith
10.18	Rayonier Advanced Materials Inc. Non Change In Control Executive Severance Plan*	Incorporated herein by reference to Exhibit 10.20 to the Registrant's Form 10-K filed on February 26, 2016
10.19	Trust Agreement for Rayonier Advanced Materials Inc. Legal Resources Trust, dated June 28, 2014, by and between Rayonier Advanced Materials Inc. and Wells Fargo Bank, National Association*	Incorporated herein by reference to Exhibit 10.23 to the Registrant's Form 10-Q/A filed on September 4, 2014
10.20	Rayonier Advanced Materials Inc. Excess Benefit Plan, effective June 27, 2014*	Incorporated herein by reference to Exhibit 10.24 to the Registrant's Form 10-Q/A filed on September 4, 2014
10.21	Rayonier Advanced Materials Inc. Excess Savings and Deferred Compensation Plan, effective June 28, 2014*	Incorporated herein by reference to Exhibit 10.25 to the Registrant's Form 10-Q/A filed on September 4, 2014
10.22	Form of Rayonier Advanced Materials Inc. Excess Savings and Deferred Compensation Plan Agreements, effective June 28, 2014*	Incorporated herein by reference to Exhibit 10.18 to the Registrant's Form 10-K filed on February 27, 2015
10.23	Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc., effective June 27, 2014*	Incorporated herein by reference to Exhibit 10.26 to the Registrant's Form 10-Q/A filed on September 4, 2014
10.24	Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, effective January 1, 2015*	Filed herewith
10.25	Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, effective January 1, 2015*	Filed herewith
10.26	Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, effective January 1, 2016*	Filed herewith
10.27	Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, effective January 1, 2016*	Filed herewith
10.28	Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, effective October 1, 2016*	Filed herewith
10.29	Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, effective February 13, 2017*	Filed herewith
10.30	Form of Indemnification Agreement between Rayonier Advanced Materials Inc. and individual directors or officers*	Incorporated herein by reference to Exhibit 10.5 to the Registrant's Amendment No. 4 to the Registration Statement on Form 10 filed on May 29, 2014
10.31	Form of Rayonier Advanced Materials Inc. Outside Directors Compensation Program/Cash Deferral Option Agreement*	Incorporated herein by reference to Exhibit 10.22 to the Registrant's Form 10-K and filed on February 27, 2015
10.32	Chemical Cellulose Purchase and Sale Agreement, effective as of January 1, 2016, between Rayonier A.M. Sales and Technology Inc. and Eastman Chemical Company**	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on December 1, 2015
10.33	Amendment No. 1 to Chemical Cellulose Purchase and Sale Agreement by and between Rayonier A.M. Sales and Technology Inc. and Eastman Chemical Company, effective as of November 18, 2017**	Filed herewith
10.34	Cellulose Specialties Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Nantong Cellulose Fibers Co., Ltd.**	Incorporated herein by reference to Exhibit 10.9 to the Registrant's Amendment No. 4 to the Registration Statement on Form 10 filed on May 29, 2014
10.35	Amendment No. 1 to Cellulose Specialties Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Nantong Cellulose Fibers Co., Ltd.**	Incorporated herein by reference to Exhibit 10.10 to the Registrant's Amendment No. 4 to the Registration Statement on Form 10 filed on May 29, 2014
10.36	Amendment No. 2 to Cellulose Specialties Agreement, effective as of December 31, 2014, by and between Rayonier Performance Fibers, LLC and Nantong Cellulose Fibers Co., Ltd.**	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on October 20, 2014
10.37	Amendment No. 3 to Chemical Cellulose Agreement, dated effective as of January 1, 2016, between Nantong Cellulose Fibers Co., Ltd. and Rayonier A.M. Sales and Technology Inc.**	Incorporated herein by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on September 23, 2015
10.38	Amended and Restated Cellulose Specialties Agreement, effective as of January 1, 2012, by and between Rayonier Performance Fibers, LLC and Daicel Corporation**	Incorporated herein by reference to Exhibit 10.11 to the Registrant's Amendment No. 4 to the Registration Statement on Form 10 filed on May 29, 2014
10.39	Amendment No. 1 to Amended and Restated Cellulose Specialties Agreement, effective as of February 15, 2013, by and between Rayonier Performance Fibers, LLC and Daicel Corporation**	Incorporated herein by reference to Exhibit 10.12 to the Registrant's Amendment No. 4 to the Registration Statement on Form 10 filed on May 29, 2014
10.40	Amendment No. 2 to Daicel - Rayonier Amended Chemical	Incorporated herein by reference to Exhibit 10.1 to the Registrant's

Specialties Agreement, effective as of January 1, 2016, between Daicel Form 8-K filed on March 17, 2016 Corporation and Rayonier A.M. Sales and Technology Inc.\*\*

12	Statements re computation of ratios	Filed herewith
21	Subsidiaries of the registrant	Filed herewith
23.1	Consent of Grant Thornton LLP	Filed herewith
23.2	Consent of Ernst & Young LLP	Filed herewith
24	Powers of attorney	Filed herewith
31.1	Chief Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Chief Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	Certification of Periodic Financial Reports Under Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	The following financial information from our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, formatted in Extensible Business Reporting Language ("XBRL"), includes: (i) the Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2016, 2015 and 2014; (ii) the Consolidated Balance Sheets as of December 31, 2016 and 2015; (iii) the Consolidated Statements of Cash Flows for the Years Ended December 31, 2016, 2015 and 2014; and (iv) the Notes to the Consolidated Financial Statements.	Filed herewith

\* Management contract or compensatory plan

\*\* Portions of this exhibit have been omitted pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934

## RAYONIER ADVANCED MATERIALS INCENTIVE STOCK PLAN

### SUPPLEMENTAL TERMS APPLICABLE TO THE 2016 EQUITY AWARD GRANT

#### A. Purpose.

The purpose of this supplemental terms agreement (these “Supplemental Terms”) is to identify certain conduct considered contrary to the best interests of the Company, and to obtain your agreement not to engage in that conduct, as a condition to your receiving an equity award in March, 2016 under the Rayonier Advanced Materials Incentive Stock Plan (the “Plan”). Such awards may include, without limitation, a grant of performance shares, restricted stock and/or stock options (your “2016 Award”). These Supplemental Terms clarify your obligations under Sections 14 and 15 of the Plan for your 2016 Award and shall apply as well to your Prior Awards and outline remedies available to the Company in the event of breaches or threatened breaches of those obligations, but shall not or be deemed to in any way waive, limit or modify the rights of the Company or the Committee under the Plan. Capitalized terms not otherwise defined herein have the definitions assigned to them in Annex A hereto, and capitalized terms not otherwise defined below or in Annex A to these Supplemental Terms shall have the same meaning as under the Plan and any other documents governing the 2016 Award.

#### B. Detrimental Conduct.

In recognition of your role at the Company and the knowledge that you have gained about the Company’s legitimate and proprietary business interests, including your possession of Confidential Company Information, and its substantial business, customer and employee relationships, you hereby agree to refrain from engaging in “Detrimental Conduct”, defined as any of the following conduct occurring at any time during the period of your employment with the Company and until the end of the twelve (12) months following the end of your employment:

- i. in connection with the performance of your duties on behalf of the Company, committing an illegal act, including but not limited to embezzlement or misappropriation of Company funds, or your willful failure to comply with the material policies and procedures of the Company as determined by the Committee;
- ii. except for actions taken on behalf of the Company, directly or indirectly engaging in or assisting others in soliciting, persuading, hiring, recruiting, or attempting to persuade, solicit, hire or recruit, any person employed by or under contract with, the Company (or who was employed by or under contract with the Company in the six-month period prior to the date of any such prohibited contact); or
- iii. engaging in any business, services or activities whatsoever, whether as an employee, director, consultant, advisor, agent, partner or joint venturer, sole proprietor, investor or stockholder, for or on behalf of, a business or enterprise engaged in researching, developing, manufacturing, distributing, marketing and/or selling dissolving wood pulp, including specialty fibers used in chemical applications, anywhere in the world (the foregoing being referred to as the “Non-Competition Restriction”). The Non-Competition Restriction shall not apply, in each case, (1) to the extent of your status as a mere stockholder holding less than one percent (1%) of the outstanding shares of any such entity whose shares are listed and posted for trading on a recognized public stock exchange), or (2) if waived in a writing signed by the most senior human resources executive of the Company, which waiver shall be granted or denied in the Company’s sole and absolute discretion; provided, however, that in the event your employment with the Company is involuntarily terminated for reasons other than cause (as determined by the Committee), approval of a request for a waiver, if made by you, shall not be unreasonably withheld. The Company will provide a response to any such waiver request with fifteen (15) days of receipt.

You agree and understand that the restrictive covenants set forth above are an essential requirement for your eligibility to receive the 2016 Award and that, but for your agreement to comply with these Supplemental Terms, you would not be eligible to receive the 2016 Award. Further, you expressly acknowledge that the restrictions herein are reasonable and necessary to protect the Company’s legitimate interests, including its Confidential Company Information, and its substantial business and customer relationships.

#### C. Condition to Grant.

Your acknowledgment of the application of these Supplemental Terms by signing below is a condition to the grant to you of the 2016 Award and will apply to all Awards and Award Shares.

**D. Consequences of Engaging in Detrimental Conduct.**

Within 30 days after the Company sends written notice to you at any time following your having engaged in any Detrimental Conduct described in sub-paragraphs B(i) or B(ii) above, you shall pay to the Company the Applicable Clawback Amount, as determined by the Company in accordance with these Supplemental Terms.

You acknowledge and agree that in the event of Detrimental Conduct by you, the Company may, in addition to other rights and remedies existing in its favor at law or in equity, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce the provisions of the prohibition of Detrimental Conduct, including the Non-Competition Restriction, or prevent or redress any violations thereof (without posting a bond or other security), and that the enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

**E. Right to Offset.**

The Company may offset its obligation to make any payment owed to you against amounts due to the Company hereunder, except to the extent such offset is not permitted under Code Section 409A without the imposition of additional taxes or penalties on you.

**F. At-Will Employment.**

Nothing in these Supplemental Terms shall be construed as changing your status as an employee-at-will of the Company or its applicable affiliate.

**G. Maximum Force of Restrictive Covenants.**

Because of the nature of your work for the Company and the breadth of your knowledge of Confidential Company Information about the Company and its customers, if any portion of these Supplemental Terms shall be held contrary to law or invalid or unenforceable as to one or more periods of time, geographic territories, or areas of business activities, or any part thereof, the remaining provisions shall not be affected but shall remain in full force and effect and that any such invalid or unenforceable provision shall be deemed, without further action on the part of any person, modified and limited to the extent necessary to render the same valid and enforceable in such jurisdiction. Notwithstanding the foregoing, it is the intent and agreement of you and the Company that these covenants be given the maximum force, effect and application permissible under applicable law.

**H. Governing Law/Successors and Assigns.**

These Supplemental Terms shall be governed, interpreted and construed in accordance with the laws of the State of Florida, excluding its conflicts or choice of law principles. The Company's rights and benefits under these Supplemental Terms shall inure to the benefit of the Company, its subsidiaries and/or controlled affiliates and any successors to any such entity's business and/or assets, whether by operation of law or otherwise.

**I. Prior Programs.**

These Supplemental Terms supersede any and all prior "supplemental terms" agreements to which you and the Company are party under the Plan. Specifically, your obligations and the available remedies described under any supplemental terms agreements relating to the Prior Awards will cease to have any effect after the date hereof and the terms hereof shall apply to the Prior Awards and any shares to which such supplemental terms applied. For the avoidance of doubt, in the event that you have entered into any supplemental terms for the Prior Awards and then forfeit or otherwise become ineligible for the 2016 Award or any Award Shares issued thereunder, your obligations under these Supplemental Terms shall continue in full force and effect with respect to your Prior Awards and any Award Shares issued thereunder, rather than any prior supplemental terms, which are superseded hereby. Notwithstanding the foregoing or anything else contained in these Supplemental Terms, these Supplemental Terms do not in any way modify, amend, supersede or replace other existing agreements you may have entered into with the Company, including those relating to the ownership of intellectual property, protection of confidential information, and non-competition, if any, and all such agreements are hereby ratified and confirmed.

**Key Employee Acknowledgment:**

*I have access to the Plan and have received a copy the terms of the 2016 Award and these Supplemental Terms and hereby acknowledge that in addition to such remedies as otherwise may be available to the Company, I may be required to return or forfeit the right to receive my Award Shares, including pursuant to certain Prior Awards under the Plan, should I engage in Detrimental Conduct.*

Key Employee

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

FOR THE COMPANY:

\_\_\_\_\_  
Senior Vice President

\_\_\_\_\_  
Date

### Annex A to the Supplemental Terms

For purposes of these Supplemental Terms, the following terms have the indicated meaning:

“ Applicable Clawback Amount ” means, during the most recent twelve (12) months of your employment with the Company:

- (i) with respect to Award Shares received by you, in the case of shares of stock, an amount equal to (a) the number of shares before taxes multiplied by the greater of (1) the closing price per share on the primary stock exchange on which the shares traded on the date you received them, or (2) if the shares have been sold, the selling price per share (and only in the case of the “buy and hold” exercise of an option awarded under the Plan, less the option strike price), plus (b) the Associated Return, and
- (ii) in the case of cash received by you as a result of the “cashless” exercise of options awarded under the Plan, an amount equal to the cash actually received by you before taxes in respect of the options exercised;

provided, however, that the amounts described in (i) and (ii) above shall be reduced, irrespective of taxes actually withheld by the Company, by using an assumed tax rate of forty percent (40%).

“ Associated Return ” means a cash payment to be made by you to the Company equal to all dividends, dividend equivalents and interest paid or payable by the Company in respect of the Award Shares through the date of your payment in full of the Applicable Clawback Amount.

“ Award ” means the 2016 Award and the Prior Awards, collectively.

“ Award Shares ” means any and all shares of common stock or cash to which you may become entitled upon the vesting, exercise or settlement of the 2016 Award or the Prior Awards, as applicable.

“ Company ” means Rayonier Advanced Materials Inc. and shall include its subsidiaries and controlled affiliates and any successors to any such entity’s business and/or assets, whether by operation of law or otherwise.

“ Confidential Company Information ” means trade secrets and confidential information about the Company’s strategic business plans, operations, manufacturing processes, research and development projects, product pricing, costs and margins, purchasing, customer and supplier relationships, customer retention strategies, preferences and contracts, strategies and plans for servicing customers, experimental and new products, and other similar nonpublic information that provides a competitive advantage to the Company.

“ Prior Awards ” means awards, if any, made to you under the 2013 Rayonier Advanced Materials Equity Incentive Award Program, 2014 Rayonier Advanced Materials Equity Incentive Program, 2015 Rayonier Advanced Materials Equity Incentive Program and any outstanding awards of options or restricted stock that are unvested as of the date of these Supplemental Terms, other than the 2016 Award.

## RAYONIER ADVANCED MATERIALS INCENTIVE STOCK PLAN

SUPPLEMENTAL TERMS APPLICABLE TO THE  
2017 EQUITY AWARD GRANT**A. Purpose.**

The purpose of this supplemental terms agreement (these “Supplemental Terms”) is to identify certain conduct considered contrary to the best interests of the Company, and to obtain your agreement not to engage in that conduct, as a condition to your receiving an equity award in March, 2017 under the Rayonier Advanced Materials Incentive Stock Plan (the “Plan”). Such awards may include, without limitation, a grant of performance shares, restricted stock and/or stock options (your “2017 Award”). These Supplemental Terms clarify your obligations under Sections 14 and 15 of the Plan for your 2017 Award, shall apply to your Prior Awards and outline remedies available to the Company in the event of breaches or threatened breaches of those obligations, but shall not or be deemed to in any way waive, limit or modify the rights of the Company or the Committee under the Plan. Capitalized terms not otherwise defined herein have the definitions assigned to them in Annex A hereto, and capitalized terms not otherwise defined below or in Annex A to these Supplemental Terms shall have the same meaning as under the Plan and any other documents governing the 2017 Award.

**B. Detrimental Conduct.**

In recognition of your role at the Company and the knowledge that you have gained about the Company’s legitimate and proprietary business interests, including your possession of Confidential Information, including Trade Secrets, and its substantial business, customer and employee relationships, you hereby agree to refrain from engaging in “Detrimental Conduct”, defined as any of the following conduct occurring at any time during the period of your employment with the Company and until the end of the twelve (12) months following the end of your employment:

- i. in connection with the performance of your duties on behalf of the Company, committing an illegal act, including, but not limited to, embezzlement or misappropriation of Company funds, or willfully failing to comply with the policies and procedures of the Company as determined by the Committee;
- ii. except for actions taken on behalf of the Company, directly or indirectly, engaging in or assisting others in soliciting, persuading, hiring, recruiting, or attempting to solicit, persuade, hire or recruit, any person employed by or under contract with the Company (or who was employed by or under contract with the Company in the six-month period preceding the date of such prohibited contact); or
- iii. engaging in any business, services or activities whatsoever, whether as an employee, director, consultant, advisor, agent, partner, joint venturer, sole proprietor, investor or stockholder, for or on behalf of, a business or enterprise engaged in researching, developing, manufacturing, distributing, marketing and/or selling dissolving wood pulp, including specialty fibers used in chemical applications, anywhere in the world (the foregoing being referred to as the “Non-Competition Restriction”). You agree and understand the Company competes on a worldwide basis, having sales offices internationally that cover geographic areas all over the world, sells the majority of its volume outside the United States, and has multiple foreign competitors, and that this Non-Competition Restriction shall apply worldwide because, for all of these and other reasons, the disclosure of the Company’s Confidential Information would be competitively harmful to the Company. The Non-Competition Restriction shall not apply, in each case, (1) to the extent of your status as a mere stockholder holding less than one percent (1%) of the outstanding shares of any such entity whose shares are listed and posted for trading on a recognized public stock exchange, or (2) if waived in a writing signed by the Company’s General Counsel, which waiver shall be granted or denied in the Company’s sole and absolute discretion; provided, however, that, in the event your employment with the Company is involuntarily terminated for reasons other than cause (as determined by the Committee), approval of a request for a waiver made by you shall not be unreasonably withheld. The Company will provide a response to any such waiver request with fifteen (15) days of receipt. Such a waiver by the Company’s General Counsel shall not operate or be construed as a waiver of (i) any other condition of or the Company’s rights under these Supplemental Terms; or (ii) subsequent breach by you.

You agree and understand that the restrictive covenants set forth above are an essential requirement for your eligibility to receive the 2017 Award and that, but for your agreement to comply with these Supplemental Terms, you would not be eligible to receive the 2017 Award. Further, you expressly acknowledge that the restrictions herein are reasonable and necessary to protect the Company’s legitimate interests and its Confidential Information, including its Trade Secrets and substantial business and customer relationships.

---

**C. Condition to Grant.**

Your acknowledgment of the application of these Supplemental Terms by signing below is a condition to the grant to you of the 2017 Award and will apply to all Awards and Award Shares.

**D. Consequences of Engaging in Detrimental Conduct.**

Within 30 days after the Company sends written notice to you, at any time, following you engaging in any Detrimental Conduct described in sub-paragraphs B(i) or B(ii) above, you shall pay to the Company the Applicable Clawback Amount, as determined by the Company in accordance with these Supplemental Terms.

You acknowledge and agree that in the event of Detrimental Conduct by you, the Company may, in addition to requiring your payment of the Applicable Clawback Amount and exercising other rights and remedies existing in its favor at law or in equity, apply to a court of competent jurisdiction for specific performance and/or injunctive relief to enforce these Supplemental Terms, including the Non-Competition Restriction, prevent or redress any violations thereof, and prohibit your Detrimental Conduct (without posting a bond or other security). You also acknowledge and agree that the enforcement of these Supplemental Terms by injunction will not prevent you from earning a livelihood.

**E. Right to Offset.**

The Company may offset its obligation to make any payment owed to you against amounts due to the Company hereunder, except to the extent such offset is not permitted under Code Section 409A, without the imposition of additional taxes or penalties on you.

**F. At-Will Employment.**

Nothing in these Supplemental Terms shall be construed as changing your status as an employee-at-will of the Company.

**G. Maximum Force of Restrictive Covenants.**

Because of the nature of your work for the Company and the breadth of your knowledge of Confidential Information about the Company and its customers, if any portion of these Supplemental Terms shall be held contrary to law or invalid or unenforceable as to one or more periods of time, geographic territories, or areas of business activities, or any part thereof, the remaining provisions shall not be affected but shall remain in full force and effect and that any such invalid or unenforceable provision shall be deemed, without further action on the part of any person, modified and limited to the extent necessary to render the same valid and enforceable in such jurisdiction. Notwithstanding the foregoing, it is the intent and agreement of you and the Company that these covenants be given the maximum force, effect and application permissible under applicable law.

**H. Governing Law/Successors and Assigns.**

These Supplemental Terms shall be governed, interpreted and construed in accordance with the laws of the State of Florida, excluding its conflicts or choice of law principles. The Company's rights and benefits under these Supplemental Terms shall inure to the benefit of the Company, its subsidiaries and/or controlled affiliates and any successors to any such entity's business and/or assets, whether by operation of law or otherwise.

**I. Defend Trade Secrets Act Notice.**

Pursuant to the Defend Trade Secrets Act of 2016, you understand that you cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of Trade Secrets that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. You also understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's Trade Secrets to the attorney and the Trade Secret information in the court proceeding, if the individual: (a) files any document containing the Trade Secret under seal, and (b) does not disclose the Trade Secret, except pursuant to a court order.

**J. Prior Programs.**

These Supplemental Terms supersede any and all prior "supplemental terms" agreements to which you and the Company are party under the Plan. Specifically, your obligations and the available remedies described under any supplemental terms agreements relating to the Prior Awards will cease to have any effect after the date hereof and the terms hereof shall apply to the Prior Awards and any shares to which such supplemental terms applied. For the avoidance of doubt, in the event that you have entered into any

supplemental terms for the Prior Awards and then forfeit or otherwise become ineligible for the 2017 Award or any Award Shares issued thereunder, your obligations under these Supplemental Terms shall continue in full force and effect with respect to your Prior Awards and any Award Shares issued thereunder, rather than any prior supplemental terms, which are superseded hereby. Notwithstanding the foregoing or anything else contained in these Supplemental Terms, these Supplemental Terms do not in any way modify, amend, supersede or replace other existing agreements you may have entered into with the Company, including those relating to the ownership of intellectual property, protection of confidential information, and non-competition, if any, and all such agreements are hereby ratified and confirmed.

**Key Employee Acknowledgment:**

*I have access to the Plan and have received a copy the terms of the 2017 Award and these Supplemental Terms and hereby acknowledge that, in addition to such remedies as otherwise may be available to the Company, I may be required to return or forfeit the right to receive my Award Shares, including certain Prior Awards under the Plan, should I engage in Detrimental Conduct.*

Key Employee

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

FOR THE COMPANY:

\_\_\_\_\_  
Senior Vice President

\_\_\_\_\_  
Date

**Annex A to the Supplemental Terms**

For purposes of these Supplemental Terms, the following terms have the indicated meaning:

“ Applicable Clawback Amount ” means, during the most recent twelve (12) months of your employment with the Company:

- (i) with respect to Award Shares received by you, in the case of shares of stock, (x) the return of all Award Shares received and continued to be held by you, less any Award Shares you have previously sold to pay taxes on such award, plus (y) if some or all of such Award Shares have been sold by you (exclusive of the amount sold to pay taxes on such reward), an amount equal to (a) the number of Award Shares you have sold (exclusive of the amount sold to pay taxes on such award) multiplied by the selling price per share (and, only in the case of the “buy and hold” exercise of an option awarded under the Plan, less the option strike price), plus (b) the Associated Return, and
- (ii) in the case of cash received by you as a result of the “cashless” exercise of options awarded under the Plan, an amount equal to the cash actually received by you before taxes in respect of the options exercised;

provided, however, that the cash amounts described in (i)(y) and (ii) above shall be reduced, irrespective of any lesser amount of taxes actually withheld by the Company, by using a maximum assumed aggregate tax rate of forty percent (40%).

“ Associated Return ” means a cash payment to be made by you to the Company equal to all dividends, dividend equivalents and interest paid or payable by the Company in respect of the Award Shares through the date of your payment in full of the Applicable Clawback Amount.

“ Award ” means the 2017 Award and the Prior Awards, collectively.

“ Award Shares ” means any and all shares of common stock or cash to which you may become entitled upon the vesting, exercise or settlement of the 2017 Award or the Prior Awards, as applicable.

“ Company ” means Rayonier Advanced Materials Inc. and shall include its subsidiaries and controlled affiliates and any successors to any such entity’s business and/or assets, whether by operation of law or otherwise.

“ Confidential Information ” means confidential information, including Trade Secrets, about the Company’s strategic business plans, operations, manufacturing processes, research and development projects, product pricing, costs and margins, purchasing, customer and supplier relationships, customer retention strategies, preferences and contracts, strategies and plans for servicing customers, experimental and new products, inventions, and other similar nonpublic information that provides a competitive advantage to the Company.

“ Prior Awards ” means awards, if any, made to you under the 2013 Rayonier Advanced Materials Equity Incentive Award Program, 2014 Rayonier Advanced Materials Equity Incentive Program, 2015 Rayonier Advanced Materials Equity Incentive Program, 2016 Rayonier Advanced Materials Equity Incentive Program, and any outstanding awards of options or restricted stock that are unvested as of the date of these Supplemental Terms, other than the 2017 Award.

“ Trade Secrets ” means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.

**RAYONIER ADVANCED MATERIALS INC.**  
**2017 PERFORMANCE SHARE AWARD PROGRAM**  
**MARCH 2017**

**Rayonier Advanced Materials Incentive Stock Plan**  
**March 2017 Long Term Incentive Awards**

**I. Performance Shares for Senior Executives Grade 19 or higher**

Performance Measure : Return on Invested Capital

Performance Period : January 1, 2017 through December 31, 2019 (36 months)

Performance Payout : 0 - 200% of Award Grant, based upon established Share Award Valuation Formula

Share Award Valuation Formula : Return on Invested Capital, as measured over a three-year period. Target and range (Threshold to Maximum) to be approved in February 2017.

TSR Modifier : TSR at or above the 75<sup>th</sup> percentile will result in the application of a +25% multiplier to performance share payouts while TSR at or below the 25<sup>th</sup> percentile will result in the application of a -25% multiplier to performance share payouts. There is no multiplier applied to performance share payouts if TSR performance is between the 25<sup>th</sup> and 75<sup>th</sup> percentile.

TSR peer group will be the S&P SmallCap 600 Capped Materials Index .

Form of Payout : Stock

Accrued Dividends/Interest: Dividend equivalents will be accrued and payable at the end of the performance period along with interest on dividends at a rate equal to the prime rate, as reported in the Wall Street Journal, adjusted and compounded annually.

Award Date : March 1, 2017

**II. Performance Shares for non-executives (grade 15-18)**

Performance Measure : Return on Invested Capital

Performance Period : January 1, 2017 through December 31, 2019 (36 months)

Performance Payout : 0 - 200% of Award Grant, based upon established Share Award Valuation Formula

Share Award Valuation Formula : Return on Invested Capital, as measured over a three-year period. Target and range (Threshold to Maximum) to be approved in February 2017.

Form of Payout : Stock

Accrued Dividends/Interest: Dividend equivalents will be accrued and payable at the end of the performance period along with interest on dividends at a rate equal to the prime rate, as reported in the Wall Street Journal, adjusted and compounded annually.

Award Date : March 1, 2017

**Participant Notice**

The 2017 Performance Share Award Program (the “Program”) will utilize ROIC as the measure for determining performance and award outcomes. This metric for the 2017 Program will be measured over a three-year period beginning January 1, 2017 and ending December 31, 2019.

Results for each of the three years in the performance period will be measured independently of the results of the other years. The three individual results will be added together. Participants can earn between 0% and 200% of the target award.

ROIC is a measure of how well a company is using its money to generate returns. For purposes of the Program, ROIC is defined as:

$$\text{(Net operating profit after taxes “NOPAT”}^1 \text{NOPAT} = ((\text{Operating profit less excluded items}) \times (1 - \text{tax rate as assumed in the LRP})) / (\text{Debt} - \text{Cash} + \text{Stockholder Equity (Deficit)})$$

The final number of shares of stock in an Award will be determined as follows:

- The ROIC performance will be calculated and payout levels will be determined per the following table for the program. The interpolative table for 2018 and 2019 will be published at the time the objective is communicated.

ROIC Level for 2017	Award (Expressed as a Percent of Target)
Left blank intentionally. Will be completed when objectives are approved and communicated.	

- Payment, if any, will be made in RYAM stock, and may be reduced, to the extent allowed under applicable regulations, by the number of shares of stock equal in value to the amount needed to cover associated tax liabilities.
- Dividend equivalents and interest will be paid in cash on the number of RYAM shares of stock earned under the Program.
- Dividend equivalents and interest will be calculated by taking the dividends paid on one share of RYAM stock during the performance period times the number of shares of stock awarded at the end of the period. Interest on such dividends will be earned at a rate equal to the prime rate as reported in the Wall Street Journal, adjusted and compounded annually; from the date such cash dividends were paid by the Company.
- Total Awards will be valued on March 1 following the end of the three year performance period using the average of the closing price of the ten trading days preceding this date. Awards, including dividends and interest, will be distributed to participants as soon as practicable following the valuation date.
- Target awards will be prorated in cases of retirement, death, or disability in accordance with Plan provisions.
- The following will be excluded from the ROIC calculation:
  - Additional impact of accounting expense associated with the plan
  - Unusual non-recurring income and expense items defined as below.
    - business acquisition costs
    - environmental liability adjustments in excess of LRP amounts
    - restructuring and impairment charges
    - bond repurchases gains or losses
    - financing issuance costs
    - changes in accounting methods or principals different than those assumed in the LRP
  - Results of material business acquisitions not included in the calculation of the target ROIC amounts above will be excluded in the year of the acquisition but included in the calculations for the remaining years of the program

For certain employees, awards will consist of an additional metric used as a “modifier” to the total award. TSR peer group will be the S&P SmallCap 600 Capped Materials Index.

<sup>1</sup> NOPAT = ((Operating profit less excluded items) x (1 - tax rate as assumed in the LRP))

The final results of the 2016 program will be modified as follows:

TSR Ranking	Modifier
Below the 25 <sup>th</sup> percentile	Results are reduced by 25%
Greater than or equal to the 25 <sup>th</sup> percentile but less than the 75 <sup>th</sup> percentile	Results are not modified
Greater than or equal to the 75 <sup>th</sup> percentile	Results are increased by 25%

**Rayonier Advanced Materials Inc.**  
**Executive Severance Pay Plan**

**Human Resources**

**February 2017**

---

## 1. Purpose

The Compensation and Management Development Committee of the Board of Directors of Rayonier Advanced Materials Inc. recognizes that, as with many publicly held corporations, there exists the possibility of a Change in Control of the Company. This possibility and the uncertainty it creates may result in the loss or distraction of senior executives of the Company, to the detriment of the Company and its shareholders.

Accordingly, the Committee has determined that appropriate steps should be taken to assure the Company of the continued employment, attention and dedication to duty of its senior executives-including maintaining professionalism, indifference and objectivity in negotiating with a potential acquirer and to seek to ensure the availability of their continued service, notwithstanding the possibility, threat, or occurrence of a Change in Control.

Therefore, in order to fulfill the above purposes, this Amended and Restated Executive Severance Pay Plan is adopted effective as of January 1, 2016 for any Change in Control occurring pursuant to a definitive agreement that is executed and delivered on or after January 1, 2016; provided, however, that for any Change in Control occurring pursuant to a definitive agreement that is executed and delivered prior to January 1, 2016, the terms of this Plan as were in effect on the date of execution and delivery of such definitive agreement shall in all events control.

The definitions of capitalized terms are located in Section 8.

## 2. Covered Employees

Covered employees under this Plan are those full-time, regular executive salaried employees of the Company, who are identified and designated as Tier I or Tier II on Appendix A attached hereto (each an “Executive”), as such Appendix A may be amended by the Committee from time to time prior to a Change in Control.

An Executive shall cease to be a participant in this Plan only as a result of termination or amendment of this Plan complying with Section 13, or when he or she ceases to be a full time employee of the Company, unless, at the time he or she ceases to be an employee, such Executive is entitled to payment of Separation Benefits as provided in this Plan or there has been an event or occurrence that constitutes Good Reason after a Change in Control that would enable Executive to terminate his or her employment and receive Separation Benefits. An Executive entitled to payment of Separation Benefits under the Plan shall remain a participant in the Plan until the full amount of the Separation Benefits has been paid to Executive.

## 3. Upon a Qualifying Termination

A. Qualifying Termination. If, within two years following a Change in Control, (a) an Executive terminates his or her full time employment for Good Reason, or (b) the Company terminates an Executive’s full time employment, the Executive shall be provided Scheduled Severance Pay and Additional Severance (collectively, “Separation Benefits”) in accordance with the terms of this Plan, except that Separation Benefits shall not be payable where Executive:

- is terminated for Cause;
- voluntarily resigns (including normal retirement), other than for Good Reason;
- voluntarily fails to return from an approved leave of absence (including a medical leave of absence); or
- terminates employment as a result of Executive’s death or Disability.

Any non-expected termination is a “Qualifying Termination.”

B. Definitions Related to Qualifying Termination. For purposes of this Section 3, the following terms have the indicated definitions:  
 “Cause” shall mean with respect to any Executive: (i) the willful and continued failure of Executive for a period of ninety (90) days to perform substantially Executive’s duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Executive by the Board of Directors of the Company that specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive’s duties, or (ii) the engaging by Executive in illegal conduct or gross misconduct that is demonstrably injurious to the Company. For purposes of this definition, no act or failure to act on the part of Executive shall be considered “willful” unless it is done, or omitted to be done, by Executive without reasonable belief that Executive’s action or omission was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution duly adopted by the Board of Directors or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and, in the best interests of the Company. An

Executive shall be deemed to have engaged in illegal conduct and shall be subject to termination for Cause if Executive has been indicted or charged by any prosecuting agency with the commission of a felony.

“Disability” shall mean an illness or injury that has prevented Executive from performing his or her duties (as they existed immediately prior to the illness or injury) on a full-time basis for 180 consecutive business days.

“Good Reason” shall mean, with respect to any Executive: (i) the assignment to Executive of any duties inconsistent in any respect with Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities immediately before the Change in Control, or any other action by the Company that results in a significant diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive; (ii) any material reduction in Executive’s Base Pay, opportunity to earn annual bonuses or other compensation or employee benefits, other than as a result of an isolated and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by Executive; (iii) the Company’s requiring Executive to relocate his or her principal place of business to a place which is more than thirty-five (35) miles from his or her previous principal place of business; or (iv) any purported termination of this Plan otherwise than as expressly permitted by this Plan. Notwithstanding the foregoing, no termination shall be deemed to be for Good Reason unless (1) Executive gives written notice to the Company of the event or condition claimed to constitute Good Reason within ninety (90) days of the first occurrence of such event or condition, (2) the Company fails to cure such event or condition within thirty (30) days of such notice, and (3) Executive gives a notice of termination specifying a date of termination not later than one hundred and twenty (120) days after delivery by Executive of the written notice to the Company of the event or condition claimed to constitute Good Reason; provided further that, no basis for a termination for “Good Reason” shall apply if it would cause any portion of the resulting amounts payable hereunder to cease to be eligible for the short-term deferral exception to the application of Code Section 409A Rules.

#### 4. Plan Benefits

For purposes of this Plan, “Plan Benefits” consist of (i) Scheduled Severance Pay calculated as provided in Section 4A, (ii) Additional Severance calculated as provided in Section 4B and Section 4C, and (iii) the Equity Benefits as provided in Section 4D. The Company shall pay the Scheduled Severance Pay and Additional Severance to Executive in a lump sum not later than ten (10) days after the Effective Date of the Executive’s Qualifying Termination; provided that, no portion of the Scheduled Severance Pay or Additional Severance that is payable on account of an Executive’s Separation from Service shall be paid earlier than the end of the Separation Delay Period if the payment is on account of such Separation from Service and at that date the Executive is a Specified Employee; provided that, such delay in payment shall not apply to any portion of the Scheduled Severance Pay or Additional Severance that is excepted from such delay under the Code Section 409A Rules as a Short-Term Deferral or Separation Pay. The Company shall pay the Equity Benefits as provided in Section 4D upon the Executive’s Qualifying Termination; provided that, no portion of the Equity Benefits that is payable as a result of the Executive’s Separation from Service shall be paid prior to the end of the Separation Delay Period if on the date of such Separation from Service the Executive was a Specified Employee; and provided further that, such delay in payment shall not apply to any such amounts that are excepted from such delay under the Code Section 409A Rules as Short-Term Deferrals or Separation Pay.

- A. An Executive’s “Scheduled Severance Pay” is the product of the Executive’s Base Pay times the Executive’s Applicable Tier Multiplier.
- B. An Executive’s “Additional Severance” is the sum of the Executive’s Benefits Continuation Amount, calculated as provided in Section 4C below, and the Executive’s Bonus Severance, calculated as provided in this Section 4B.
- (i) An Executive’s “Bonus Severance” is the product of the Executive’s Applicable Bonus times the Executive’s Applicable Tier Multiplier, together with an additional amount equal to the Executive’s Current Pro-rata Bonus.
- (1) An Executive’s “Applicable Bonus” is the greatest of (A) the highest bonus amount actually paid to the Executive under the Rayonier Advanced Materials annual incentive bonus plan (the “Bonus Plan”) in the three year period comprised of the year of the Qualifying Termination and the two immediately preceding calendar years, (B) the Executive’s Target Bonus Award under the Bonus Plan for the year in which the Change in Control takes place or (C) the Executive’s Target Bonus Award under the Bonus Plan in the year of Qualifying Termination. The Executive’s Applicable Bonus shall be determined without regard to any election the Executive may have made to defer receipt of all or any portion thereof as if there had been no deferral election in effect.
- (2) An Executive’s “Current Pro-rata Bonus” is equal to the product of the Executive’s Applicable Bonus times a fraction the numerator of which is the number of months or portion thereof lapsed in the then current year prior to the Qualifying Termination and the denominator of which is twelve.

- C. Benefits Continuation Amounts. The Executive's Benefits Continuation Amount is the sum of the Executive's Retirement Savings Adjustment and Other Benefits Adjustment. The Executive's Retirement Savings Adjustment shall be in addition to amounts to which Executive is entitled under the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc., the Retirement Plan for Salaried Employees of ITT Corporation, the Rayonier Advanced Materials Investment and Savings Plan for Salaried Employees and the Supplemental Plans (collectively, the "Retirement Plans"), in effect on the Effective Date of the Qualifying Termination. (Capitalized terms in this Section 4C that are not otherwise defined here or elsewhere in this Plan shall have the meaning ascribed to them in the applicable Retirement Plans.)
- (i) An Executive's "Retirement Savings Adjustment" is an amount equal to the excess of (X) over (Y), where (X) is the "Equivalent Actuarial Value" of the benefit to which Executive would have been entitled under the terms of the Retirement Plans, without regard to "vesting" thereunder, had Executive accumulated an additional 3 years of eligibility service as a fully vested participant in the Retirement Plans and an additional 3 years of benefit service in all the Retirement Plans other than the Retirement Plan for Salaried Employees of ITT Corporation and the ITT Supplemental Plans and as if Executive were 3 years older, solely for purposes of benefit eligibility and determining the amount of reduction in benefit on account of payment commencing prior to the Executive's normal retirement date, and by defining Executive's "Final Average Compensation" as equal to the greater of Executive's Base Pay on the Effective Date of Executive's Qualifying Termination or Executive's Final Average Compensation as determined under the terms of the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc., and (Y) is the Equivalent Actuarial Value of the amounts otherwise actually payable to Executive under the Retirement Plans. The Equivalent Actuarial Value shall be determined using the same assumptions utilized under the Rayonier Advanced Materials Inc. Excess Benefit Plan upon the date of payment of the Benefits Continuation Amount and based on Executive's age on such date. Notwithstanding the foregoing, for purposes of calculating the Retirement Savings Adjustment, Executive shall not be required to contribute to the Rayonier Advanced Materials Investment and Savings Plan for Salaried Employees (the "Savings Plan") or the Rayonier Advanced Materials Inc. Excess Savings and Deferred Compensation Plan (the "Excess Plan") as a condition to receiving the Retirement Savings Adjustment nor shall the Company be required to include in the Retirement Savings Adjustment amounts attributable to contributions Executive would have made under the Savings Plan or the Excess Plan had Executive continued to participate in those plans. The Company shall only be obligated to include in the Retirement Savings Adjustment the Company contributions that would have been made under the Savings Plan and the Excess Plan had Executive continued to participate in those plans at the level of compensation and rate of contribution in effect as of the pay date immediately preceding the Effective Date of the Qualifying Termination, without allocating any deemed earnings to said Company contributions.
- (ii) Other Benefits Adjustment. The "Other Benefits Adjustment" is an amount equal to the sum of the Medical Benefits Payment, the Executive Tax Services Payment and the Outplacement Services, determined as provided in subsections (1) - (3) below.
- (1) An Executive's "Medical Benefits Payment" is the product of the employer contribution component of the health and welfare plans maintained for the Executive as of the Change in Control under the applicable employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) maintained by the Company for the benefit of the Company's employees at such date, times the Executive's Applicable Tier Multiplier, discounted for present value applying a 4% discount rate.
- (2) An Executive's "Executive Tax Services Payment" means \$10,000 in the case of a Tier II Executive and, in the case of a Tier I Executive, the amount that otherwise would be payable for one year under the Company's Senior Executive Tax Plan (or any successor thereto), as applicable to the Executive immediately prior to the Change in Control, together with an amount equal to any Senior Executive Tax Plan benefits accrued but unpaid as of the Effective Date of the Qualifying Termination.
- (3) "Outplacement Services" means the cost of outplacement services, the scope and provider of which shall be selected by Executive in his or her sole discretion, for a period not to extend beyond twelve (12) months after the Effective Date of Executive's Qualifying Termination, in an amount not to exceed \$30,000 in the aggregate.
- D. Equity Benefits. Company shall provide to Executive the following additional benefits upon a Qualifying Termination of the Executive, to the extent not actually provided under an Applicable Incentive Stock Plan of the Company (collectively, the "Equity Benefits"). Terms used in this Section 4D not otherwise defined in this Plan shall have the meaning assigned in the Applicable Incentive Stock Plan.
- (i) Options. The Company shall cause all of the options to purchase the Common Shares of the Company ("Stock Options") granted to Executive prior to the Qualifying Termination by the Company to become immediately exercisable in full in accordance with the terms of the Applicable Incentive Stock Plan pursuant to which they were issued (provided that no Stock Option shall be exercisable after the termination date of such Stock Option).

- (ii) Restricted Stock. The Company shall (a) cause Executive to immediately vest in all outstanding shares of Restricted Stock that were the subject of an Award under the Applicable Incentive Stock Plan, which Restricted Stock is held by or for the benefit of the Executive immediately prior to the Qualifying Termination without any remaining restrictions other than those imposed by applicable securities laws, and (b) issue stock certificates in respect thereof to Executive without a restrictive legend.
- (iii) Restricted Stock Units. The Company shall cause all unvested Restricted Stock Units granted to Executive prior to the Qualifying Termination by the Company to become immediately vested and to be settled in accordance with the terms of the Applicable Incentive Stock Plan.
- (iv) Performance Share Awards. In the event of a Qualifying Termination, Awards of “Performance Shares” under all “Performance Share Award Programs” shall be settled as follows: (a) with respect to any Award for which the applicable Performance Period is more than 50% completed, the Performance Period shall be deemed to end as of the date of the Qualifying Termination and the Executive shall receive the greater of (1) the result obtained by applying the share price at the closing of the transaction causing the Change in Control for purposes of measuring Company performance with that of the comparison group at that time under the applicable program, and (2) the Award at 100% of target performance under the applicable program; and (b) with respect to any Award as to which the applicable Performance Period is not more than 50% completed, the Executive shall receive the Award at 100% of target performance under the applicable program.
- (v) Coordination with Incentive Stock Plans. Any amounts paid or payable hereunder shall be an offset against amounts otherwise due from the Company under the Applicable Incentive Stock Plan in respect of the same Award covered herein.
- (vi) Coordination with Section 409A. If at any time the payment of an Equity Benefit would be deemed to be payable to an Executive as a result of the Executive’s Separation from Service, payment of such Equity Benefit shall not be made earlier than the end of the Separation Delay Period where on the date of the Separation from Service the Executive was a Specified Employee; provided that, such delay in payment shall not apply to any portion of the Equity Benefit that is excepted from such delay under the Code Section 409A Rules as a Short-Term Deferral, Separation Pay or otherwise. It is the intention that all payments under this Plan be excluded from penalties under the Code Section 409A Rules.

## 5. Dispute Resolution

- A. In the event any dispute arises between Executive and the Company as to the validity, enforceability and/or interpretation of any right or benefit afforded by this Plan, at Executive’s option such dispute shall be resolved by binding arbitration proceedings in accordance with the rules of the American Arbitration Association. The arbitrators shall presume that the rights and/or benefits afforded by this Plan which are in dispute are valid and enforceable and that Executive is entitled to such rights and/or benefits. The Company shall be precluded from asserting that such rights and/or benefits are not valid, binding and enforceable and shall stipulate before such arbitrators that the Company is bound by all the provisions of this Plan. The burden of overcoming by clear and convincing evidence the presumption that Executive is entitled to such rights and/or benefits shall be on the Company. The results of any arbitration shall be conclusive on both parties and shall not be subject to judicial interference or review on any ground whatsoever, including without limitation any claim that the Company was wrongfully induced to enter into this agreement to arbitrate such a dispute. The Company shall pay the cost of any arbitration proceedings under this Plan. Executive shall be entitled (within two (2) business days of requesting such advance) to an advance of the actual legal fees and expenses incurred by such Executive in connection with such proceedings and Executive shall be obligated to reimburse the Company for such fees and expenses in connection with such arbitration proceedings only if it is finally and specifically determined by the arbitrators that Executive’s position in initiating the arbitration was frivolous and completely without merit.
- B. In the event Executive is required to defend in any legal action or other proceeding the validity or enforceability of any right or benefit afforded by this Plan, the Company will pay any and all actual legal fees and expenses incurred by such Executive regardless of the outcome of such action and, if requested by Executive, shall (within two business days of such request) advance such expenses to Executive. The Company shall be precluded from asserting in any judicial or other proceeding commenced with respect to any right or benefit afforded by this Plan that such rights and benefits are not valid, binding and enforceable and shall stipulate in any such proceeding that the Company is bound by all the provisions of this Plan.
- C. Amounts payable by the Company under this Section 5 shall in the first instance be paid by the trustee under the trust established by that certain Trust Agreement, known as the “Legal Resources Trust”, to the extent such amounts were previously transferred by the Company to the trustee of the Legal Resources Trust.

## 6. Covenants of Executive

- A. As a condition to the receipt of a designated portion of the Plan Benefits otherwise payable hereunder in cash (such portion, the “Covenant Amount”) and in consideration thereof, Executive shall be deemed to have made and be bound by the “Change in Control Covenants” (defined below), which at the request of the Company shall be acknowledged by Executive in a simple declarative statement “I hereby confirm that I am bound by the Change in Control Covenants” attested to in writing by the Executive. The Covenant Amount shall be equal to so much of the identified amount payable in cash as the Company shall designate in a written notice to Executive given within thirty (30) days of the Qualifying Termination; provided that, the Covenant Amount shall not exceed an amount equal to the Base Pay of Executive immediately before the Qualifying Termination multiplied by the Executive’s Applicable Tier Multiplier and determined by the Company in good faith to be reasonable compensation for the Change in Control Covenants. For the sake of clarity, the Covenant Amount shall not be an additional payment beyond the Plan Benefits provided for under this Plan; rather, a portion of the Plan Benefits that the Executive is otherwise entitled to receive hereunder shall be allocated as the Covenant Amount; and provided further that, an Executive who receives any Plan Benefit under this Plan shall make, and will be bound by, the Change in Control Covenants.
- B. The Executive’s “Change in Control Covenants” are the Non-compete Covenants and the Confidentiality Covenants as set forth in this Section 6B.
- (i) Non-compete Covenants. For a period equal to one year following a Qualifying Termination (the “Covenant Period”), Executive covenants that Executive shall not, without the prior authorization of the Company (which shall not be unreasonably withheld):
- (1) accept or maintain employment with, or act as a principal of, or advisor or consultant to, or otherwise act as an agent of, any person, firm, corporation or other entity that competes directly with Company immediately before the Qualifying Termination; or
  - (2) solicit any client having a relationship with the Company to terminate or reduce in a way materially adverse to the Company any relationship such client has with the Company; or
  - (3) solicit for employment any individual that was employed by the Company within sixty (60) days preceding the Qualifying Termination and who was employed by the Company during the Covenant Period and within sixty (60) days prior to such solicitation; or
  - (4) except as permitted or compelled by law, orally or in writing, disparage, demean or deprecate the Company or any products of the Company.
- (ii) Confidentiality Covenants. While employed by the Company following the Change in Control, and for a period of two (2) years following a Qualifying Termination (the “Confidential Information Period”), Executive covenants that Executive shall not disclose or make available to any person or entity any “Confidential Information” (as defined below) and shall not use or cause to be used any Confidential Information for any purpose other than fulfilling Executive’s employment obligations to the Company, without the express prior written authorization of the Company. For this purpose, “Confidential Information” means all information about the Company relating to any of its products or services or any phase of operations, including, without limitation, Trade Secrets (as defined below), business plans and strategies, know-how, contracts, financial statements, pricing strategies, costs, customers and potential customers, vendors and potential vendors, marketing and distribution information, business results, software, hardware, databases, processes, procedures, technologies, designs, inventions, concepts, ideas, and methods not generally known through legitimate means to any of its competitors with which Executive became acquainted during the term of employment by the Company. “Trade Secrets” are all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing.
- Pursuant to the Defend Trade Secrets Act of 2016, Executive understands that he or she cannot be held criminally or civilly liable under any federal or state trade secret law for the disclosure of Trade Secrets that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive also understands that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer’s Trade Secrets to the attorney and the Trade Secret information in the court proceeding, if the individual: (a) files any document containing the Trade Secret under seal, and (b) does not disclose the Trade Secret, except pursuant to a court order.

Moreover, the covenants set forth in Sections 6B(i)(4) and 6B(ii) are not intended to, and do not prevent Executive from voluntarily providing information to a government agency nor require Executive to obtain express prior written authorization of the Company before doing so.

Confidential Information also includes confidential information of third parties made available to the Company on a confidential basis, but does not include (a) information which is generally known to the public without breach by Executive, (b) was given to Executive by a third party without any obligation of confidentiality, or (c) was obtained or independently developed by Executive prior to or following employment by the Company without the use of information that is otherwise Confidential Information.

- (iii) Certain Public Company Employment. Executive will not be considered to have violated the covenant in Section 6B(i)(1) above by employment with a public company that competes with the Company as long as no competing division of the public company reports to Employee.
- C. Remedies Limited to Equitable Relief. By accepting payment of the Covenant Amount, Executive shall be deemed (a) to have acknowledged that in the event Executive breaches any of the Change in Control Covenants, the damages to the Company would be irreparable and that the Company shall have the right to seek injunctive and/or other equitable relief in any court of competent jurisdiction to enforce the Change in Control Covenants and (b) to have consented to the issuance of a temporary restraining order to maintain the status quo pending the outcome of any proceeding. The foregoing shall be the exclusive remedy of the Company for a breach of the Change in Control Covenants and under no circumstances shall the Company be entitled to seek return of all or any portion of the Covenant Amount or of any other amount payable hereunder, nor shall the Company be awarded or accept monetary damages for any such breach.

#### 7. Section 280G Cutback

- A. Notwithstanding any provision of this Plan to the contrary, in the event that the payments and other benefits payable under this Plan or otherwise payable to the Executive under any other plan, program, arrangement, or agreement maintained by the Company or one of its affiliates (i) would constitute an “excess parachute payment” (as defined under Code Section 280G ) and (ii) would be subject to the excise tax imposed by Section 4999 of the Code, then such payments and other benefits shall be payable either (x) in full or (y) in a reduced amount that would result in no portion of such payments and other benefits being subject to the excise tax imposed under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state, and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by such Executive on an after-tax basis, of the greatest amount of severance benefits under this Plan or otherwise, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.
- B. The determination of whether it is necessary to decrease a payment or benefit to be paid under this Plan must be made in good faith by a nationally recognized certified public accounting firm (the “Accounting Firm”) selected by the Company. This determination will be conclusive and binding upon the Executive and the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity, or group effecting the Change in Control, the Company shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). The Company shall bear all fees of the Accounting Firm. If a reduction is necessary, the Executive will have the right to designate the particular payment or benefit to be reduced or eliminated so that no portion of the payment or benefit to be paid to the Executive will be an excess parachute payment subject to the deduction limits under Section 280G of the Code and the excise tax under Section 4999. However, no payment of “deferred compensation” (as defined under Treasury Regulation Section 1.409-1(b)(1) after giving effect to the exemptions in Treasury Regulation Sections 1.409-1(b)(3) through (b)(12)) may be reduced to the extent that a reduction can be made to any payment or benefit that is not “deferred compensation.”

#### 8. Definitions

The following terms used in this Plan have the indicated meaning:

“Accounting Firm” has the meaning set forth in Section 7.

“Additional Severance” with respect to an Executive means the sum of Executive’s Benefits Continuation Amount and Executive’s Bonus Severance as set forth in Section 4B.

“Applicable Bonus” has the definition set forth in Section 4B(i)(1).

“Applicable Incentive Stock Plan” means the Rayonier Advanced Materials Incentive Stock and Management Bonus Plan, as amended, as the context dictates, as in effect immediately prior to a Change in Control.

“Applicable Tier Multiplier” means three (3) for Tier I Executives and two (2) for Tier II Executives.

“Award” has the meaning set forth in the Applicable Incentive Stock Plan, as the context requires.

“Base Pay” means the annual base salary rate payable to Executive at the Effective Date of the Qualifying Termination, including compensation converted to other benefits under a flexible pay arrangement maintained by the Company or deferred pursuant to a written plan or agreement with the Company, provided that, such annual base salary rate shall in no event be less than the highest annual base salary rate paid to Executive at any time during the twenty-four (24) month period immediately preceding the Change in Control.

“Benefits Continuation Amount” with respect to an Executive means the amount calculated as provided in Section 4C and payable upon a Qualifying Termination.

“Bonus Plan” has the definition set forth in Section 4B(i)(1).

“Bonus Severance” with respect to an Executive means the sum of the amount calculated under Section 4B(i)(1) and the Current Pro-rata Bonus calculated under Section 4B(i)(2), and payable upon a Qualifying Termination.

“Businesses” has the definition set forth in Section 6B(i)(1).

“Cause” has the definition provided in Section 3B.

“Change in Control” has the definition set forth in the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc., and as the same may be hereafter amended from time to time prior to the occurrence of a Change in Control.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, and “Code Section 409A Rules” shall mean Section 409A of the Code and the final regulations and other IRS guidance promulgated thereunder, as in effect from time to time.

“Committee” means the Compensation and Management Development Committee of the Board of Directors of the Company.

“Company” means Rayonier Advanced Materials Inc. and any successor to, or assignee of, the business or assets thereof that becomes bound by this Plan as provided in Section 10.

“Confidentiality Covenants” with respect to an Executive are the covenants set forth in Section 6B(ii) and for which purpose “Confidential Information” has the definition set forth in Section 6 B(ii).

“Covenant Amount” with respect to an Executive is the cash portion of Plan Benefits designated as provided in Section 6A.

“Covenant Period” is the period determined under Section 6B(i) during which an Executive is bound by the Non-compete Covenants.

“Current Pro-rata Bonus” has the definition set forth in Section 4B(i)(2).

“Disability” has the definition provided in Section 3B.

“Effective Date of the Qualifying Termination” is the date the Company selects as the Executive’s last day of active full-time employment.

“Equity Benefits” means the Plan Benefits payable upon a Qualifying Termination as provided in Section 4D.

“Equivalent Actuarial Value” has the definition applicable under the Retirement Plans.

“Executive Tax Services Payment” means the amount calculated in accordance with Section 4C(ii)(2).

“Excess Plan” has the definition provided in Section 4C(i).

“Executive” means a person identified on Appendix A, as amended from time to time by the Committee prior to a Change in Control.

“Final Average Compensation” has the meaning applicable under the Retirement Plans.

“Good Reason” has the definition provided in Section 3B. “Legal Resources Trust” has the definition provided in Section 5C.

“Medical Benefits Payment” means the amount calculated in accordance with Section 4C(ii)(1).

“Non-compete Covenants” with respect to an Executive are the covenants set forth in Section 6(B)(i).

“Other Benefits Adjustment” has the definition in Section 4C(ii).

“Outplacement Services” has the definition set forth in Section 4C(ii)(3).

“Performance Shares” and “Performance Share Award Programs” mean the right to receive contingent performance shares or performance shares (or other Awards) to be made at the end of a performance period under programs adopted by the Committee under Section 6 of the Applicable Incentive Stock Plan under which such program was authorized, upon attainment of the comparative performance measures provided for in such program.

“Plan Benefits” has the definition provided in Section 4.

“Plan Change” has the definition set forth in Section 13.

“Plan” means this Executive Severance Pay Plan effective as provided in Section 17.

“Qualifying Termination” has the definition provided in Section 3A.

“Retirement Plans” has the definition provided in Section 4C.

“Retirement Savings Adjustment” with respect to an Executive means the amount calculated in accordance with Section 4C(i), for which purpose “normal retirement date” means the first of the month that coincides with or follows Executive’s 65th birthday.

“Savings Plan” has the definition set forth in Section 4C(i).

“Scheduled Severance Pay” with respect to an Executive means the amount calculated as provided in Section 4A and payable upon a Qualifying Termination.

“Separation Benefits” as provided in Section 3A means with respect to an Executive means the sum of the Executive’s Scheduled Severance Pay and Additional Severance payable in respect of a Qualifying Termination.

“Separation Delay Period” shall mean the six month period following the date of an Executive’s Separation from Service (or such other applicable period as may be provided for by Section 409A(a)(2)(B)(i) of the Code as in effect at the time), or earlier upon the death of the Executive, such that any payment delayed during the Separation Delay Period is to be paid on the first business day of the seventh month following the Separation from Service or, if earlier, such Executive’s death.

“Separation from Service” and “Separation Pay” and “Short-Term Deferral” and “Specified Employee” shall have the respective meanings assigned such terms under the Code Section 409A Rules.

“Severance Trust” has the definition provided in Section 11.

“Supplemental Plans” means any excess benefit plan, within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder (“ERISA”), or any supplemental executive retirement plan or other employee pension benefit plan, within the meaning of Section 3(2) of ERISA, not intended to be qualified under Section 401 (a) of the Code, maintained by the Company or by ITT Corporation, subject to the terms and conditions of such plans, in which the Executive is entitled to benefits by virtue of his employment with the Company or prior employment by ITT Corporation.

“Target Bonus Award” means the standard bonus target percentages of base salaries, as defined under the Bonus Plan for the respective executive salary grades as determined pursuant to Company base salary compensation schedules in effect for eligible executives at a 100 percent performance factor as of December 31 of the year in which the Change in Control takes place.

“Tier I” or “Tier II” means the designation assigned to an Executive on Appendix A as adopted and in effect immediately prior to a Change in Control.

## 9. Release

No Separation Benefits will be provided under this Plan unless Executive executes and delivers to the Company a mutual release, satisfactory to the Company, in which Executive discharges and releases the Company and the Company's directors, officers, employees, and employee benefit plans from all claims (other than for benefits, to which Executive is entitled under this Plan or any Company employee benefit plan) arising out of Executive's employment or termination of employment and the Company discharges and releases Executive from any and all claims arising out of Executive's employment or termination of employment with the Company.

## 10. Successor to Company

This Plan shall bind any successor of the Company, its assets, or its businesses (whether direct or indirect, by purchase, merger, consolidation, or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place.

In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations under this Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

## 11. Administration of Plan/Coordination with Severance Trust

The Company is the Named Fiduciary for the Plan under ERISA. The Committee is the Plan Administrator, which shall have the exclusive right to interpret this Plan, adopt any rules and regulations for carrying out this Plan as may be appropriate and, except as otherwise provided in this Plan, decide any and all matters arising under this Plan. All interpretations and decisions by the Committee shall be final, conclusive and binding on all parties affected thereby.

Amounts payable by the Company under this Plan (except under Section 5) may be made by direction of the Company to the trustee under the trust established by that certain Trust Agreement for the Rayonier Advanced Materials Inc. Supplemental Senior Executive Pay Plan (the "Severance Trust"), to the extent such amounts were previously transferred by the Company to the trustee of the Severance Trust, but shall be deemed to have been paid only upon receipt by the Executive.

## 12. Claims Procedure

If an employee or former employee makes a written request alleging a right to receive benefits under this Plan or alleging a right to receive an adjustment in benefits being paid under the Plan, the Company shall treat it as a claim for benefit. All claims for benefit under the Plan shall be sent to the Company's Senior Vice President, Human Resources, or such other officer as may be designated by the Committee, and must be received within thirty (30) days after termination of employment. If the Company determines that any individual who has claimed a right to receive benefits, or different benefits, under the Plan is not entitled to receive all or any part of the benefits claimed, it will inform the claimant in writing of its determination and the reasons therefor in terms calculated to be understood by the claimant. The notice will be sent within ninety (90) days of the claim unless the Company determines additional time, not exceeding ninety (90) days, is needed. The notice shall make specific reference to the pertinent Plan provisions on which the denial is based, and describe any additional material or information as necessary. Such notice shall, in addition, inform the claimant what procedure the claimant should follow to take advantage of the review procedures set forth below in the event the claimant desires to contest the denial of the claim. The claimant may within ninety (90) days thereafter submit in writing to the Company a notice that the claimant contests the denial of his or her claim by the Company and desires a further review. The Company shall within sixty (60) days thereafter review the claim and authorize the claimant to appear personally and review pertinent documents and submit issues and comments relating to the claim to the persons responsible for making the determination on behalf of the Company. The Company will render its final decision with specific reasons therefor in writing and will transmit it to the claimant within sixty (60) days of the written request for review, unless the Company determines additional time, not exceeding sixty (60) days, is needed, and so notifies the employee. If the Company fails to respond to a claim filed in accordance with the foregoing within sixty (60) days or any such extended period, the Company shall be deemed to have denied the claim. If the appeal is denied, the Committee's written notification to the claimant shall set forth: (1) the specific reason for the adverse determination; (2) specific reference to pertinent provisions on which the Committee based its adverse determination; (3) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies, of, all documents, records and other information relevant to the claimant's claim for benefits; and (4) a statement that the claimant has a right to bring a civil action under Section 502(a) of ERISA.

## 13. Termination or Amendment

The Committee or the Company's Board of Directors may amend or terminate this Plan (a "Plan Change") at any time, except that no such Plan Change may reduce or adversely affect Separation Benefits for any Executive who has a Qualifying Termination within two years of the effective date of such Plan Change provided that Executive was a Covered Employee under this Plan on the date of the Plan Change; provided that (a) a change in Appendix A prior to a Change in Control shall not be deemed to be a Plan Change and (b) an Executive by accepting any benefit under this Plan that was introduced prior to a Change in Control and not available prior to the Plan Change, shall be deemed to have waived the two-year limitation. Notwithstanding the foregoing, for two years after the occurrence of a Change in Control event, this Plan may not be terminated or amended until after all Executives who become entitled to any payments hereunder shall have received such payments in full. Any extension, amendment, or termination of this Plan in accordance with the foregoing shall be made in accordance with the Company's charter and bylaws and applicable law, and shall be evidenced by a written instrument signed by a duly authorized officer of the Company, certifying that such action has been taken.

#### 14. Plan Supersedes Prior Plans

This Plan supersedes and replaces all prior severance policies, plans, or practices maintained by the Company with respect to all Covered Employees other than individualized written agreements executed by the Company and Executive.

#### 15. Unfunded Plan Status

This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Section 401 of ERISA. All payments pursuant to the Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Executive or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan. Notwithstanding the foregoing, the Company may but shall not be obligated to create one or more grantor trusts, such as the Legal Resources Trust and the Severance Trust, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under the Plan.

#### 16. Miscellaneous

Except as provided in this Plan, Executive shall not be entitled to any notice of termination or pay in lieu thereof.

In cases where Severance Pay is provided under this Plan, pay in lieu of any unused current year vacation entitlement will be paid to Executive in a lump sum.

This Plan is not a contract of employment, does not guarantee any Executive employment for any specified period and does not limit the right of the Company to terminate the employment of any Executive at any time.

The section headings contained in this Plan are included solely for convenience of reference and shall not in any way affect the meaning of any provision of this Plan.

If, for any reason, any one or more of the provisions or part of a provision contained in this Plan shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Plan not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent consistent with law remain in full force and effect.

#### 17. Adoption Date and Amendment

This Plan was first adopted effective June 28, 2014 and was amended effective January 1, 2016. On February 23, 2017, changes to the Plan were approved by the Committee and adopted effective as of March 1, 2017, for any Change in Control occurring pursuant to a definitive agreement that is executed and delivered on or after March 1, 2017; provided, however, that for any Change in Control occurring pursuant to a definitive agreement that is executed and delivered prior to March 1, 2017, the terms of this Plan as were in effect on the date of execution and delivery of such definitive agreement shall in all events control.

**Massachusetts Mutual Life Insurance Company**  
**VOLUME SUBMITTER PROFIT SHARING/401(k) PLAN**  
**ADOPTION AGREEMENT**

By executing this Volume Submitter Profit Sharing/401(k) Plan Adoption Agreement (the "Agreement"), the undersigned Employer agrees to establish or continue a Profit Sharing/401(k) Plan. The Profit Sharing/401(k) Plan adopted by the Employer consists of the Defined Contribution Volume Submitter Plan and Trust Basic Plan Document #04 (the "BPD") and the elections made under this Agreement (collectively referred to as the "Plan"). An Employer may jointly co-sponsor the Plan by signing a Participating Employer Adoption Page, which is attached to this Agreement. **This Plan is effective as of the Effective Date identified on the Signature Page of this Agreement.**

In completing the provisions of this Adoption Agreement, unless designated otherwise, selections under the Deferral column apply to all Salary Deferrals (including Roth Deferrals and Catch-Up Contributions) and After-Tax Employee Contributions. In addition, selections under the Deferral column apply to any Safe Harbor Contributions, unless designated otherwise under AA §6C, and also apply to any QNECs and/or QMACs made under the Plan, unless designated otherwise under AA §6D. The selections under the Match column apply to Matching Contributions under AA §6B and selections under the ER column apply to Employer Contributions under AA §6.

**SECTION 1**  
**EMPLOYER INFORMATION**

*The information contained in this Section 1 is informational only. The information set forth in this Section 1 may be modified without amending this Agreement. Any changes to this Section 1 may be accomplished by substituting a new Section 1 with the updated information. The information contained in this Section 1 is not required for qualification purposes and any changes to the provisions under this Section 1 will not affect the Employer's reliance on the IRS Favorable Letter.*

**1-1 EMPLOYER INFORMATION:**

Name: Rayonier Advanced Materials Inc.

Address:

1301 Riverplace Blvd, Suite 2300  
Jacksonville, Florida 33207-9062

Telephone: (904) 357-4600 Fax:

**1-2 EMPLOYER IDENTIFICATION NUMBER (EIN):** 46-4559529

**1-3 FORM OF BUSINESS:**

- C-Corporation     S-Corporation  
 Partnership / Limited Liability Partnership     Limited Liability Company  
 Sole Proprietor     Tax-Exempt Entity  
 Other:

[ *Note: Any entity entered under "Other" must be a legal entity recognized under federal income tax laws. ]*

**1-4 EMPLOYER'S TAX YEAR END:** The Employer's tax year ends December 31

**1-5 RELATED EMPLOYERS:** Is the Employer part of a group of Related Employers (as defined in Section 1.120 of the Plan)?

- Yes  
 No

If yes, Related Employers may be listed below. A Related Employer must complete a Participating Employer Adoption Page for Employees of that Related Employer to participate in this Plan. The failure to cover the Employees of a Related Employer may result in a violation of the minimum coverage rules under Code §410(b). (See Section 2.02(c) of the Plan.)

Rayonier A.M. Products Inc., Rayonier Performance Fibers, LLC, Rayonier A.M. Wood Procurement LLC, Rayonier A.M. Sales and Technology Inc.

[ *Note: This AA §1-5 is for informational purposes. The failure to identify all Related Employers under this AA §1-5 will not jeopardize the qualified status of the Plan. ]*

**SECTION 2  
PLAN INFORMATION**

2-1 **PLAN NAME:** Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees

2-2 **PLAN NUMBER:** 031

2-3 **TYPE OF PLAN:**  Profit Sharing (PS) Plan only     PS and 401(k) Plan     PS and Safe Harbor 401(k) Plan

2-4 **PLAN YEAR:**

- (a) Calendar year.
- (b) The 12-consecutive month period ending on 12/31 each year.
- (c) The Plan has a Short Plan Year running from \_\_\_\_ to \_\_\_\_.

2-5 **FROZEN PLAN :** Check this AA §2-5 if the Plan is a frozen Plan to which no contributions will be made.

This Plan is a frozen Plan effective \_\_\_\_\_. (See Section 3.02(a)(7) of the Plan.)

[ *Note: As a frozen Plan, the Employer will not make any contributions with respect to Plan Compensation earned after such date and no Participant will be permitted to make any contributions to the Plan after such date. In addition, no Employee will become a Participant after the date the Plan is frozen. ]*

2-6 **MULTIPLE EMPLOYER PLAN:** Is this Plan a Multiple Employer Plan as defined in Section 1.82 of the Plan? (See Section 16.07 of the Plan for special rules applicable to Multiple Employer Plans.)

Yes     No

2-7 **PLAN ADMINISTRATOR:**

(a) The Employer identified in AA §1-1.

(b) Name:

Address:

Telephone:

[ *Note: This AA §2-7 may be used to designate an individual who is acting as Plan Administrator under ERISA §3(16). To the extent an individual is named in this AA §2-7 does not take on all responsibilities of Plan Administrator, the Employer will retain those responsibilities as Plan Administrator. See Section 1.96 of the Plan. ]*

**SECTION 3  
ELIGIBLE EMPLOYEES**

3-1 **ELIGIBLE EMPLOYEES:** In addition to the Employees identified in Section 2.02 of the Plan, the following Employees are excluded from participation under the Plan with respect to the contribution source(s) identified in this AA §3-1. See Sections 2.02(e) and (f) of the Plan for rules regarding the effect on Plan participation if an Employee changes between an eligible and ineligible class of employment.

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(a)No exclusions
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(b)Collectively Bargained Employees
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(c)Non-resident aliens who receive no compensation from the Employer which constitutes U.S. source income
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(d)Leased Employees
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(e)Employees paid on an hourly basis

- (f)Employees paid on a salaried basis
- (g)Commissioned Employees
- (h)Highly Compensated Employees
- (i)Key Employees
- (j)Non-Key Employees who are Highly Compensated
- (k)Other: interns and contingent workers

[ **Note:** A class of Employees excluded under the Plan must be defined in such a way that it precludes Employer discretion and may not provide for an exclusion designed to cover only Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service who may represent the minimum number of Nonhighly Compensated Employees necessary to satisfy the coverage requirements under Code §410(b). See Section 2.02(b)(6) of the Plan for special rules that apply to service-based exclusions (e.g., part-time Employees). Also see Section 2.02(b) of the Plan for rules regarding the automatic exclusion/inclusion of other Employees. ]

3-2 **EMPLOYEES OF AN EMPLOYER ACQUIRED AS PART OF A CODE §410(b)(6)(C) TRANSACTION.** An Employee acquired as part of a Code §410(b)(6)(C) transaction will become an Eligible Employee as of the date of the transaction (unless otherwise excluded under AA §3-1 or this AA §3-2). (See Section 2.02(d) of the Plan.)

Employees of the following Employers acquired as part of a Code §410(b)(6)(C) transaction are not eligible to participate under the Plan.

- (a) Employees of an Employer acquired as part of a Code §410(b)(6)(C) transaction will not become an Eligible Employee until after the expiration of the transition period described in Code §410(b)(6)(C)(ii) (i.e., the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction). (See Section 2.02(d) of the Plan.)
- (b) All Employees of any Employer acquired as part of a Code §410(b)(6)(C) transaction are excluded.
- (c) The following acquired Employees are excluded/included under the Plan:

[ **Note:** This subsection may be used to provide for the inclusion or exclusion of Employees with respect to specific Employers at a time other than provided under this AA §3-2. ]

- (d) Describe any special rules that apply for purposes of applying the rules under this AA §3-2:

[ **Note:** If this AA §3-2 is not completed, Employees acquired under a Code §410(b)(6)(C) transaction are eligible to participate under the Plan as of the date of the transaction. However, see Section 2.02(c) of the Plan for rules regarding the coverage of Employees of a Related Employer and AA §4-5 for rules regarding the crediting of service with a Predecessor Employer. Any special rules are subject to the minimum coverage requirements under Code §410(b) and the nondiscrimination rules under Code §401(a)(4). ]

**SECTION 4  
MINIMUM AGE AND SERVICE REQUIREMENTS**

4-1 **ELIGIBILITY REQUIREMENTS - MINIMUM AGE AND SERVICE:** An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service conditions under this AA §4-1 will be eligible to participate under the Plan as of his/her Entry Date (as defined in AA §4-2 below).

- (a) **Service Requirement.** An Eligible Employee must complete the following minimum service requirements to participate in the Plan. If a different minimum service requirement applies for the same contribution type for different groups of Employees or for different contribution formulas, such differences may be described below.

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(1)There is no minimum service requirement for participation in the Plan.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(2)One Year of Service (as defined in Section 2.03(a)(1) of the Plan and AA §4-3).

(3) The completion of at least \_\_\_\_ [ cannot exceed 1,000 ] Hours of Service during the first \_\_\_\_ [ cannot exceed 12 ] months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.

- (i) An Employee who completes the required Hours of Service satisfies eligibility at the end of the designated period, regardless if the Employee actually works for the entire period.
- (ii) An Employee who completes the required Hours of Service must also be employed continuously during the designated period of employment. See Section 2.03(a)(2) of the Plan for rules regarding the application of this subsection (ii).

(4) The completion of \_\_\_\_ [ cannot exceed 1,000 ] Hours of Service during an Eligibility Computation Period. [ An Employee satisfies the service requirement immediately upon completion of the designated Hours of Service rather than at the end of the Eligibility Computation Period. ]

- 

(5) Full-time Employees are eligible to participate as set forth in subsection (i). Employees who are “part-time” Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a full-time Employee is any Employee not defined in subsection (ii).

(i) Full-time Employees must complete the following minimum service requirements to participate in the Plan:

- (A) There is no minimum service requirement for participation in the Plan.
- (B) The completion of at least \_\_\_\_ [ cannot exceed 1,000 ] Hours of Service during the first \_\_\_\_ [ cannot exceed 12 ] months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.
- (C) Under the Elapsed Time method as defined in AA §4-3 below.
- (D) Describe:  
[ Note: Any conditions provided under (D) must satisfy the requirements of Code §410(a). ]

(ii) Part-time Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a part-time Employee is any Employee (including a temporary or seasonal Employee) whose normal work schedule is less than:

- (A) \_\_\_\_ hours per week.
- (B) \_\_\_\_ hours per month.
- (C) \_\_\_\_ hours per year.

N/A   (6) Two (2) Years of Service. [ Full and immediate vesting must be chosen under AA §8-2. ]

(7) Under the Elapsed Time method as defined in AA §4-3 below.

(8) Describe eligibility conditions: There is no minimum service requirement for participation in the Plan. For Participants enrolled via the Automatic Contribution Arrangement feature, the automatic enrollment shall be effective as of the first day of the first Pay period that occurs on or after the 30th day following the date on which the Employee (or rehired Employee) is provided notice of such automatic enrollment by the Plan Administrator.

- 

Describe eligibility conditions:

[Note: Any conditions on eligibility must satisfy the requirements of Code §410(a). An eligibility condition under this AA §4-1 may not cause an Employee to enter the Plan later than the first Entry Date following the completion of a Year of Service (as defined in AA §4-3). Also see Section 2.02(b)(5) and (6) for rules regarding the exclusion of certain “short-service” Employees and disguised service conditions.]

(a) **Minimum Age Requirement.** An Eligible Employee (as defined in AA §3-1) must have attained the following age with respect to the contribution source(s) identified in this AA §4-1(b).

Deferral	Match	ER	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(1) There is no minimum age for Plan eligibility.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(2) Age 21.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(3) Age 20½.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(4) Age ____ (not later than age 21).

\* (c) **Special eligibility rules.** The following special eligibility rules apply with respect to the Plan:

[ *Note: This subsection (c) may be used to apply the eligibility conditions selected under this AA §4-1 separately with respect to different Employee groups or different contribution formulas under the Plan. Any special eligibility rules must satisfy the requirements of Code §410(a).* ]

4-2 **ENTRY DATE:** An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service requirements in AA §4-1 shall be eligible to participate in the Plan as of his/her Entry Date. For this purpose, the Entry Date is the following date with respect to the contribution source(s) identified under this AA §4-2.

Deferral	Match	ER	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(a) <b>Immediate.</b> The date the minimum age and service requirements are satisfied (or date of hire, if no minimum age and service requirements apply).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(b) <b>Semi-annual.</b> The first day of the 1st and 7th month of the Plan Year.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(c) <b>Quarterly.</b> The first day of the 1st, 4th, 7th and 10th month of the Plan Year.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(d) <b>Monthly.</b> The first day of each calendar month.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(e) <b>Payroll period.</b> The first day of the payroll period.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(f) <b>The first day of the Plan Year.</b> [ See Section 2.03(b)(2) of the Plan for special rules that apply. ]

An Eligible Employee’s Entry Date (as defined above) is determined based on when the Employee satisfies the minimum age and service requirements in AA §4-1. For this purpose, an Employee’s Entry Date is the Entry Date:

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(g) <b>next following</b> satisfaction of the minimum age and service requirements.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(h) <b>coinciding with or next following</b> satisfaction of the minimum age and service requirements.
N/A	<input type="checkbox"/>	<input type="checkbox"/>	(i) <b>nearest</b> the satisfaction of the minimum age and service requirements.
N/A	<input type="checkbox"/>	<input type="checkbox"/>	(j) <b>preceding</b> the satisfaction of the minimum age and service requirements.

This section may be used to describe any special rules for determining Entry Dates under the Plan. For example, if different Entry Date provisions apply for the same contribution sources with respect to different groups of Employees, such different Entry Date provisions may be described below.

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(k) <b>Describe</b> any special rules that apply with respect to the Entry Dates under this AA §4-2:

[ **Note:** Any special rules must satisfy the requirements of Code §410(a) and may not cause an Employee to enter the Plan later than the first Entry Date following the completion of a Year of Service (as defined in AA §4-3). ]

4-3 **DEFAULT ELIGIBILITY RULES.** In applying the minimum age and service requirements under AA §4-1 above, the following default rules apply with respect to all contribution sources under the Plan:

- **Year of Service.** An Employee earns a Year of Service for eligibility purposes upon completing 1,000 Hours of Service during an Eligibility Computation Period. Hours of Service are calculated based on actual hours worked during the Eligibility Computation Period. (See Section 1.71 of the Plan for the definition of Hours of Service.)
  - **Eligibility Computation Period.** If one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Plan Years. (See Section 2.03(a)(3)(i) of the Plan.) If more than one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Anniversary Years. However, if the Employee fails to earn a Year of Service in the first or second Eligibility Computation Period, the Plan will determine subsequent Eligibility Computation Periods on the basis of Plan Years beginning in the first or second Eligibility Computation Period, as applicable. (See Section 2.03(a)(3)(ii) of the Plan.)
  - **Break in Service Rules.** The Nonvested Participant Break in Service rule and the One-Year Break in Service rule do NOT apply. (See Section 2.07 of the Plan.)
- To override the default eligibility rules, complete the applicable sections of this AA §4-3. **If this AA §4-3 is not completed for a particular contribution source, the default eligibility rules apply.**

Deferral	Match	ER
----------	-------	----

			<p>(a) <b>Year of Service.</b> Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of ____ [ <i>must be less than 1,000</i> ] Hours of Service during an Eligibility Computation Period.</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

			<p>(b) <b>Eligibility Computation Period (ECP).</b> The Plan will use Anniversary Years for all Eligibility Computation Periods. (See Section 2.03(a)(3) of the Plan.)</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

			<p>(c) <b>Elapsed Time method.</b> Eligibility service will be determined under the Elapsed Time method. An Eligible Employee (as defined in AA §3-1) must complete a ____ period of service to participate in the Plan. (See Section 2.03(a)(6) of the Plan.)</p>
--	--	--	--

			<p>[ <b>Note:</b> Under the Elapsed Time method, service will be measured from the Employee's employment commencement date (or reemployment commencement date, if applicable) without regard to the Eligibility Computation Period designated in Section 2.03(a)(3) of the Plan. The period of service may not exceed 12 months for eligibility for Salary Deferrals or After-Tax Employee Contributions. If a period greater than 12 months is entered and the Salary Deferral column is checked, the period of service will be deemed to be a 12-month period. If a period greater than 12 months applies to Matching Contributions or Employer Contributions, 100% vesting must be selected under AA §8 for those contributions. ]</p>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

			<p>(d) <b>Equivalency Method .</b> For purposes of determining an Employee's Hours of Service for eligibility, the Plan will use the Equivalency Method (as defined in Section 2.03(a)(5) of the Plan). The Equivalency Method will apply to:</p>
--	--	--	---

- (1) All Employees.
- (2) Only Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, eligibility will be determined based on actual hours worked.

Hours of Service for eligibility will be determined under the following Equivalency Method.

- |                          |                          |                          |  |
|--------------------------|--------------------------|--------------------------|--|
|                          |                          |                          | <ul style="list-style-type: none"> <li><input type="checkbox"/> (3) <b>Monthly.</b> 190 Hours of Service for each month worked.</li> <li><input type="checkbox"/> (4) <b>Weekly.</b> 45 Hours of Service for each week worked.</li> <li><input type="checkbox"/> (5) <b>Daily.</b> 10 Hours of Service for each day worked.</li> <li><input type="checkbox"/> (6) <b>Semi-monthly.</b> 95 Hours of Service for each semi-monthly period worked.</li> </ul> |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |  |

(e) **Nonvested Participant Break in Service rule applies.** Service earned prior to a Nonvested Participant Break in Service will be disregarded in applying the eligibility rules. (See Section 2.07(b) of the Plan.)

			<p><input type="checkbox"/> The Nonvested Participant Break in Service rule applies to all Employees, including Employees who have not terminated employment.</p>
N/A	<input type="checkbox"/>	<input type="checkbox"/>	

**(f) One-Year Break in Service rule applies.** The One-Year Break in Service rule (as defined in Section 2.07(d) of the Plan) applies to temporarily disregard an Employee's service earned prior to a one-year Break in Service. (See Section 2.07(d) of the Plan if the One-Year Break in Service rule applies to Salary Deferrals.)

- The One-Year Break in Service rule applies to all Employees, including Employees who have not terminated employment.

**(g) Special eligibility provisions.**

[ *Note: Any conditions provided under this AA §4-3 must satisfy the requirements of Code §410(a) and may not cause an Employee to enter the Plan later than the first Entry Date following the completion of a Year of Service (as defined in this AA §4-3).* ]

- 

**4-4 EFFECTIVE DATE OF MINIMUM AGE AND SERVICE REQUIREMENTS.** The minimum age and/or service requirements under AA §4-1 apply to all Employees under the Plan. An Employee will participate with respect to all contribution sources under the Plan as of his/her Entry Date, taking into account all service with the Employer, including service earned prior to the Effective Date.

To allow Employees hired on a specified date to enter the Plan without regard to the minimum age and/or service conditions, complete this AA §4-4.

**Deferral                  Match                  ER**

An Eligible Employee who is employed by the Employer on the following date will become eligible to enter the Plan without regard to minimum age and/or service requirements (as designated below):

- (a) the Effective Date of this Plan (as designated in the Employer Signature Page).
- (b) the date the Plan is executed by the Employer (as indicated on the Employer Signature Page).
- (c) \_\_\_\_\_ [ *insert date* ]

An Eligible Employee who is employed on the designated date will become eligible to participate in the Plan without regard to the minimum age and service requirements under AA §4-1. If both minimum age and service conditions are not waived, select (d) or (e) to designate which condition is waived under this AA §4-4.

- (d) This AA §4-4 only applies to the minimum service condition.
- (e) This AA §4-4 only applies to the minimum age condition.

The provisions of this AA §4-4 apply to all Eligible Employees employed on the designated date unless designated otherwise under subsection (f) or (g) below.

- (f) The provisions of this AA §4-4 apply to the following group of Employees employed on the designated date:
- (g) Describe special rules:

[ *Note: An Employee who is employed as of the date described in this AA §4-4 will be eligible to enter the Plan as of such date unless a different Entry Date is designated under subsection (g). The provisions of this AA §4-4 may not violate the minimum age or service rules under Code §410 or violate the nondiscrimination requirements under Code §401(a)(4).* ]

- 

**4-5 SERVICE WITH PREDECESSOR EMPLOYER.** If the Employer is maintaining the Plan of a Predecessor Employer, service with such Predecessor Employer is automatically counted for eligibility, vesting and for purposes of applying any allocation conditions under AA §6-5 and AA §6B-7.

In addition, this AA §4-5 may be used to identify any Predecessor Employers for whom service will be counted for purposes of determining eligibility, vesting and allocation conditions under this Plan. (See Sections 2.06, 3.09(c) and 7.08 of the Plan.) If this AA §4-5 is not completed, no service with a Predecessor Employer will be counted except as otherwise required under this AA §4-5.

**(a) Identify Predecessor Employer(s):**

- (1) The Plan will count service with all Employers which have been acquired as part of a transaction under Code §410(b)(6)(C).
- (2) The Plan will count service with the following Predecessor Employers:

Name of Predecessor Employer	Eligibility	Vesting	Allocation Conditions
<input checked="" type="checkbox"/> (1) <u>Rayonier, Inc.</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> (b) Describe any special provisions applicable to Predecessor Employer service:			
[ <i>Note: Any special provisions may not violate the nondiscrimination requirements under Code §401(a)(4).</i> ]			

**SECTION 5  
COMPENSATION DEFINITIONS**

5-1 **TOTAL COMPENSATION.** Total Compensation is based on the definition set forth under this AA §5-1. See Section 1.141 of the Plan for a specific definition of the various types of Total Compensation.

- (a) W-2 Wages
- (b) Code §415 Compensation
- (c) Wages under Code §3401(a)

[ *For purposes of determining Total Compensation, the definition includes Elective Deferrals as defined in Section 1.46 of the Plan, pre-tax contributions to a Code §125 cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4).* ]

5-2 **POST-SEVERANCE COMPENSATION.** Total Compensation includes post-severance compensation, to the extent provided in Section 1.141(b) of the Plan.

- (a) **Exclusion of post-severance compensation from Total Compensation.** The following amounts paid after a Participant’s severance of employment are excluded from Total Compensation:
  - (1) **Unused leave payments.** Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued.
  - (2) **Deferred compensation.** Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee’s gross income.

[ *Note: Plan Compensation (as defined in Section 1.97 of the Plan) includes any post-severance compensation amounts that are includible in Total Compensation. The Employer may elect to exclude all compensation paid after severance of employment or may elect to exclude specific types of post-severance compensation from Plan Compensation under AA §5-3.* ]

- (b) **Continuation payments for disabled Participants.** Unless designated otherwise under this subsection, Total Compensation does not include continuation payments for disabled Participants.
  - Payments to disabled Participants.** Total Compensation shall include post-severance compensation paid to a Participant who is permanently and totally disabled, as provided in Section 1.141(c) of the Plan. For this purpose, disability continuation payments will be included for:
    - (1) Nonhighly Compensated Employees only.
    - (2) All Participants who are permanently and totally disabled for a fixed or determinable period.

5-3 **PLAN COMPENSATION :** Plan Compensation is **Total Compensation** (as defined in AA §5-1 above) with the following exclusions described below.

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(a)No exclusions.
N/A	<input type="checkbox"/>	<input type="checkbox"/>	(b)Elective Deferrals (as defined in Section 1.46 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4) are excluded.

- |                                     |                                     |                                     |   |
|-------------------------------------|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | (c) All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits are excluded.  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (d) Compensation above \$ ____ is excluded. (See Section 1.97 of the Plan.)   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (e) Amounts received as a bonus are excluded.   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (f) Amounts received as commissions are excluded.   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | (g) Overtime payments are excluded.   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (h) Amounts received for services performed for a non-signatory Related Employer are excluded. (See Section 2.02(c) of the Plan.)   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (i) "Deemed §125 compensation" as defined in Section 1.141(d) of the Plan.  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (j) Amounts received after termination of employment are excluded. (See Section 1.141(b) of the Plan.)  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (k) Differential Pay (as defined in Section 1.141(e) of the Plan).  |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | (l) Describe adjustments to Plan Compensation: <u>All short term disability or disability salary continuation payments; foreign service allowance; bonuses for Employer contribution sources except the Enhanced Retirement contributions. Sign-on and achievement bonuses are excluded for calculation of Enhanced Retirement contributions.</u> |

[ **Note:** Any exclusions selected under this AA §5-3 that do not meet the safe harbor exclusions under Treas. Reg. §1.414(s)-1, as described in Section 1.97(a) of the Plan may cause the definition of Plan Compensation to fail to satisfy a safe harbor definition of compensation under Code §414(s). Failure to use a definition of Plan Compensation that satisfies the nondiscrimination requirements under Code §414(s) will cause the Plan to fail to qualify for any contribution safe harbors, such as the permitted disparity allocation or Safe Harbor 401(k) Plan safe harbors. Any adjustments to Plan Compensation under this AA §5-3 must be definitely determinable and preclude Employer discretion. See AA §6C-4 for the definition of Plan Compensation as it applies to Safe Harbor Contributions. ]

5-4 **PERIOD FOR DETERMINING COMPENSATION.**

(a) **Compensation Period.** Plan Compensation will be determined on the basis of the following period(s) for the contribution sources identified in this AA §5-4. [ *If a period other than Plan Year applies for any contribution source, any reference to the Plan Year as it refers to Plan Compensation for that contribution source will be deemed to be a reference to the period designated under this AA §5-4.* ]

- | Deferral                            | Match                               | ER                                  |   |
|-------------------------------------|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | (1) The Plan Year.  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (2) The calendar year ending in the Plan Year.                          |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (3) The Employer's fiscal tax year ending in the Plan Year.             |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (4) The 12-month period ending on ____ which ends during the Plan Year. |

- (b) **Compensation while a Participant.** Unless provided otherwise under this subsection (b), in determining Plan Compensation, only compensation earned while an individual is a Participant under the Plan with respect to a particular contribution source will be taken into account.

To count compensation for the entire Plan Year for a particular contribution source, including compensation earned while an individual is not a Participant with respect to such contribution source, check below. (See Section 1.97 of the Plan.)

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All compensation earned during the Plan Year will be taken into account, including compensation earned while an individual is not a Participant.

- (c) **Few weeks rule.** The few weeks rule (as described in Section 5.03(c)(7)(ii) of the Plan) will not apply unless designated otherwise under this subsection (c).
  - Amounts earned but not paid during a Limitation Year solely because of the timing of pay periods and pay dates shall be included in Total Compensation for the Limitation Year, provided the amounts are paid during the first few weeks of the next Limitation Year, the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees, and no amounts are included in more than one Limitation Year.

**SECTION 6  
EMPLOYER CONTRIBUTIONS**

6-1 **EMPLOYER CONTRIBUTIONS.** Is the Employer authorized to make Employer Contributions under the Plan (other than Safe Harbor Employer Contributions or QNECs)?

- Yes
- No [ *If No, skip to Section 6A.* ]

[ *Note: See AA §6C below for rules regarding Safe Harbor Employer Contributions and AA §6D-3 for rules regarding Qualified Nonelective Contributions (QNECs).* ]

6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4 below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

- (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.
- (b) **Fixed contribution.**
  - (1) % of each Participant’s Plan Compensation.
  - (2) \$ \_\_\_\_ for each Participant.
  - (3) The Employer Contribution will be determined in accordance with any Collective Bargaining Agreement(s) addressing retirement benefits of Collectively Bargained Employees under the Plan.
- (c) **Service-based contribution.** The Employer will make the following contribution:
  - (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.
  - (2) **Fixed percentage.** \_\_\_\_% of Plan Compensation paid for each period of service designated below.
  - (3) **Fixed dollar.** \$ \_\_\_\_ for each period of service designated below.

The service-based contribution will be based on the following periods of service:

- (4) Each Hour of Service
- (5) Each week of employment
- (6) Describe period:

The service-based contribution is subject to the following rules.

- (7) Describe any special provisions that apply to service-based contribution:

[ *Note: Any period described in subsection (6) must apply uniformly to all Participants and cannot exceed a 12-month period. Any special provisions under subsection (7) must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder.* ]

- (d) **Year of Service contribution.** The Employer will make an Employer Contribution based on Years of Service with the Employer.

Years of Service	Contribution %
<input type="checkbox"/> (1) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (2) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (3) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (4) For Years of Service ___ and above	___%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is: \_\_\_\_\_

[ *Note: Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan.*  ]

- (e) **Prevailing Wage Formula.** The Employer will make a contribution for each Participant’s Prevailing Wage Service based on the hourly contribution rate for the Participant’s employment classification. (See Section 3.02(a)(5) of the Plan.)
    - (1) **Amount of contribution.** The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant’s employment classification. The Prevailing Wage Contribution will be determined as follows:
      - (i) The Employer Contribution will be determined based on the required contribution rates for the employment classifications under the applicable federal, state or municipal prevailing wage laws. For any Employee performing Prevailing Wage Service, the Employer may make the required contribution for such service without designating the exact amount of such contribution.
      - (ii) The Employer will make the Prevailing Wage Contribution based on the hourly contribution rates as set forth in the Addendum attached to this Adoption Agreement. However, if the required contribution under the applicable federal, state or municipal prevailing wage law provides for a greater contribution than set forth in the Addendum, the Employer may make the greater contribution as a Prevailing Wage Contribution.
    - (2) **Offset of other contributions.** The contributions under the Prevailing Wage Formula will offset the following contributions under this Plan. (See Section 3.02(a)(5) of the Plan.)
      - (i) Employer Contributions (other than Safe Harbor Employer Contributions)
      - (ii) Safe Harbor Employer Contributions.
      - (iii) Qualified Nonelective Contributions (QNECs)
      - (iv) Matching Contributions (other than Safe Harbor Matching Contributions)
      - (v) Safe Harbor Matching Contributions.
      - (vi) Qualified Matching Contributions (QMACs)
- [ *Note: If subsection (ii) or (v) is checked, the Prevailing Wage contribution must satisfy the requirements for a Safe Harbor Contribution.*  ]
- (3) **Modification of default rules.** Section 3.02(a)(5) of the Plan contains default rules for administering the Prevailing Wage Formula. Complete this subsection (3) to modify the default provisions.
    - (i) **Application to Highly Compensated Employees.** Instead of applying only to Nonhighly Compensated Employees, the Prevailing Wage Formula applies to all eligible Participants, including Highly Compensated Employees.
    - (ii) **Minimum age and service conditions.** Instead of no minimum age or service condition, Prevailing Wage contributions are subject to a one Year of Service (as defined in AA§4-3) and age 21 minimum age and service requirement with semi-annual Entry Dates.
    - (iii) **Allocation conditions.** Instead of no allocation conditions, the Prevailing Wage contributions are subject to a 1,000 Hours of Service and last day employment allocation condition, as set forth under Section 3.09 of the Plan.

- (iv) **Vesting.** Instead of 100% immediate vesting, Prevailing Wage contributions will vest under the following vesting schedule (as defined in Section 7.02 of the Plan):
- (A) 6-year graded vesting schedule
  - (B) 3-year cliff vesting schedule
- (v) **Describe:**  
 [ *Note: Overriding the default provisions under this subsection (3) may restrict the ability of the Employer to take full credit for Prevailing Wage Contributions for purposes of satisfying its obligations under applicable federal, state or municipal prevailing wage laws. Any modifications must satisfy the nondiscrimination requirements under Code §401(a)(4) and should be consistent with the applicable federal, state or municipal prevailing wage laws. See Section 3.02(a)(5) of the Plan. ]*

- (f) **Describe special rules for determining contributions under Plan:** An Employer Retirement contribution may be made to Eligible Employees hired prior to January 1, 2006. Enhanced Retirement contributions may be made to Eligible Employees hired on or after January 1, 2006.

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

### 6-3 ALLOCATION FORMULA.

- (a) **Pro rata allocation.** The discretionary Employer Contribution under AA §6-2 will be allocated:
- (1) as a uniform percentage of Plan Compensation.
  - (2) as a uniform dollar amount.
- (b) **Fixed contribution.** The fixed Employer Contribution under AA §6-2 will be allocated in accordance with the selections made under AA §6-2.
- (c) **Permitted disparity allocation.** The discretionary Employer Contribution under AA §6-2 will be allocated under the two-step method (as defined in Section 3.02(a)(1)(ii)(A) of the Plan), using the Taxable Wage Base (as defined in Section 1.136 of the Plan) as the Integration Level. However, for any Plan Year in which the Plan is Top Heavy, the four-step method (as defined in Section 3.02(a)(1)(ii)(B) of the Plan) applies, unless provided otherwise under subsection (2) below.

To modify these default rules, complete the appropriate provision(s) below.

- (1) **Integration Level.** Instead of the Taxable Wage Base, the Integration Level is:
- (i) \_\_\_\_% of the Taxable Wage Base, increased (but not above the Taxable Wage Base) to the next higher:
    - (A) N/A     (B) \$1
    - (C) \$100     (D) \$1,000
  - (ii) \$ \_\_\_\_ (not to exceed the Taxable Wage Base)
  - (iii) 20% of the Taxable Wage Base
- [ *Note: See Section 3.02(a)(1)(ii) of the Plan for rules regarding the Maximum Disparity Rate that may be used where an Integration Level other than the Taxable Wage Base is selected. ]*
- (2) **Four-step method.**
- (i) Instead of applying only when the Plan is top heavy, the four-step method will always be used.
  - (ii) The four-step method will never be used, even if the Plan is Top Heavy.
  - (iii) In applying step one and step two under the four-step method, instead of using Total Compensation, the Plan will use Plan Compensation. (See Section 3.02(a)(1)(ii)(B) of the Plan.)
- (3) **Describe** special rules for applying permitted disparity allocation formula:  
 [ *Note: Any special rules must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*
- (d) **Uniform points allocation.** The discretionary Employer Contribution designated in AA §6-2 will be allocated to each Participant in the ratio that each Participant's total points bears to the total points of all Participants. A Participant will receive the following points:
- (1) \_\_\_\_point(s) for each \_\_\_\_ year(s) of age (attained as of the end of the Plan Year).
  - (2) \_\_\_\_point(s) for each \$ \_\_\_\_ (not to exceed \$200) of Plan Compensation.

- (3) \_\_\_\_point(s) for each \_\_\_\_Year(s) of Service. For this purpose, Years of Service are determined:
- (i) In the same manner as determined for eligibility.
  - (ii) In the same manner as determined for vesting.
  - (iii) Points will not be provided with respect to Years of Service in excess of \_\_\_\_.
- (e) **Employee group allocation.** The Employer may make a separate Employer Contribution to the Participants in the following allocation groups. The Employer must notify the Trustee in writing of the amount of the contribution to be allocated to each allocation group.
- (1) A separate discretionary Employer Contribution may be made to each Participant of the Employer (i.e., each Participant is in his/her own allocation group).
  - (2) A separate discretionary or fixed Employer Contribution may be made to the following allocation groups. If no fixed amount is designated for a particular allocation group, the contribution made for such allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Participants within that allocation group.
- [ *Note* : The allocation groups designated above must be clearly defined in a manner that will not violate the definite allocation formula requirement of Treas. Reg. §1.401-1(b)(1)(ii). See Section 3.02(a)(1)(iv)(B)(V) of the Plan for restrictions that apply with respect to "short-service" Employees. In the case of self-employed individuals (i.e., sole proprietorships or partnerships), the requirements of 1.401(k)-1(a)(6) continue to apply, and the allocation method should not be such that a cash or deferred election is created for a self-employed individual as a result of application of the allocation method. ]
- (3) **Special rules.** The following special rules apply to the Employee group allocation formula.
- (i) **Family Members.** In determining the separate groups under (2) above, each Family Member (as defined in Section 1.65 of the Plan) of a Five Percent Owner is always in a separate allocation group. If there are more than one Family Members, each Family Member will be in a separate allocation group.
  - (ii) **Benefiting Participants who do not receive Minimum Gateway Contribution.** In determining the separate groups under (2) above, Benefiting Participants who do not receive a Minimum Gateway Contribution are always in a separate allocation group. If there are more than one Benefiting Participants who do not receive a Minimum Gateway Contribution, each will be in a separate allocation group. (See Section 3.02(a)(1)(iv)(B)(III) of the Plan.)
  - (iii) **More than one Employee group.** Unless designated otherwise under this subsection (iii), if a Participant is in more than one allocation group described in (2) above during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. (See Section 3.02(a)(1)(iv)(A) of the Plan.)
    - (A) **Determined separately for each Employee group.** If a Participant is in more than one allocation group during the Plan Year, the Participant's share of the Employer Contribution will be based on the Participant's status for the part of the year the Participant is in each allocation group.
    - (B) **Describe:**

[ *Note*: Any language under this subsection (B) must be definitely determinable and may not violate the nondiscrimination requirements under Code §401(a)(4). ]
- (f) **Age-based allocation.** The discretionary Employer Contribution designated in AA §6-2 will be allocated under the age-based allocation formula so that each Participant receives a pro rata allocation based on adjusted Plan Compensation. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in Section 1.04 of the Plan).
- A Participant's Actuarial Factor is determined based on a specified interest rate and mortality table. Unless designated otherwise under (1) or (2) below, the Plan will use an applicable interest rate of 8.5% and a UP-1984 mortality table.
- (1) **Applicable interest rate.** Instead of 8.5%, the Plan will use an interest rate of \_\_\_\_% (must be between 7.5% and 8.5%) in determining a Participant's Actuarial Factor.

(2) **Applicable mortality table.** Instead of the UP-1984 mortality table, the Plan will use the following mortality table in determining a Participant's Actuarial Factor:

(3) **Describe special rules applicable to age-based allocation:**

[ *Note: See Exhibit A of the Plan for sample Actuarial Factors based on an 8.5% applicable interest rate and the UP-1984 mortality table. If an interest rate or mortality table other than 8.5% or UP-1984 is selected, appropriate Actuarial Factors must be calculated. Any alternative interest or mortality factors must meet the requirements for standard interest and mortality assumptions as defined in Treas. Reg. §1.401(a)(4)-12. Any special rules described under subsection (3) may not violate the nondiscrimination requirements under Code §401(a)(4). ]*

(g) **Service-based allocation formula.** The service-based Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the service-based allocation formula in AA §6-2.

(h) **Year of Service allocation formula.** The Year of Service Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the Year of Service allocation formula in AA §6-2.

(i) **Prevailing Wage allocation formula.** The Prevailing Wage Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the Prevailing Wage allocation formula in AA §6-2. The Employer may attach an Addendum to the Adoption Agreement setting forth the hourly contribution rate for the employment classifications eligible for Prevailing Wage contributions.

(j) **Describe special rules for determining allocation formula:** The Employer Retirement contribution will be up to one-half percent of an Eligible Employee's Compensation. The Enhanced Retirement Contribution will equal 3% of an Eligible Employee's Compensation.

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

6-4 **SPECIAL RULES.** No special rules apply with respect to Employer Contributions under the Plan, except to the extent designated under this AA §6-4. Unless designated otherwise, in determining the amount of the Employer Contributions to be allocated under this AA §6, the Employer Contribution will be based on Plan Compensation earned during the Plan Year. (See Section 3.02(c) of the Plan.)

(a) **Period for determining Employer Contributions.** Instead of the Plan Year, Employer Contributions will be determined based on Plan Compensation earned during the following period: [ *The Plan Year must be used if the permitted disparity allocation method is selected under AA §6-3 above. ]*

(1) Plan Year quarter

(2) calendar month

(3) payroll period

(4) Other: The period for determining Employer Retirement contributions is the payroll period. The period for determining Enhanced Retirement contributions is the Plan Year.

[ *Note: Although Employer Contributions are determined on the basis of Plan Compensation earned during the period designated under this subsection, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Employer Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415(c)-1(b)(6)(B), regardless of the period selected under this subsection. Any alternative period designated under subsection (4) may not exceed a 12-month period and will apply uniformly to all Participants. ]*

(b) **Limit on Employer Contributions.** The Employer Contribution elected in AA §6-2 may not exceed:

(1) \_\_\_% of Plan Compensation

(2) \$\_\_\_

(3) Describe:

[ *Note: Any limitations under this subsection (3) must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

(c) **Offset of Employer Contribution.**

(1) A Participant's allocation of Employer Contributions under AA §6-2 of this Plan is reduced by contributions under \_\_\_\_\_ [ *insert name of plan(s)* ]. (See Section 3.02(d)(2) of the Plan.)

(2) In applying the offset under this subsection, the following rules apply:

[ *Note: Any language regarding the offset of benefits must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. ]*

(d) **Special rules:**

[ *Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4).* ]

6-5 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6-5 to receive an allocation of Employer Contributions under the Plan.

[ *Note: Any allocation conditions set forth under this AA §6-5 do not apply to Prevailing Wage Contributions under AA §6-2, Safe Harbor Employer Contributions under AA §6C, or QNECs under AA §6D, unless provided otherwise under those specific sections. See AA §4-5 for treatment of service with Predecessor Employers for purposes of applying the allocation conditions under this AA §6-5.* ]

(a) **No allocation conditions** apply with respect to Employer Contributions under the Plan.

(b) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than:

(1) \_\_\_(not to exceed 500) Hours of Service during the Plan Year.

(i) Hours of Service are determined using actual Hours of Service.

(ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):

(A) Monthly  (B) Weekly

(C) Daily  (D) Semi-monthly

(2) \_\_\_(not more than 91) consecutive days of employment with the Employer during the Plan Year.

[ *Note: Under this safe harbor allocation condition, an Employee will satisfy the allocation conditions if the Employee completes the designated Hours of Service or period of employment, even if the Employee is not employed on the last day of the Plan Year. See Section 3.09 of the Plan for rules regarding the application of this allocation condition to the minimum coverage test.* ]

(c) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.

(d) **Minimum service condition.** An Employee must be credited with at least:

(1) \_\_\_(not to exceed 1,000) Hours of Service during the Plan Year.

(i) Hours of Service are determined using actual Hours of Service.

(ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):

(A) Monthly  (B) Weekly

(C) Daily  (D) Semi-monthly

(2) \_\_\_(not more than 182) consecutive days of employment with the Employer during the Plan Year.

(e) **Application to a specified period.** The allocation conditions selected under this AA §6-5 apply on the basis of the Plan Year. Alternatively, if an employment or minimum service condition applies under this AA §6-5, the Employer may elect under this subsection to apply the allocation conditions on a periodic basis as set forth below. (See Section 3.09(a) of the Plan for a description of the rules for applying the allocation conditions on a periodic basis.)

(1) **Period for applying allocation conditions.** Instead of the Plan Year, the allocation conditions set forth under subsection (2) below apply with respect to the following periods:

(i) Plan Year quarter

(ii) calendar month

(iii) payroll period

(iv) Other:

(2) **Application to allocation conditions.** If this subsection is checked to apply allocation conditions on the basis of specified periods, to the extent an employment or minimum service allocation condition applies under this AA §6-5, such allocation condition will apply based on the period selected under subsection (1) above, unless designated otherwise below:

(i) Only the employment condition will be based on the period selected in subsection (1) above.

(ii) Only the minimum service condition will be based on the period selected in subsection (1) above.

(iii) Describe any special rules:

[*Note: Any special rules under subsection (iii) must satisfy the nondiscrimination requirements of Code §401(a)(4).* ]

- (f) **Exceptions.**
  - (1) The above allocation condition(s) will **not** apply if the Employee:
    - (i) dies during the Plan Year.
    - (ii) terminates employment due to becoming Disabled.
    - (iii) terminates employment after attaining Normal Retirement Age.
    - (iv) terminates employment after attaining Early Retirement Age.
    - (v) is on an authorized leave of absence from the Employer.
  - (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).
  - (3) The exceptions selected under subsection (1) do not apply to:
    - (i) an employment condition designated under this AA §6-5.
    - (ii) a minimum service condition designated under this AA §6-5.
- (g) **Describe** any special rules governing the allocation conditions under the Plan: No allocation conditions apply with respect to the Employer Retirement contributions. To receive the Enhanced Retirement contribution, the employee must be employed on the last day of the Plan Year.

[*Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4).* ]

**SECTION 6A  
SALARY DEFERRALS**

6A-1 **SALARY DEFERRALS.** Are Employees permitted to make Salary Deferrals under the Plan?

- Yes
- No [ *If "No" is checked, skip to Section 6B.* ]

6A-2 **MAXIMUM LIMIT ON SALARY DEFERRALS.** Unless designated otherwise under this AA §6A-2, a Participant may defer any amount up to the Elective Deferral Dollar Limit and the Code §415 Limitation (as set forth in Sections 5.02 and 5.03 of the Plan).

- (a) **Salary Deferral Limit.** A Participant may not defer an amount in excess of:
  - (1) 100 % of Plan Compensation
  - (2) \$ .

[*Note: If both (1) and (2) are checked, the deferral limit is the lesser of the amounts selected.* ]

Any limit described in subsection (1) or (2) above applies with respect to the following period:

- (3) Plan Year.
- (4) the portion of the Plan Year during which the individual is eligible to participate.
- (5) each separate payroll period during which the individual is eligible to participate.

- (b) **Different limit for Highly Compensated Employees and Nonhighly Compensated Employees.** The Salary Deferral Limit described above applies only to Employees who are Highly Compensated Employees as of the first day of the Plan Year. For Nonhighly Compensated Employees, the following limit applies:
- (1) **No limit** (other than the Elective Deferral Dollar Limit and the Code §415 Limitation).
- (2) **Nonhighly Compensated Employee limit.**
- (i) % of Plan Compensation
- (ii) \$
- during the following period:
- (iii) Plan Year.
- (iv) the portion of the Plan Year during which the individual is eligible to participate.
- (v) each separate payroll period during which the individual is eligible to participate.
- [ *Note: Any percentage or dollar limit imposed on Nonhighly Compensated Employees under (i) and/or (ii) above may not be lower than the percentage or dollar limit imposed on Highly Compensated Employees under (a) above. If both (i) and (ii) are checked, the deferral limit is the lesser of the amounts selected. ]*
- (c) **Special limit for bonus payments.** If bonus payments are not excluded from the definition of Plan Compensation under AA §5-3, Employees may defer any amounts out of bonus payments, subject to the Elective Deferral Dollar Limit and the Code §415 Limitation (as defined in Sections 5.02 and 5.03 of the Plan) and any other limit on Salary Deferrals under this AA 6A-2. The Employer may use this section to impose special limits on bonus payments or may impose special limits on bonus payments under the Salary Deferral Election. (See Section 3.03(a) of the Plan.)
- A Participant may defer up to \_\_\_\_% ( *not to exceed 100%* ) of any bonus payment (subject to the Elective Deferral Dollar Limit and the Code §415 Limitation) without regard to any other limits described under this AA §6A-2.
- [ *Note: If this (c) is checked, bonus payments may not be excluded from Plan Compensation in the Deferral column under AA §5-3. ]*
- (d) **Describe** any other limits that apply with respect to Salary Deferrals under the Plan:
- [ *Note: Any limits provided under this AA §6A-2 must satisfy the nondiscrimination requirements under Code §401(a)(4). ]*

6A-3 **MINIMUM DEFERRAL RATE.** Unless designated otherwise under this AA §6A-3, no minimum deferral requirement applies under the Plan. Alternatively, a Participant must defer at least the following amount in order to make Salary Deferrals under the Plan.

- (a) 1 % of Plan Compensation for a payroll period.
- (b) \$ \_\_\_\_ for a payroll period.
- (c) **Describe.**

[ *Note: If more than one limit applies under this AA §6A-3, the minimum deferral rate is the lesser of the amounts designated under this AA §6A-3. Any minimum deferral rates provided under this AA §6A-3 must comply with the nondiscrimination requirements under Code §401(a)(4). ]*

6A-4 **CATCH-UP CONTRIBUTIONS.** Catch-Up Contributions are permitted under the Plan, unless designated otherwise under this AA §6A-4.

- Catch-Up Contributions are not permitted under the Plan.

6A-5 **ROTH DEFERRALS.** Roth Deferrals (as defined in Section 3.03(e) of the Plan) are not permitted under the Plan, unless designated otherwise under this AA §6A-5.

- (a) **Availability of Roth Deferrals.** Roth Deferrals are permitted under the Plan. [ *Note: If Roth Deferrals are effective as of a date later than the Effective Date of the Plan, designate such special Effective Date in AA §6A-9 below. Roth Deferrals may not be made prior to January 1, 2006. ]*
- (b) **Distribution of Roth Deferrals.** Unless designated otherwise under this subsection, to the extent a Participant takes a distribution or withdrawal from his/her Salary Deferral Account(s), the Participant may designate the extent to which such distribution is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account. (See Section 8.11(b)(2) of the Plan for default distribution rules if a Participant fails to designate the appropriate Account for corrective distributions from the Plan.)

Alternatively, the Employer may designate the order of distributions for the distribution types listed below:

- (1) **Distributions and withdrawals.**
- (i) Any distribution will be taken on a pro rata basis from the Participant's Pre-Tax Deferral Account and Roth Deferral Account.

- (ii) Any distribution will be taken first from the Participant's Roth Deferral Account and then from the Participant's Pre-Tax Deferral Account.
- (iii) Any distribution will be taken first from the Participant's Pre-Tax Deferral Account and then from the Participant's Roth Deferral Account.
- (2) **Distribution of Excess Deferrals.**
- (i) Distribution of Excess Deferrals will be made from Roth and Pre-Tax Deferral Accounts in the same proportion that deferrals were allocated to such Accounts for the calendar year.
- (ii) Distribution of Excess Deferrals will be made first from the Roth Deferral Account and then from the Pre-Tax Deferral Account.
- (iii) Distribution of Excess Deferrals will be made first from the Pre-Tax Deferral Account and then from the Roth Deferral Account.
- (3) **Distribution of Salary Deferrals to Highly Compensated Employees to correct ADP or ACP Test failure.**
- (i) Distribution of Excess Contributions (or Excess Aggregate Contributions) will be made from Roth and Pre-Tax Deferral Accounts in the same proportion that deferrals were allocated to such Accounts for the Plan Year.
- (ii) Distribution of Excess Contributions (or Excess Aggregate Contributions) will be made first from the Roth Deferral Account and then from the Pre-Tax Deferral Account.
- (iii) Distribution of Excess Contributions (or Excess Aggregate Contributions) will be made first from the Pre-Tax Deferral Account and then from the Roth Deferral Account.
- (c) **In-Plan Roth Conversions (pre-2013 provisions).** Unless elected under this subsection, the Plan does not permit a Participant to make an In-Plan Roth Conversion under the Plan. To override this provision to allow Participants to make an In-Plan Roth Conversion, this subsection must be completed.
- (1) **Effective date.** Effective \_\_\_\_\_ [ *not earlier than 9/27/2010 or later than 12/31/2012* ], a Participant may elect to convert all or any portion of his/her non-Roth vested Account Balance to an In-Plan Roth Conversion Account.
- [ *Note: The Plan must provide for Roth Deferrals under AA §6A-5 as of the effective date designated in this subsection (1). The provisions under this subsection do not address the provisions under the American Taxpayer Relief Act of 2012 (ATRA). To apply the rules under ATRA for In-Plan Roth Conversions made on or after January 1, 2013, see Appendix B of the Plan and Interim Amendment #1. ]*
- (2) **Additional in-service distribution options for In-Plan Roth Conversions.** For a Participant to convert his/her contributions to Roth contributions, the Participant must be eligible to take a distribution from the Plan. This subsection (2) may be used to add the in-service distribution options under the Plan applicable only to In-Plan Roth Conversions.
- (i) **In-service distribution events:** In addition to any in-service distribution options described in AA §10, the following in-service distribution options apply for In-Plan Roth Conversions: [ *Check the appropriate boxes. ]*
- (A) Attainment of age 59½ for all contribution sources
- (B) Attainment of age 59½ for Salary Deferrals (including QNECs, QMACs and Safe Harbor Contributions, if applicable)
- (C) Attainment of age \_\_\_ for contribution sources other than Salary Deferrals (and QNECs, QMACs and Safe Harbor Contributions, if applicable).
- (D) Completion of \_\_\_ (cannot be less than 60) months of participation in the Plan. ( *Not applicable to Salary Deferrals, QNECs, QMACs or Safe Harbor Contributions, as applicable.*  )
- (E) The amounts being withdrawn have been held in Plan for at least two years. ( *Not applicable to Salary Deferrals, QNECs, QMACs or Safe Harbor Contributions, as applicable.*  )
- (F) Other distribution event:
- [ *Note: For Salary Deferrals (including any QNECs, QMACs or Safe Harbor Contributions), a Participant must be at least age 59½ to take an in-service distribution. For Employer Contributions and Matching Contributions, the Plan may authorize an in-service distribution upon a stated event, including the attainment of any age. Any selection in subsection (F) must be definitely determinable and*

*not subject to Employer discretion. ]*

- (ii) **In-service distribution option available only to accomplish In-Plan Roth Conversion.** If this subsection (ii) is checked, the in-service distribution options described in subsection (i) will be permitted only to accomplish an In-Plan Roth Conversion.
- [ Note: An in-service distribution may be limited solely to accomplish a Roth conversion only if the Plan does not already authorize an in-service distribution. Thus, this subsection (ii) will not apply to the extent an in-service distribution is already authorized under the Plan. ]*
- (3) **Contribution sources.** An Employee may only elect to make an In-Plan Roth Conversion from the following sources: *[ Check all contribution sources available under the Plan from which an In-Plan Roth Conversion is available. ]*
- (i) All available sources under the Plan
- (ii) Pre-tax Salary Deferrals
- (iii) Employer Contributions
- (iv) Matching Contributions
- (v) Safe Harbor Contributions
- (vi) QNECs and QMACs
- (vii) After-Tax Contributions
- (viii) Rollover Contributions
- (ix) Describe:
- [ Note: Any selection in subsection (ix) must be definitely determinable and not subject to Employer discretion. ]*
- (4) **Limits applicable to In-Plan Roth Conversions.** The following limits apply in determining the amounts that are eligible for an In-Plan Roth Conversion.
- (i) Check this box if Roth conversions may only be made from contribution sources that are fully vested (i.e., 100% vested).
- [ Note: If an In-Plan Roth Conversion is permitted from partially-vested sources, special rules apply for determining the vested percentage of such amounts after conversion. See Section 7.09 of the Plan. ]*
- (ii) A Participant may not make an In-Plan Roth Conversion of less than \$ \_\_\_\_ (may not exceed \$1,000).
- (iii) A Participant may not make an In-Plan Roth Conversion of any outstanding loan amount.
- [ Note: If this subsection (iii) is not checked, a Participant may convert amounts that are attributable to an outstanding loan, to the extent the loan relates to a contribution source that is eligible for conversion under subsection (3) above. ]*
- (iv) Describe:
- [ Note: Any selection in subsection (iv) must be definitely determinable and not subject to Employer discretion. ]*
- (5) **Amounts available to pay federal and state taxes generated from an In-Plan Roth Conversion.**
- (i) **In-service distribution.** If the Plan does not otherwise permit an in-service distribution at the time of the In-Plan Roth Conversion and this subsection (i) is checked, a Participant may elect to take an in-service distribution solely to pay taxes generated from the In-Plan Roth Conversion.
- (ii) **Participant loan.** Generally, a Participant may request a loan from the Plan to the extent permitted under Section 13 of the Plan and Appendix B of this Adoption Agreement. However, to the extent a Participant loan is not otherwise allowed and this subsection (ii) is selected, a Participant may receive a Participant loan solely to pay taxes generated from an In-Plan Roth Conversion.
- [ Note: If this subsection (ii) is selected and Participant loans are not otherwise authorized under the Plan, any Participant loan made pursuant to this subsection (ii) will be made in accordance with the default loan policy described in Section 13 of the Plan. ]*
- (6) **Distribution from In-Plan Roth Conversion Account.** Distributions from the In-Plan Roth Conversion account will be permitted as follows:

- (i) In-service distributions will not be permitted from an In-Plan Roth Conversion account until the earliest date a distribution would otherwise be permitted for any contribution source eligible for conversion, without regard to the conversion distribution.
- (ii) An in-service distribution may be made from the In-Plan Roth Conversion account at any time.
- (iii) A separate In-Plan Roth Conversion account will be maintained for converted amounts attributable to Rollover Contributions and/or After-Tax Contributions. An in-service distribution may be made at any time from this separate account.
- (iv) Describe distribution options:

[ **Note:** This subsection (6) may not be used to eliminate an in-service distribution option that was otherwise available at the time of the In-Plan Roth Conversion. Thus, for example, if a Participant is permitted to make an In-Plan Roth Conversion of After-Tax Contributions or Rollover contributions, and such contributions are eligible for immediate distribution at the time of the In-Plan Roth Conversion, those amounts must continue to be available for distribution after the In-Plan Roth Conversion. Subsection (iii) permits the protection of the immediate distribution option for Rollover and After-Tax Contributions while still delaying the distribution of other contribution sources. If subsection (iii) is checked, subsection (i) or (iv) should also be checked to describe distribution options for other contribution sources. To the extent a selection in this subsection (6) results in an improper elimination of a distribution right, the provisions of this subsection (6) will not apply. ]

- (d) **Describe** any special rules that apply to Roth Deferrals under the Plan:

[ **Note:** Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4). ]

6A-6 **ADP TESTING.** The ADP Test will be performed using the Current Year Testing Method, unless designated otherwise under this AA §6A-6. (See Section 6.01(a) of the Plan.)

- (a) **Prior Year Testing Method.** Instead of the Current Year Testing Method, the Plan will use the Prior Year Testing Method in running the ADP Test.

[ **Note:** If the Plan is a Safe Harbor 401(k) Plan (as designated in AA §6C below), the Plan **must** use the Current Year Testing Method. Thus, for any year the Plan is a Safe Harbor 401(k) Plan, the Current Year Testing Method applies, regardless of any selection under this subsection. ]

- (b) **Application of Current Year Testing Method.** The Current Year Testing Method has applied since the \_\_\_\_ Plan Year. [ *If the Plan has switched from the Prior Year Testing Method to the Current Year Testing Method, this subsection may be checked to designate the first Plan Year for which the Current Year Testing Method applies.* ]
- (c) **Special rule for first Plan Year.** If this is a new 401(k) Plan, the testing method selected in this AA §6A-6 applies for purposes of applying the ADP Test for the first Plan Year of the Plan, unless designated otherwise under this subsection. If the Prior Year Testing Method applies, the ADP of the Nonhighly Compensated Group for the first Plan Year is deemed to be 3%. (See Section 6.01(a)(3) of the Plan.)
  - (1) **Instead of the Prior Year Testing Method**, the Plan will use the Current Year Testing Method for the first Plan Year for which the 401(k) Plan is effective.
  - (2) **Instead of the Current Year Testing Method**, the Plan will use the Prior Year Testing Method for the first Plan Year for which the 401(k) Plan is effective.

6A-7 **CHANGE OR REVOCATION OF DEFERRAL ELECTION:** In addition to the Participant's Entry Date under the Plan, a Participant's election to change or resume a deferral election will be effective as set forth under the Salary Reduction Agreement or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this AA §6A-7 specific dates as of which a Participant may change or resume a deferral election. (See Section 3.03(b) of the Plan.)

- (a) The first day of each calendar quarter
- (b) The first day of each Plan Year
- (c) The first day of each calendar month
- (d) The beginning of each payroll period
- (e) Other:

[ **Note:** A Participant must be permitted to change or revoke a deferral election at least once per year. Unless designated otherwise, a Participant may revoke a deferral election (on a prospective basis) at any time. ]

6A-8 **AUTOMATIC CONTRIBUTION ARRANGEMENT.** No automatic contribution provisions apply under Section 3.03(c) of the Plan, unless provided otherwise under this AA §6A-8.

(a) **Automatic deferral election.** Upon becoming eligible to make Salary Deferrals under the Plan (pursuant to AA §3 and AA §4), a Participant will be deemed to have entered into a Salary Deferral Election for each payroll period, unless the Participant completes a Salary Deferral Election (subject to the limitations under AA §6A-2 and AA §6A-3) in accordance with procedures adopted by the Plan Administrator.

(1) **Effective date of Automatic Contribution Arrangement.** The automatic deferral provisions under this AA §6A-8 are effective as of:

(i) The Effective Date of this Plan as set forth under the Employer Signature Page.

(ii) \_\_\_\_\_[ insert date ]

(iii) As set forth under a prior Plan document. [ *Note: If this subsection (iii) is checked, the automatic deferral provisions under this AA §6A-8 will apply as of the original Effective Date of the automatic contribution arrangement. Unless provided otherwise under this AA §6A-8, an Employee who is automatically enrolled under a prior Plan document will continue to be automatically enrolled under the current Plan document.* ]

(2) **Automatic Contribution Arrangement.** Check this subsection (2) if the Plan is designated as an Automatic Contribution Arrangement, as described under Section 3.03(c) of the Plan. [ *Note: Unless an election is made under this AA §6A-8 that is inconsistent with the requirements of an Eligible Automatic Contribution Arrangement (EACA), the Automatic Contribution Arrangement will qualify as an EACA, as described in Section 3.03(c)(1) of the Plan.* ]

(i) **Automatic deferral percentage.**

(A) 6 % of Plan Compensation

(B) \$ \_\_\_\_\_

(ii) **Automatic increase.** If elected under this subsection (ii), the automatic deferral amount will increase each Plan Year by the following amount. (See Section 3.03(c) of the Plan.)

(A) 1 % of Plan Compensation

(B) \$ \_\_\_\_\_

(C) Describe:

Any automatic increase elected under this subsection (ii) will not cause the automatic deferral amount to exceed:

(D) 10 % of Plan Compensation

(E) \$ \_\_\_\_\_

(F) Describe:

(3) **Qualified Automatic Contribution Arrangement (QACA).** Check this subsection if the Plan is designated as a QACA under Section 6.04(b) of the Plan. [ *Note: If this subsection (3) is checked, a QACA Safe Harbor Contribution must also be selected under AA §6C-2.* ]

(i) **Automatic deferral percentage.** \_\_\_\_\_% [must be at least 3% and no more than 10%] of Plan Compensation.

(ii) **Automatic increase.** If elected under this subsection (ii), the automatic deferral amount will increase each Plan Year by the following amount:

(A) \_\_\_\_\_% of Plan Compensation

but not in excess of

(B) \_\_\_\_\_% [ not less than 6% or more than 10% ] of Plan Compensation

[ *Note: If the percentage under subsection (i) is less than 6% of Plan Compensation, an automatic deferral of at least 1% must apply under subsection (A). If no percentage is entered under subsection (B), any automatic increase selected under subsection (ii) will not exceed 10% of Plan Compensation.* ]

- (4) **Application of automatic deferral provisions.** The automatic deferral election under subsection (2) or (3), as applicable, will apply to new Participants and existing Participants as set forth under this subsection (4).
- (i) **New Participants.** The automatic deferral provisions apply to all eligible Participants who do not enter into a Salary Deferral Election (including an election not to defer) and who:
- (A) become Participants on or after the effective date of the automatic deferral provisions.
  - (B) are hired on or after the effective date of the automatic deferral provisions.
- (ii) **Current Participants.** The automatic deferral provisions apply to all other eligible Participants as follows:
- (A) Automatic deferral provisions apply to all current Participants who have not entered into a Salary Deferral Election (including an election not to defer under the Plan).
  - (B) Automatic deferral provisions apply to all current Participants who have not entered into a Salary Deferral Election that is at least equal to the automatic deferral amount under subsection (2)(i) or (3)(i), as applicable. Current Participants who have made a Salary Deferral Election that is less than the automatic deferral amount or who have not made a Salary Deferral Election will automatically be increased to the automatic deferral amount unless the Participant enters into a new Salary Deferral election on or after the effective date of the automatic deferral provisions.
  - (C) Automatic deferral provisions do not apply to current Participants. Only new Participants described in subsection (i) are subject to the automatic deferral provisions. [ *Note: This subsection (C) may not be selected if the Plan is a QACA under subsection (3). Also see Section 3.03(c)(2)(i) of the Plan for the application of this subsection under an EACA.*  ]
  - (D) Describe:  
[ *Note: Any special provisions under subsection (D) must comply with the nondiscrimination requirements under Code §401(a)(4).*  ]
- (iii) **Treatment of automatic deferrals.** Any Salary Deferrals made pursuant to an automatic deferral election will be treated as Pre-Tax Salary Deferrals, unless designated otherwise under this subsection (iii).
- Any Salary Deferrals made pursuant to an automatic deferral election will be treated as Roth Deferrals. [ *This subsection (iii) may only be checked if Roth Deferrals are permitted under AA §6A-5.*  ]
- [ *Note: Any Salary Deferral Election (including an election not to defer under the Plan) made after the effective date of the automatic deferral provisions will override such automatic deferral provisions. See Section 6.04(b)(1)(iii) of the Plan for the application of this provision to rehired Employees.*  ]
- (5) **Application of automatic increase.** Unless designated otherwise under this subsection (5), if an automatic increase is selected under subsection (2) (ii) or (3)(ii) above, the automatic increase will take effect as of the first day of the second Plan Year following the Plan Year in which the automatic deferral election first becomes effective with respect to a Participant. (See Section 3.03(c)(2)(iii) of the Plan.)
- (i) **First Plan Year.** Instead of applying as of the second Plan Year, the automatic increase described in subsection (2)(ii) or (3)(ii), as applicable, takes effect as of the appropriate date (as designated under subsection (iii) below) within the first Plan Year following the date automatic contributions begin.
- (ii) **Designated Plan Year.** Instead of applying as of the second Plan Year, the automatic increase described in subsection (2)(ii) or (3)(ii), as applicable, takes effect as of the appropriate date (as designated under subsection (iii) below) within the \_\_\_\_\_ Plan Year following the Plan Year in which the automatic deferral election first becomes effective with respect to a Participant. [ *Note: If this subsection (ii) is checked and the Plan is intended to qualify for the QACA safe harbor, the Plan must satisfy the minimum deferral requirements. See Section 6.04(b)(1)(i) of the Plan for special rules that apply if this subsection (ii) is checked for a QACA plan. Also see Rev. Rul. 2009-30.*  ]
- (iii) **Effective date.** The automatic increase described under subsection (2)(ii) or (3)(ii), as applicable, is generally effective as of the first day of the Plan Year. If this subsection (iii) is checked, instead of becoming effective on the first day of the Plan Year, the automatic increase will be effective on:
- (A) The anniversary of the Participant's date of hire.
  - (B) The anniversary of the Participant's first automatic deferral contribution.
  - (C) The first day of each calendar year.

(D) Other date: July 1

[ *Note: If this subsection (iii) is checked and the Plan is intended to qualify for the QACA safe harbor, the Plan must satisfy the minimum deferral requirements. See Section 6.04(b)(1)(i) of the Plan for special rules that apply if this subsection (iii) is checked for a QACA plan. Also see Rev. Rul. 2009-30. ]*

(iv) **Special rules:**

[ *Note: Any special rules under this subsection (iv) must satisfy the rules applicable to automatic increases under Treas. Reg. §1.401(k)-3, if applicable, and must satisfy the nondiscrimination requirements under Code §401(a)(4). ]*

(6) **Treatment of terminated Employees.** Unless designated otherwise under subsection (i) below, a Participant’s affirmative election to defer (or to not defer) will cease upon termination of employment. In addition, unless designated otherwise under subsection (ii) below, in applying the automatic deferral provisions under the Plan, a rehired Participant is treated as a new Employee if the Participant is precluded from making automatic deferrals to the Plan for a full Plan Year.

(i) **Terminated Employees.** If this subsection (i) is selected, a terminated Participant’s affirmative election to defer (or to not defer) will not cease upon termination of employment. Thus, a Participant who entered into an election to defer (or not to defer) prior to termination of employment will not be subject to the automatic deferral provisions upon rehire. (See Section 3.03(c)(2)(i) of the Plan.)

**Rehired Employees.** If this provision applies, a Participant who is precluded from making automatic deferrals to the Plan for a full Plan Year will (ii)not be treated as a new Employee for purposes of applying the automatic deferral provisions under the Plan. Thus, a rehired Participant’s minimum deferral percentage will continue to be calculated based on the date the individual first began making automatic deferrals under the Plan. (See Section 6.04(b)(1)(iii) of the Plan.)

(b) **Permissible Withdrawals under Automatic Contribution Arrangement.**

(1) **Permissible withdrawals allowed.** If the Plan satisfies the requirements for an EACA (as set forth in Section 3.03(c)(2) of the Plan) or a QACA (as set forth in Section 6.04(b) of the Plan), the permissible withdrawal provisions under Section 3.03(c)(3) of the Plan apply. Thus, a Participant who receives an automatic deferral may withdraw such contributions (and earnings attributable thereto) within the time period set forth under Section 3.03(c)(3) of the Plan, without regard to the in-service distribution provisions selected under AA §10-1.

(2) **No permissible withdrawals.** Although the Plan contains an automatic deferral election that is designed to satisfy the requirements of an EACA or QACA, the permissible withdrawal provisions under this subsection (b) are not available.

(3) **Time period for electing a permissible withdrawal.** Instead of a 90-day election period, a Participant must request a permissible withdrawal no later than 45 [ *may not be less than 30 or more than 90* ] days after the date the Plan Compensation from which such Salary Deferrals are withheld would otherwise have been included in gross income.

(c) **Other automatic deferral provisions:**

[ *Note: Any language added under this subsection must comply with the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. ]*

6A-9 **SPECIAL DEFERRAL EFFECTIVE DATES.** Unless designated otherwise under this AA §6A-9, a Participant is eligible to make Salary Deferrals under the Plan as of the Effective Date of the Plan (as designated in the Employer Signature Page). However, in no case may a Participant begin making Salary Deferrals prior to the later of the date the Employee becomes a Participant, the date the Participant executes a Salary Reduction Agreement or the date the Plan is adopted or effective. (See Section 3.03(a) of the Plan.)

To designate a later Effective Date for Salary Deferrals or Roth Deferrals, complete this AA §6A-9.

(a) **Salary Deferrals.** A Participant is eligible to make Salary Deferrals under the Plan as of:

(1) the date the Plan is executed by the Employer (as indicated on the Employer Signature Page).

(2) \_\_\_\_\_(insert date).

(b) **Roth Deferrals.** The Roth Deferral provisions under AA §6A-5 are effective as of \_\_\_\_\_. [ *If Roth Deferrals are permitted under AA §6A-5 above, Roth Deferrals are effective as of the Effective Date applicable to Salary Deferrals under this AA §6A-9, unless a later date is designated under this subsection. ]*

6A-10 **SIMPLE 401(k) PLAN PROVISIONS.** The SIMPLE 401(k) provisions under Section 6.05 of the Plan do not apply unless specifically elected under this AA §6A-10.

- (a) By checking this box the Employer elects to have the SIMPLE 401(k) provisions described in Section 6.05 of the Plan apply.
  - (1) Employer will make Matching Contribution under Section 6.05(b)(3) of the Plan.
  - (2) Employer will make Employer Contribution under Section 6.05(b)(4) of the Plan.

(b) Other SIMPLE 401(k) provisions:

[ Note: This AA §6A-10 may only be checked if the Plan uses a calendar-year Plan Year and the Employer is an Eligible Employer as defined in Section 6.05(a)(1) of the Plan. All contributions under the SIMPLE 401(k) Plan are 100% vested at all times. If this AA §6A-10 is selected, no contributions may be authorized under AA §6B-1 and AA §6B- §6D. Any special rules under subsection (b) must satisfy the nondiscrimination requirements under Code §401(a)(4). ]

**SECTION 6B  
MATCHING CONTRIBUTIONS**

6B-1 **MATCHING CONTRIBUTIONS.** Is the Employer authorized to make Matching Contributions under the Plan?

- Yes.** [ Check this box if Matching Contributions may be made under the Plan, including Matching Contributions that satisfy the ACP safe harbor (i.e., Matching Contributions that are made in addition to the Safe Harbor Contributions required to satisfy the ADP safe harbor under AA §6C-2(a)). ]
- No.** [ Check this box if there are no Matching Contributions or the only Matching Contributions are Safe Harbor Matching Contributions that satisfy the ADP safe harbor under AA §6C-2(a). If "No" is checked, skip to Section 6C. ]

6B-2 **MATCHING CONTRIBUTION FORMULA:** For the period designated in AA §6B-5 below, the Employer will make the following Matching Contribution on behalf of Participants who satisfy the allocation conditions under AA §6B-7 below. [ See AA §6B-3 for the definition of Eligible Contributions for purposes of the Matching Contributions under the Plan. If the Plan provides for After-Tax Employee Contributions, also see AA §6D-2 to determine the application of the Matching Contribution formulas to After-Tax Employee Contributions. ]

- (a) **Discretionary match.** The Employer will determine in its sole discretion how much, if any, it will make as a Matching Contribution. Such amount can be determined either as a uniform percentage of deferrals or as a flat dollar amount for each Participant.
- (b) **Fixed match.** The Employer will make a Matching Contribution for each Participant equal to:
  - (1) 60% of Eligible Contributions made for each period designated in AA §6B-5 below.
  - (2) \$ \_\_\_\_ for each period designated in AA §6B-5 below.
  - (3) % of Eligible Contributions made for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least \_\_\_\_% of Plan Compensation for such period.
  - (4) \$ \_\_\_\_ for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least \_\_\_\_% of Plan Compensation for such period.
- (c) **Tiered match.** The Employer will make a Matching Contribution to all Participants based on the following tiers of Eligible Contributions.

(1) **Tiers as percentage of Plan Compensation.**

<i>Eligible Contributions</i>	<b>Fixed Match %</b>	<b>Discretionary Match</b>
<input type="checkbox"/> (i) Up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (ii) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (iii) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (iv) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>

★ (2) Tiers as dollar amounts.

<i>Eligible Contributions</i>	<b>Fixed Match</b>	<b>Discretionary Match</b>
<input type="checkbox"/> (i) Up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (ii) From \$ ____ up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (iii) From \$ ____ up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (iv) Above \$ ____	%	<input type="checkbox"/>

[ *Note: If the Plan is designed to satisfy the ACP safe harbor with respect to the Matching Contributions, the rate of Matching Contribution may not increase as the rate of Eligible Contributions increases. ]*

- (d) **Year of Service match.** The Employer will make a Matching Contribution as a uniform percentage of Eligible Contributions to all Participants based on Years of Service with the Employer.

<b>Years of Service</b>	<b>Matching %</b>
<input type="checkbox"/> (1) From ____ up to Years of Service	%
<input type="checkbox"/> (2) From ____ up to Years of Service	%
<input type="checkbox"/> (3) From ____ up to Years of Service	%
<input type="checkbox"/> (4) Years of Service equal to and above	%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is:

[ *Note: Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature. Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan. ]*

- (e) **Different Employee groups.** The Employer may make a different Matching Contribution to the Employee groups designated under subsection (1) below. The Matching Contribution will be allocated separately to each designated Employee group in accordance with the formula designated under subsection (2).

(1) **Designated Employee groups.**

(2) **Matching Contribution formulas.**

- (i) **Discretionary Matching Contribution.** The Employer may make a different discretionary Matching Contribution for each Employee group designated under subsection (1).

- (ii) **Different Matching Contribution formula.** The following Matching Contribution will apply for each Employee group designated under subsection (1).

[ *Note: Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature. ]*

- (f) **Describe special rules for determining allocation formula:**

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

6B-3 **CONTRIBUTIONS ELIGIBLE FOR MATCHING CONTRIBUTIONS (“ELIGIBLE CONTRIBUTIONS”).** Unless designated otherwise under this AA §6B-3, all Salary Deferrals, including any Roth Deferrals and Catch-Up Contributions are eligible for the Matching Contributions designated under AA §6B-2.

- (a) **Matching Contributions.** Only the following contribution sources are eligible for a Matching Contribution under AA §6B-2:

- (1) Pre-tax Salary Deferrals
- (2) Roth Deferrals
- (3) Catch-Up Contributions

[ *Note: Any amounts excluded under this subsection do not apply to Safe Harbor Matching Contributions under AA §6C-2. See AA §6D-2 to determine eligibility of After-Tax Employee Contributions for Matching Contributions. ]*

- (b) **Application of Matching Contributions to elective deferrals made under another plan maintained by the Employer.** If this subsection is checked, the Matching Contributions described in AA §6B-2 will apply to elective deferrals made under another plan maintained by the Employer.
  - (1) The Matching Contribution designated in AA §6B-2 above will apply to elective deferrals under the following plan maintained by the Employer:
  - (2) The following special rules apply in determining the amount of Matching Contributions under this Plan with respect to elective deferrals under the plan described in subsection (1):
 

[ *Note: This subsection may be used to describe special provisions applicable to Matching Contributions provided with respect to elective deferrals under another plan maintained by the Employer, including another qualified plan, Code §403(b) plan or Code §457(b) plan.*  ]
- (c) **Special rules.** The following special rules apply for purposes of determining the Matching Contribution under this AA §6B-3: A Participant who receives a non-hardship withdrawal of After-Tax or Company Matching contributions is suspended from receiving Company Matching contributions for three months following date of the withdrawal.

[ *Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. If contribution sources are limited for only certain Matching Contributions, those limitations may be described under this subsection.*  ]

6B-4 **LIMITS ON MATCHING CONTRIBUTIONS.** In applying the Matching Contribution formula(s) selected under AA §6B-2 above, all Eligible Contributions are eligible for Matching Contributions, unless elected otherwise under this AA §6B-4. [ *See AA §6D-2 for any limits that apply with respect to After-Tax Employee Contributions.*  ]

- (a) **ACP safe harbor match.** The Matching Contribution formula(s) selected in AA §6B-2 are designed to satisfy the ACP Safe Harbor as described in Section 6.04(i) of the Plan. Therefore, any Matching Contribution selected in AA §6B-2 will only apply with respect to Eligible Contributions that do not exceed 6% of Plan Compensation and to the extent any Matching Contribution formula is discretionary, the total amount of discretionary Matching Contributions will not exceed 4% of Plan Compensation for the Plan Year.
 

[ *Note: If this subsection is checked, no allocation conditions should be selected under AA §6B-7. If allocation conditions are selected under AA §6B-7, the Matching Contributions under this AA §6B-2 may not qualify for the ACP safe harbor. See Section 6.04(i) of the Plan.*  ]
- (b) **Limit on the amount of Eligible Contributions.** The Matching Contribution formula(s) selected in AA §6B-2 above apply only to Eligible Contributions that do not exceed:
  - (1) 6 % of Plan Compensation.
  - (2) \$ .
  - (3) A discretionary amount determined by the Employer.

[ *Note: If both (1) and (2) are selected, the limit under this subsection is the lesser of the percentage selected in subsection (1) or the dollar amount selected in subsection (2).*  ]
- (c) **Limit on Matching Contributions.** The total Matching Contribution provided under the formula(s) selected in AA §6B-2 above will not exceed:
  - (1) \_\_\_% of Plan Compensation.
  - (2) \$ .
- (d) **Application of limits.** The limits identified under this AA §6B-4 do **not** apply to the following Matching Contribution formula(s):
 

<ul style="list-style-type: none"> <li><input type="checkbox"/> (1) Any limit on the amount of Eligible Contributions does not apply to:                             <ul style="list-style-type: none"> <li><input type="checkbox"/> (i) Discretionary match</li> <li><input type="checkbox"/> (ii) Fixed match</li> <li><input type="checkbox"/> (iii) Tiered match</li> <li><input type="checkbox"/> (iv) Year of Service match</li> <li><input type="checkbox"/> (v) Employee group match</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> (2) Any limit on Matching Contributions does not apply to:                             <ul style="list-style-type: none"> <li><input type="checkbox"/> (i) Discretionary match</li> <li><input type="checkbox"/> (ii) Fixed match</li> <li><input type="checkbox"/> (iii) Tiered match</li> <li><input type="checkbox"/> (iv) Year of Service match</li> <li><input type="checkbox"/> (v) Employee group match</li> </ul> </li> </ul>
---	---

(e) **Special limits applicable to Matching Contributions:**

[ *Note: Any special provisions under this subsection must comply with the nondiscrimination requirements under Code §401(a)(4).*  ]

6B-5 **PERIOD FOR DETERMINING MATCHING CONTRIBUTIONS.** The Matching Contribution formula(s) selected in AA §6B-2 above (including any limitations on such amounts under AA §6B-4) are based on Eligible Contributions and Plan Compensation for the Plan Year. To apply a different period for determining the Matching Contributions and limits under AA §6B-2 and AA §6B-3, complete this AA §6B-5.

- (a) payroll period  
 (b) Plan Year quarter  
 (c) calendar month  
 (d) Other:

[ **Note:** Although Matching Contributions (and any limits on those Matching Contributions) will be determined on the basis of the period designated under this AA §6B-5, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Matching Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415-6, regardless of the period selected under this AA §6B-5. Any alternative period designated under this AA §6B-5 may not exceed a 12-month period and will apply uniformly to all Participants. ]

[ **Note:** In determining the amount of Matching Contributions for a particular period, if the Employer actually makes Matching Contributions to the Plan on a more frequent basis than the period selected in this AA §6B-5, a Participant will be entitled to a true-up contribution to the extent he/she does not receive a Matching Contribution based on the Eligible Contributions and/or Plan Compensation for the entire period selected in this AA §6B-5. If a period other than the Plan Year is selected under this AA §6B-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under this AA §6B-5. See Section 3.04(c) of the Plan. ]

6B-6 **ACP TESTING.** The ACP Test will be performed using the Current Year Testing Method, unless designated otherwise under this AA §6B-6. (See Section 6.02(a) of the Plan.)

- (a) **Prior Year Testing Method.** Instead of the Current Year Testing Method, the Plan will use the Prior Year Testing Method in running the ACP Test.  
 [ **Note:** If the Plan is intended to be a Safe Harbor 401(k) Plan (as designated in AA §6C below), the Plan must use the Current Year Testing Method. Thus, for any year the Plan is a Safe Harbor 401(k) Plan, the Current Year Testing Method applies, regardless of any selection under this subsection. ]
- (b) **Application of Current Year Testing Method.** The Current Year Testing Method has applied since the \_\_\_\_ Plan Year. [ If the Plan has switched from the Prior Year Testing Method to the Current Year Testing Method, this subsection may be checked to designate the first Plan Year for which the Current Year Testing Method applies. ]
- (c) **Special rule for first Plan Year.** If this is a new 401(m) Plan, the testing method selected in this AA §6B-6 applies for purposes of applying the ACP Test for the first Plan Year of the Plan, unless designated otherwise under this subsection. If the Prior Year Testing Method applies, the ACP of the Nonhighly Compensated Employee Group for the first Plan Year is deemed to be 3%. (See Section 6.02(a)(3) of the Plan.)
- Instead of the Prior Year Testing Method** , the Plan will use the Current Year Testing Method for the first Plan Year for which the 401(m) Plan is effective.  
 (1)
- Instead of the Current Year Testing Method** , the Plan will use the Prior Year Testing Method for the first Plan Year for which the 401(m) Plan is effective.  
 (2)

6B-7 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6B-7 to receive an allocation of Matching Contributions under the Plan.

[ **Note:** Any allocation conditions set forth under this AA §6B-7 do not apply to Safe Harbor Matching Contributions under AA §6C or QMACs under AA §6D, unless provided otherwise under those specific sections. See AA §4-5 for treatment of service with Predecessor Employers for purposes of applying the allocation conditions under this AA §6B-7. ]

- (a) **No allocation conditions** apply with respect to Matching Contributions under the Plan.
- (b) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than:
- (1) \_\_\_\_ (not to exceed 500) Hours of Service during the Plan Year.
- (i) Hours of Service are determined using actual Hours of Service.
- (ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):
- (A) Monthly  (B) Weekly
- (C) Daily  (D) Semi-monthly
- (2) \_\_\_\_ (not more than 91) consecutive days of employment with the Employer during the Plan Year.

[ *Note: Under this safe harbor allocation condition, an Employee will satisfy the allocation conditions if the Employee completes the designated Hours of Service or period of employment, even if the Employee is not employed on the last day of the Plan Year. See Section 3.09 of the Plan for rules regarding the application of this allocation condition to the minimum coverage test. ]*

- (c) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.
- (d) **Minimum service condition.** An Employee must be credited with at least:
- (1) \_\_\_Hours of Service (not to exceed 1,000) during the Plan Year.
- (i) Hours of Service are determined using actual Hours of Service.
- (ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):
- (A) Monthly  (B) Weekly
- (C) Daily  (D) Semi-monthly
- (2) \_\_\_(not more than 182) consecutive days of employment with the Employer during the Plan Year.
- (e) **Application to a specified period.** The allocation conditions selected under this AA §6B-7 apply on the basis of the Plan Year. Alternatively, if an employment or minimum service condition applies under this AA §6B-7, the Employer may elect under this subsection to apply the allocation conditions on a periodic basis as set forth below. (See Section 3.09(a) of the Plan for a description of the rules for applying the allocation conditions on a periodic basis.)
- (1) **Period for applying allocation conditions.** Instead of the Plan Year, the allocation conditions set forth under subsection (2) below apply with respect to the following periods:
- (i) Plan Year quarter
- (ii) calendar month
- (iii) payroll period
- (iv) Other:
- (2) **Application to allocation conditions.** To the extent an employment or minimum service allocation condition applies under this AA §6B-7, such allocation condition will apply based on the period selected under subsection (1) above, unless designated otherwise below:
- (i) Only the employment condition will be based on the period selected in subsection (1) above.
- (ii) Only the minimum service condition will be based on the period selected in subsection (1) above.
- (iii) Describe any special rules:
- [Note: Any special rules under subsection (iii) must satisfy the nondiscrimination requirements of Code §401(a)(4). ]*
- (f) **Exceptions.**
- (1) The above allocation condition(s) will **not** apply if the Employee:
- (i) dies during the Plan Year.
- (ii) terminates employment as a result of becoming Disabled.
- (iii) terminates employment after attaining Normal Retirement Age.
- (iv) terminates employment after attaining Early Retirement Age.
- (v) is on an authorized leave of absence from the Employer.
- (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).
- (3) The exceptions selected under subsection (1) do not apply to:
- (i) an employment condition designated under this AA §6B-7.
- (ii) a minimum service condition designated under this AA §6B-7.
- (v) the following Matching Contributions:
- (A) Discretionary match
- (B) Fixed match
- (C) Tiered match

- (D) Year of Service match
- (E) Employee group match
- (g) Describe any special rules governing the allocation conditions under the Plan:  
 [ *Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4).* ]

## SECTION 6C

## SAFE HARBOR 401(k) CONTRIBUTIONS

6C-1 **SAFE HARBOR 401(k) PLAN.** Is the Plan intended to be a Safe Harbor 401(k) Plan?

- Yes
- No [ *If "No" is checked, skip to Section 6D.* ]

6C-2 **SAFE HARBOR CONTRIBUTIONS.** To qualify as a Safe Harbor 401(k) Plan, the Employer must make a Safe Harbor/QACA Safe Harbor Matching Contribution or Safe Harbor/QACA Safe Harbor Employer Contribution. The Safe Harbor Contribution elected under this AA §6C-2 will be in addition to any Employer Contribution or Matching Contribution elected in AA §6 or AA §6B above.

(a) **Safe Harbor/QACA Safe Harbor Matching Contribution.**

(1) **Safe Harbor Matching Contribution formula.**

- (i) **Basic match:** 100% of Salary Deferrals up to the first 3% of Plan Compensation, plus 50% of Salary Deferrals up to the next 2% of Plan Compensation.
- (ii) **Enhanced match:** \_\_\_\_% of Salary Deferrals up to \_\_\_\_% of Plan Compensation.
- (iii) **Tiered match:** \_\_\_\_% of Salary Deferrals up to the first \_\_\_\_% of Plan Compensation,
- (A) plus \_\_\_\_% of Salary Deferrals up to the next \_\_\_\_% of Plan Compensation,
- (B) plus \_\_\_\_% of Salary Deferrals up to the next \_\_\_\_% of Plan Compensation.

[ *Note: The enhanced match under subsection (ii) and the tiered match under subsection (iii) must provide a matching contribution that is at least equivalent at all deferral levels to the basic match described in subsection (i). If the enhanced match or tiered match applies to Salary Deferrals in excess of 6% of Plan Compensation or if the tiered match provides for a greater level of match at higher levels of Salary Deferrals, the Matching Contribution will be subject to ACP Testing. See Section 6.04(i)(2) of the Plan.* ]

(2) **QACA Safe Harbor Matching Contribution formula.** [ *Note: Also must select AA §6A-8.* ]

- (i) **Basic match:** 100% of Salary Deferrals up to the first 1% of Plan Compensation, plus 50% of Salary Deferrals up to the next 5% of Plan Compensation.
- (ii) **Enhanced match:** \_\_\_\_% of Salary Deferrals up to \_\_\_\_% of Plan Compensation.
- (iii) **Tiered match:** \_\_\_\_% of Salary Deferrals up to the first \_\_\_\_% of Plan Compensation,
- (A) plus \_\_\_\_% of Salary Deferrals up to the next \_\_\_\_% of Plan Compensation,
- (B) plus \_\_\_\_% of Salary Deferrals up to the next \_\_\_\_% of Plan Compensation.

[ *Note: The enhanced match under subsection (ii) and the tiered match under subsection (iii) must provide a matching contribution that is at least equivalent at all deferral levels to the basic match described in subsection (i). If the enhanced match or tiered match applies to Salary Deferrals in excess of 6% of Plan Compensation or if the tiered match provides for a greater level of match at higher levels of Salary Deferrals, the Matching Contribution will be subject to ACP Testing. See Section 6.04(i)(2) of the Plan.* ]

- (3) **Period for determining Safe Harbor Matching Contributions.** Instead of the Plan Year, the Safe Harbor/QACA Safe Harbor Matching Contribution formula selected in (1) or (2) above is based on Salary Deferrals for the following period:

- (i) payroll period  
 (ii) Plan Year quarter  
 (iii) calendar month  
 (iv) Other:

[ **Note:** In determining the amount of Safe Harbor/QACA Safe Harbor Matching Contributions for a particular period, if the Employer actually makes Safe Harbor/QACA Safe Harbor Matching Contributions to the Plan on a more frequent basis than the period selected in this subsection (3), a Participant will be entitled to a "true-up" contribution to the extent he/she does not receive a Safe Harbor/QACA Safe Harbor Matching Contribution based on the Salary Deferrals and/or Plan Compensation for the entire period selected in subsection (3). Thus, for example, if Plan Year applies under this subsection (3), additional Safe Harbor/QACA Safe Harbor Matching Contributions may be required if the Safe Harbor/QACA Safe Harbor Matching Contributions are made on a more frequent basis than annually. If true-up contributions will not be made for any Participant under the Plan, payroll period should be selected under subsection (i). ]

- (b) **Safe Harbor/QACA Safe Harbor Employer Contribution:** % (not less than 3%) of Plan Compensation.

[ **Note:** If the Plan is designated as a QACA under AA §6A-8, the Safe Harbor/QACA Safe Harbor Employer Contribution will be a QACA Safe Harbor Contribution. If the Plan is not designated as a QACA under AA §6A-8, the Safe Harbor/QACA Safe Harbor Employer Contribution will be a regular Safe Harbor Employer Contribution. ]

- (1) **Supplemental Safe Harbor notice.** Check this selection if the Employer will make the Safe Harbor/QACA Safe Harbor Employer Contribution pursuant to a supplemental notice, as described in Section 6.04(a)(4)(iii) of the Plan.

[ **Note:** If this subsection (1) is checked, the Safe Harbor/QACA Safe Harbor Employer Contribution described above will be required for a Plan Year only if the Employer provides a supplemental notice (as described in Section 6.04(a)(4)(iii) of the Plan). If the Employer properly provides the Safe Harbor notice but does not provide a supplemental notice, the Employer need not provide the Safe Harbor/QACA Safe Harbor Employer Contribution described above. In such a case, the Plan will not qualify as a Safe Harbor 401(k) Plan for that Plan Year and will be subject to ADP/ACP testing, as applicable. See Section 6.04(a)(4)(iii) of the Plan for rules that apply in subsequent Plan Years. ]

- (2) **Other plan.** Check this subsection (2) if the Safe Harbor/QACA Safe Harbor Employer Contribution will be made under another plan maintained by the Employer and identify the plan:

- (c) **Special rules:** The following special rules apply for purposes of applying the Safe Harbor provisions under the Plan:

[ **Note:** Any special rules must satisfy the nondiscrimination requirements of Code §401(a)(4). ]

6C-3 **ELIGIBILITY FOR SAFE HARBOR CONTRIBUTION.** The Safe Harbor Contribution selected in AA §6C-2 above will be allocated to all Participants who are eligible to make Salary Deferrals under the Plan, unless designated otherwise under this AA §6C-3.

- (a) **Availability of Safe Harbor Contributions.** Instead of being allocated to all eligible Participants, the Safe Harbor Contribution selected in AA §6C-2 will be allocated only to:

- (1) Nonhighly Compensated Participants  
 (2) Nonhighly Compensated Participants and any Highly Compensated Non-Key Employees

- (b) **Eligible Employees.** Unless designated otherwise under this subsection, any Excluded Employees will be determined under the Deferral column under AA §3-1. If this subsection is checked, the following Employees will be excluded for purposes of receiving the Safe Harbor Contribution. [ **Note:** The exclusion of Employees under this subsection may require additional nondiscrimination testing. See Section 6.04(c) of Plan. ]

- (1) Same exclusions as designated for Matching Contributions under AA §3-1.  
 (2) Same exclusions as designated for Employer Contributions under AA §3-1.  
 (3) The following Employees are Excluded Employees for purposes of receiving the Safe Harbor Contribution:
- (i) Collectively Bargained Employees  
 (ii) Non-resident aliens who receive no compensation from the Employer which constitutes U.S. source income  
 (iii) Leased Employees  
 (iv) Describe:

[ *Note: If subsection (iv) is completed to designate a class of Excluded Employees, such Employee class must be defined in such a way that it precludes Employer discretion and may not be based on time or service (e.g., part-time Employees) and may not provide for an exclusion designed to cover only Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service which may represent the minimum number of Nonhighly Compensated Employees necessary to satisfy the coverage requirements under Code §410(b).* ]

- (c) **Minimum age and service conditions.** Unless designated otherwise under this subsection, the minimum age and service conditions applicable to Salary Deferrals under AA §4 will apply for purposes of any Safe Harbor Contributions selected under AA §6C-2. If this subsection is checked, the following minimum age and service conditions apply for Safe Harbor Contributions. [ *Note: The addition of minimum age or service conditions under this subsection may require additional nondiscrimination testing. See Section 6.04(d) of the Plan.* ]
- (1) **Minimum service requirement.**
- (i) No minimum service conditions apply.
  - (ii) The minimum service conditions applicable to Matching Contributions (as selected in AA §4).
  - (iii) The minimum service conditions applicable to Employer Contributions (as selected in AA §4).
  - (iv) One Year of Service using shifting Eligibility Computation Period. (See Section 2.03(a)(3)(i) of the Plan.)
  - (v) The completion of at least \_\_\_\_ [ *cannot exceed 1,000* ] Hours of Service during the first \_\_\_\_ months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.
  - (vi) Describe:
- [ *Note: For purposes of determining eligibility for Safe Harbor Contributions, an Employee may not be required to complete more than one Year of Service.* ]
- (2) **Minimum age requirement.**
- (i) No minimum age requirement
  - (ii) Age 21
  - (iii) Age \_\_\_\_ (not later than age 21)
- (3) **Entry Date.**
- (i) Immediate     (ii) Semi-annual
  - (iii) Quarterly     (iv) Monthly
- (d) **Describe eligibility conditions:**
- [ *Note: Any additional eligibility conditions must satisfy the requirements of Code §410(a) and may not violate the nondiscrimination requirements of Code §401(a)(4).* ]

6C-4 **DEFINITION OF PLAN COMPENSATION.** Unless designated otherwise under this AA §6C-4, Plan Compensation is the same definition as selected under the Deferral column of AA §5-3 and AA §5-4. [ *See Note below for special rules applicable to definition of Plan Compensation.* ]

- (a) **Modification of Plan Compensation.** Instead of using the definition of Plan Compensation used for Salary Deferrals under AA §5-3, the following exclusions apply for Safe Harbor Contributions:
- (1) No exclusions.
  - (2) All fringe benefits, expense reimbursements, deferred compensation, moving expenses, and welfare benefits are excluded.
  - (3) Amounts received as a bonus are excluded.
  - (4) Amounts received as commissions are excluded.
  - (5) Overtime payments are excluded.
  - (6) Describe adjustments to Plan Compensation:
- [ *Note: Any exclusions selected under subsections (3) - (6) may cause the definition of Plan Compensation to fail to satisfy a safe harbor definition of compensation under Code §414(s). Any modification under subsection (6) must be definitely determinable and preclude Employer discretion.* ]
- (b) **Exclusions applicable only to Highly Compensated Employees.** If this subsection is checked, any non-safe harbor adjustments selected under AA §5-3 or under this AA §6C-4, to the extent the adjustments apply to Safe Harbor Contributions, will apply only to Highly Compensated Employees. [ *Note: If this subsection is checked, the definition of Plan Compensation that applies for purposes of determining the amount of Safe Harbor Contributions under the Plan will*

be deemed to satisfy a safe harbor definition of compensation under Code §414(s). See Section 1.137 of the Plan for a description of non-safe harbor compensation adjustments. ]

- (c) **Compensation while a Participant.** Instead of using the period of compensation designated under AA §5-4 for Salary Deferrals, the following Plan Compensation will be taken into account for Safe Harbor Contributions:
  - (1) Only Plan Compensation earned while the Employee is eligible to receive a Safe Harbor Contribution.
  - (2) Plan Compensation for the entire Plan Year, including compensation earned while an individual is not eligible to receive the Safe Harbor Contribution.

[ **Note:** In order to qualify as a Safe Harbor 401(k) Plan, the Plan must use a definition of Plan Compensation that satisfies a nondiscriminatory definition under Code §414(s). If the definition of Plan Compensation used for determining Safe Harbor Contributions under the Plan does not satisfy a nondiscriminatory definition under Code §414(s) for a given Plan Year, the Employer will be deemed to have elected to use Total Compensation for purposes of determining the Safe Harbor/QACA Safe Harbor Contribution for such Plan Year. See Section 1.97(a) of the Plan. ]

6C-5 **OFFSET OF ADDITIONAL EMPLOYER CONTRIBUTIONS.** Any additional Employer Contributions under AA §6 will be allocated to all eligible Participants in addition to the Safe Harbor Employer Contribution, unless selected otherwise under this AA §6C-5.

- Check this AA §6C-5 to provide that the Safe Harbor Employer Contribution offsets any additional Employer Contributions designated under AA §6. For this purpose, if the permitted disparity allocation method is selected under AA §6-3, this offset applies only to the second step of the two-step permitted disparity formula or the fourth step of the four-step permitted disparity formula. (See Section 3.02(d)(1) of the Plan.)

6C-6 **DELAYED EFFECTIVE DATE.** The Safe Harbor provisions under this AA §6C are effective as of the Effective Date of the Plan, as designated in the Employer Signature Page. To provide for a delayed effective date for the Safe Harbor provisions, check this AA §6C-6.

- The Safe Harbor provisions under this AA §6C are effective beginning \_\_\_\_\_. Prior to this delayed effective date, the provisions of this AA §6C do not apply. Thus, prior to the delayed effective date, the Employer is not obligated to make a Safe Harbor Contribution and the Plan is subject to ADP and ACP Testing, to the extent applicable.

**SECTION 6D  
SPECIAL CONTRIBUTIONS**

6D-1 **SPECIAL CONTRIBUTIONS.** The following Special Contributions may be made under the Plan:

- (a) No Special Contributions are permitted. [ Skip to Section 7. ]
- (b) After-Tax Employee Contributions
- (c) Qualified Nonelective Contributions (QNECs)
- (d) Qualified Matching Contributions (QMACs)

[ **Note:** Regardless of any elections under this AA §6D-1, the Employer may make additional QNECs or QMACs to the Plan on behalf of the Nonhighly Compensated Employees and use such amounts to correct an ADP or ACP Test violation. See Sections 6.01(b)(3) and 6.02(b)(3) of the Plan for special rules regarding the allocation of QNECs/QMACs under the Plan. ]

6D-2 **AFTER-TAX EMPLOYEE CONTRIBUTIONS.** If After-Tax Employee Contributions are authorized under AA §6D-1, a Participant may contribute any amount as After-Tax Employee Contributions up to the Code §415 Limitation (as defined in Section 5.03 of the Plan), except as limited under this AA §6D-2.

- (a) **Limits on After-Tax Employee Contributions.** If this subsection is checked, the following limits apply to After-Tax Employee Contributions:
  - (1) **Maximum limit.** A Participant may make After-Tax Employee Contributions up to
    - (i) 100 % of Plan Compensation
    - (ii) \$ \_\_\_\_\_
 for the following period:
    - (iii) the entire Plan Year.
    - (iv) the portion of the Plan Year during which the Employee is eligible to participate.
    - (v) each separate payroll period during which the Employee is eligible to participate.

- (2) **Minimum limit.** The amount of After-Tax Employee Contributions a Participant may make for any payroll period may not be less than:
- (i) \_\_\_\_% of Plan Compensation.
- (ii) \$ \_\_\_\_.
- (b) **Eligibility for Matching Contributions.** Unless designated otherwise under this subsection, After-Tax Employee Contributions will **not** be eligible for Matching Contributions under the Plan.
- (1) After-Tax Employee Contributions are eligible for the following Matching Contributions under the Plan:
- (i) All Matching Contributions elected under AA §6B and AA §6C.
- (ii) All Matching Contributions elected under AA §6B (other than Safe Harbor/QACA Safe Harbor Matching Contributions elected under AA §6C-2).
- (iii) Only Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2.
- (iv) All Matching Contributions designated under AA §6B-2 and/or AA §6C-2, except for the following Matching Contributions:
- (2) The Matching Contribution formula only applies to After-Tax Employee Contributions that do not exceed:
- (i) 6 \_\_\_\_% of Plan Compensation.
- (ii) \$ \_\_\_\_.
- (iii) A discretionary amount determined by the Employer.
- (c) **Change or revocation of After-Tax Employee Contributions.** In addition to the Participant's Entry Date under the Plan, a Participant's election to change or resume After-Tax Employee Contributions will be effective as of the dates designated under the After-Tax Employee Contribution election form or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this subsection specific dates as of which a Participant may change or resume After-Tax Employee Contributions. (See Section 3.06 of the Plan.)
- (1) The first day of each calendar quarter
- (2) The first day of each Plan Year
- (3) The first day of each calendar month
- (4) The beginning of each payroll period
- (5) Other:
- [ *Note: A Participant must be permitted to change or revoke an After-Tax Employee Contribution election at least once per year. Unless designated otherwise under subsection (5), a Participant may revoke an election to make After-Tax Employee Contributions (on a prospective basis) at any time. ]*
- (d) **ACP Testing Method.** The same ACP Testing Method will apply to After-Tax Employee Contributions as applies to Matching Contributions, as designated under AA §6B-6. If no method is selected under AA §6B-6, the Current Year Testing Method will apply, unless designated otherwise under this subsection.
- Instead of the Current Year Testing Method, if no testing method is selected under AA §6B-6, the Plan will use the **Prior Year Testing Method** in running the ACP Test.
- [ *Note: If the Plan is a Safe Harbor 401(k) Plan (as designated in AA §6C), the Plan must use the Current Year Testing Method. ]*
- (e) **Other limits:** After-tax contributions, when combined with Deferred Salary contributions made by a Participant may not exceed 100% of the Participant's Compensation for the Plan Year.
- [ *Any other limits must comply with the nondiscrimination requirements under Code §401(a)(4). ]*

**6D-3 QUALIFIED NONELECTIVE CONTRIBUTIONS (QNECs).** If QNECs are authorized under AA §6D-1, the Employer may make a discretionary QNEC to the Plan as a uniform percentage of Plan Compensation, a uniform dollar amount, or as a Targeted QNEC. (See Section 3.02(a)(6)(ii)(B) of the Plan for the description of a Targeted QNEC.) The Employer also may elect under this AA §6D-3 to make a fixed QNEC to the Plan. If the Employer decides to make a discretionary QNEC, the Employer must designate the contribution as a QNEC prior to making such contribution to the Plan. (See Section 6.01(a)(4) of the Plan for a description of the amount of QNEC that may be used in the ADP Test and/or ACP Test.)

Unless provided otherwise under this AA §6D-3, any QNEC authorized under AA §6D-1 will be allocated to Nonhighly Compensated Employees who are eligible to make Salary Deferrals, without regard to the allocation conditions selected in AA §6-5. Any contribution designated as a QNEC will automatically be subject to the requirements for QNECs (as described in Section 3.02(a)(6) of

the Plan). QNECs will be eligible for in-service distribution under the same conditions as elected for Salary Deferrals under AA §10 (other than hardship distributions), unless designated otherwise under AA §10.

To modify these default allocation provisions, complete the applicable provisions under this AA §6D-3.

- (a) **All Participants.** Any QNEC made pursuant to this AA §6D-3 will be allocated to all Participants who are eligible to defer, including Highly Compensated Employees.
- (b) **Fixed QNEC.**
- (1) The Employer will make a QNEC each Plan Year equal to \_\_\_\_% of Plan Compensation.
- (2) The Employer will make a QNEC each Plan Year equal to \$ \_\_\_\_.

[ *Note: A flat dollar QNEC may only be used in the ADP Test to the extent the QNEC does not violate the Targeted QNEC requirements as set forth in Section 3.02(a)(6)(ii)(B) of the Plan. ]*

- (c) **Allocation conditions.** Any QNEC made pursuant to this AA §6D-3 will be allocated only to Participants who have satisfied the following allocation conditions:
- (1) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than 500 Hours of Service. (See Section 3.09 of the Plan.)
- (2) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.
- (3) **Minimum service condition.** An Employee must be credited with at least 1,000 HOS during the Plan Year.
- (4) **Describe:**
- (d) **Eligibility for QNECs.** In determining eligibility for QNECs, only those Participants who are eligible for the following contributions will share in the allocation of QNECs (subject to the selections in this AA §6D-3):
- (1) **Employer Contributions**
- (2) **Matching Contributions**
- (3) **Describe:**
- (e) **Special rules:**

[ *Note: Any special provisions under this AA §6D-3 must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

6D-4 **QUALIFIED MATCHING CONTRIBUTIONS (QMACs):** If QMACs are authorized under AA §6D-1, the Employer may make a discretionary QMAC as a uniform percentage of Plan Compensation. If the Employer decides to make a discretionary QMAC, the Employer must designate the contribution as a QMAC prior to making such contribution to the Plan. Unless provided otherwise under this AA §6D-4, any QMAC authorized under AA §6D-1 will be allocated only to Nonhighly Compensated Employees, without regard to the allocation conditions selected in AA §6B-7. Any discretionary Matching Contribution designated as a QMAC will automatically be subject to the requirements for QMACs (as described in Section 3.04(d) of the Plan). QMACs will be eligible for in-service distribution under the same conditions as elected for Salary Deferrals under AA §10 (other than hardship distributions). (See Section 6.02(a)(1) of the Plan for a description of the amount of QMAC that may be used in the ADP Test and/or ACP Test.)

To modify these default allocation provisions, complete the applicable provision under this AA §6D-4.

- (a) **Eligibility for QMAC.** The discretionary QMAC will be allocated to all Participants (instead of only to Nonhighly Compensated Employees).
- (b) **Designated QMACs.** The Employer may designate under this subsection to treat specific Matching Contributions under AA §6B-2 as QMACs. [ *Any Matching Contributions designated as QMACs will automatically be subject to the requirements for QMACs (as described in Section 3.04(d) of the Plan), notwithstanding any contrary selections in this Adoption Agreement. ]*
- (1) All Matching Contributions are designated as QMACs.
- (2) The following Matching Contributions described in AA §6B-2 are designated as QMACs:
- (3) Any discretionary QMAC made pursuant to this AA §6D-4 will be allocated as a Targeted QMAC, as described in Section 3.04(d)(2) of the Plan.
- (c) **Allocation conditions.** Any QMAC made pursuant to this AA §6D-4 will be allocated only to Participants who have satisfied the following allocation conditions:
- (1) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than 500 Hours of Service. (See Section 3.09 of the Plan.)

- (2) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.
- (3) **Minimum service condition.** An Employee must be credited with at least 1,000 HOS during the Plan Year.
- (4) **Describe:**
- (d) **Special rules :**

[ *Note: Any special provisions under this AA §6D-4 must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

## SECTION 7 RETIREMENT AGES

7-1 **NORMAL RETIREMENT AGE:** Normal Retirement Age under the Plan is:

- (a) Age 65 (not to exceed 65).
- (b) The later of age \_\_\_\_ (not to exceed 65) or the \_\_\_\_ (not to exceed 5<sup>th</sup>) anniversary of the Employee's participation commencement date (as defined in Section 1.89 of the Plan).
- (c) (may not be later than the later of age 65 or the 5<sup>th</sup> anniversary of the Employee's participation commencement date).

[ *Note: Effective May 22, 2007, for Plans initially adopted on or after May 22, 2007, and effective for the first Plan Year beginning on or after July 1, 2008, for Plans initially adopted prior to May 22, 2007, if the Plan contains any assets transferred from a Money Purchase Plan (or any other pension plan described in Treas. Reg. §1.401-1(a)(2)(i)), the Normal Retirement Age selected in this AA §7-1 must be reasonably representative of the typical retirement age for the industry in which the Plan Participants work. An NRA under age 55 is presumed not to satisfy this requirement while a Normal Retirement Age of at least age 62 is deemed to be reasonable. See Section 1.89 of the Plan. ]*

7-2 **EARLY RETIREMENT AGE:** Unless designated otherwise under this AA §7-2, there is no Early Retirement Age under the Plan.

- (a) A Participant reaches Early Retirement Age if he/she is still employed after attainment of each of the following:
- (1) Attainment of age 50
- (2) The \_\_\_\_ anniversary of the date the Employee commenced participation in the Plan, and/or
- (3) The completion of \_\_\_\_ Years of Service, determined as follows:
- (i) Same as for eligibility.
- (ii) Same as for vesting
- (b) **Describe.**

[ *Note: Any special rules under this subsection must preclude Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

## SECTION 8 VESTING AND FORFEITURES

8-1 **CONTRIBUTIONS SUBJECT TO VESTING.** Does the Plan provide for Employer Contributions under AA §6, Matching Contributions under AA §6B, or QACA Safe Harbor Contributions under AA §6C that are subject to vesting?

- Yes
- No [ *If "No" is checked, skip to Section 9. ]*

[ *Note: "Yes" should be checked under this AA §8-1 if the Plan provides for Employer Contributions and/or Matching Contributions that are subject to a vesting schedule, even if such contributions are always 100% vested under AA §8-2. "No" should be checked if the only contributions under the Plan are Salary Deferrals, Safe Harbor Contributions (other than QACA Safe Harbor Contributions), QNECs, QMACs and/or After-Tax Employee Contributions. If the Plan holds Employer Contributions and/or Matching Contributions that are subject to vesting but the Plan no longer provides for such contributions, see Sections 7.04(e) and 7.13(e) of the Plan for default rules for applying the vesting and forfeiture rules to such contributions. ]*

8-2 **VESTING SCHEDULE.** The vesting schedule under the Plan is as follows for both Employer Contributions and Matching Contributions, to the extent authorized under AA §6 and AA §6B. See Section 7.02 of the Plan for a description of the various vesting schedules under this AA §8-2. [ *Note: Any Prevailing Wage Contributions under AA §6-2, any Safe Harbor Contributions under AA §6C and any QNECs or QMACs under AA §6D are always 100% vested, regardless of any contrary selections in this AA §8-2 (unless provided otherwise under AA §6-2 for Prevailing Wage Contributions or under this AA §8-2 for any QACA Safe Harbor Contributions).* ]

(a) **Vesting schedule for Employer Contributions and Matching Contributions:**

ER	Match	
<input type="checkbox"/>	<input type="checkbox"/>	(1) Full and immediate vesting.
<input type="checkbox"/>	<input type="checkbox"/>	(2) 3-year cliff vesting schedule
<input type="checkbox"/>	<input type="checkbox"/>	(3) 6-year graded vesting schedule
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(4) 5-year graded vesting schedule
<input type="checkbox"/>	<input type="checkbox"/>	(5) Modified vesting schedule
		____% after 1 Year of Service
		____% after 2 Years of Service
		____% after 3 Years of Service
		____% after 4 Years of Service
		____% after 5 Years of Service
<b>100% after 7 Years of Service</b>		100% after 6 Years of Service

[ *Note: If a modified vesting schedule is selected under this subsection (a), the vested percentage for every Year of Service must satisfy the vesting requirements under the 6-year graded vesting schedule, unless 100% vesting occurs after no more than 3 Years of Service.* ]

(b) **Special vesting schedule for QACA Safe Harbor Contributions.** Unless designated otherwise under this subsection, any QACA Safe Harbor Contributions will be 100% vested. However, if this subsection is checked, the following vesting schedule applies for QACA Safe Harbor Contributions. [ *Note: This subsection may be checked only if a QACA Safe Harbor Contribution is selected under AA §6C-2.* ]

Instead of being 100% vested, QACA Safe Harbor Contributions are subject to the following vesting schedule:

- (i) 2-year cliff vesting
- (ii) 1-year cliff vesting
- (iii) Graduated vesting
  - % after 1 Year of Service
  - 100% after 2 Years of Service

(c) **Special provisions applicable to vesting schedule:** The 5 year graded schedule under the Employer column at 8-2(a) applies to the Enhanced Retirement contributions. The Employer Retirement contributions are 100% immediate vested.

[ *Note: Any special provisions must satisfy the nondiscrimination requirements under Code §401(a)(4) and must satisfy the vesting requirements under Code §411.* ]

8-3 **VESTING SERVICE.** In applying the vesting schedules under this AA §8, all service with the Employer counts for vesting purposes, unless designated otherwise under this AA §8-3.

- (a) Service before the original Effective Date of this Plan (or a Predecessor Plan) is excluded.
- (b) Service completed before the Employee's \_\_\_\_ (not to exceed 18th) birthday is excluded.

[ *Note: See Section 7.08 of the Plan and AA §4-5 for rules regarding the crediting of service with Predecessor Employers for purposes of vesting under the Plan.* ]

- 8-4 **VESTING UPON DEATH, DISABILITY OR EARLY RETIREMENT AGE.** An Employee's vesting percentage increases to 100% if, while employed with the Employer, the Employee:
- (a) dies
  - (b) becomes Disabled
  - (c) reaches Early Retirement Age
  - (d) Not applicable. No increase in vesting applies.

8-5 **DEFAULT VESTING RULES.** In applying the vesting requirements under this AA §8, the following default rules apply. [ *Note: No election should be made under this AA §8-5 if all contributions are 100% vested. ER and Match columns also apply to any Safe Harbor QACA Contributions to the extent a vesting schedule applies under AA §8-2(b).* ]

- **Year of Service.** An Employee earns a Year of Service for vesting purposes upon completing 1,000 Hours of Service during a Vesting Computation Period. Hours of Service are calculated based on actual hours worked during the Vesting Computation Period. (See Section 1.71 of the Plan for the definition of Hours of Service.)
- **Vesting Computation Period.** The Vesting Computation Period is the Plan Year.
- **Break in Service Rules.** The Nonvested Participant Break in Service rule and One-Year Break in Service rules do NOT apply. (See Section 7.09 of the Plan.)

To override the default vesting rules, complete the applicable sections of this AA §8-5. If this AA §8-5 is not completed, the default vesting rules apply.

**ER**                      **Match**

                                           (a) **Year of Service.** Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of \_\_\_\_\_ Hours of Service during a Vesting Computation Period.

(b) **Vesting Computation Period (VCP).** Instead of the Plan Year, the Vesting Computation Period is:

- (1) The 12-month period beginning with the Employee's date of hire and, for subsequent Vesting Computation Periods, the 12-month period beginning with the anniversary of the Employee's date of hire.

(2) Describe: \_\_\_\_\_

*Note: Any Vesting Computation Period described in (2) must be a 12-consecutive month period and must apply uniformly to all Participants.*

(c) **Elapsed Time Method.** Instead of determining vesting service based on actual Hours of Service, vesting service will be determined under the Elapsed Time Method. If this subsection is checked, service will be measured from the Employee's employment commencement date (or reemployment commencement date, if applicable) without regard to the Vesting Computation Period designated in Section 7.06 of the Plan. (See Section 7.05(b) of the Plan.)

(d) **Equivalency Method .** For purposes of determining an Employee's Hours of Service for vesting, the Plan will use the Equivalency Method (as defined in Section 7.03(a)(2) of the Plan). The Equivalency Method will apply to:

- (1) All Employees.
- (2) Only to Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, vesting will be determined based on actual hours worked.

Hours of Service for vesting will be determined under the following Equivalency Method.

- (3) **Monthly.** 190 Hours of Service for each month worked.
- (4) **Weekly.** 45 Hours of Service for each week worked.
- (5) **Daily.** 10 Hours of Service for each day worked.
- (6) **Semi-monthly.** 95 Hours of Service for each semi-monthly period.

(e) **Nonvested Participant Break in Service rule applies.** Service earned prior to a Nonvested Participant Break in Service will be disregarded in applying the vesting rules. (See Section 7.09(c) of the Plan.)

The Nonvested Participant Break in Service rule applies to all Employees, including Employees who have not terminated employment.

(f) **One-Year Break in Service rule applies.** The One-Year Break in Service rule (as defined in Section 7.09(b) of the Plan) applies to temporarily disregard an Employee's service earned prior to a one-year Break in Service.

- The One-Year Break in Service rule applies to all Employees, including Employees who have not terminated employment.

(g) **Special rules:**

- [ *Note: Any special rules must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

8-6 **ALLOCATION OF FORFEITURES.** The Employer may decide in its discretion how to treat forfeitures under the Plan. Alternatively, the Employer may designate under this AA §8-6 how forfeitures occurring during a Plan Year will be treated. (See Section 7.13 of the Plan.) [ *Note: ER and Match columns also apply to any Safe Harbor QACA Contributions to the extent a vesting schedule applies under AA §8-2(b). ]*

**ER Match**

- (a)N/A. All contributions are 100% vested. [ *Do not complete the rest of this AA §8-6. ]*
- (b)Reallocated as additional Employer Contributions or as additional Matching Contributions.
- (c)Used to reduce Employer and/or Matching Contributions.

For purposes of subsection (b) or (c), forfeitures will be applied:

- (d)for the Plan Year in which the forfeiture occurs.
- (e)for the Plan Year **following** the Plan Year in which the forfeitures occur.

Prior to applying forfeitures under subsection (b) or (c):

- (f)Forfeitures may be used to pay Plan expenses. (See Section 7.13(d) of the Plan.)
- (g)Forfeitures may **not** be used to pay Plan expenses.

In determining the amount of forfeitures to be allocated under subsection (b), the same allocation conditions apply as for the source for which the forfeiture is being allocated under AA §6-5 or AA §6B-7, unless designated otherwise below.

- (h)Forfeitures are not subject to any allocation conditions.
- (i)Forfeitures are subject to a last day of employment allocation condition.
- (j)Forfeitures are subject to a \_\_\_\_ Hours of Service minimum service requirement.

In determining the treatment of forfeitures under this AA §8-6, the following special rules apply:

- (k)Describe:
- [ *Note: Any language added under this subsection (k) may not result in a discriminatory allocation of forfeitures in violation of the requirements of Code §401(a)(4). ]*

8-7 **SPECIAL RULES REGARDING CASH-OUT DISTRIBUTIONS.**

(a) **Additional allocations.** If a terminated Participant receives a complete distribution of his/her vested Account Balance while still entitled to an additional allocation, the Cash-Out Distribution forfeiture provisions do not apply until the Participant receives a distribution of the additional amounts to be allocated. (See Section 7.12(a)(1) of the Plan.)

To modify the default Cash-Out Distribution forfeiture rules, complete this AA §8-7(a).

- The Cash-Out Distribution forfeiture provisions will apply if a terminated Participant takes a complete distribution, regardless of any additional allocations during the Plan Year.

(b) **Timing of forfeitures.** A Participant who receives a Cash-Out Distribution (as defined in Section 7.12(a) of the Plan) is treated as having an immediate forfeiture of his/her nonvested Account Balance.

To modify the forfeiture timing rules to delay the occurrence of a forfeiture upon a Cash-Out Distribution, complete this AA §8-7(b).

- A forfeiture will occur upon the completion of \_\_\_\_ [cannot exceed 5] consecutive Breaks in Service (as defined in Section 7.09(a) of the Plan).

**SECTION 9  
DISTRIBUTION PROVISIONS - TERMINATION OF EMPLOYMENT**

**9-1 AVAILABLE FORMS OF DISTRIBUTION.**

**Lump sum distribution.** A Participant may take a distribution of his/her entire vested Account Balance in a single lump sum upon termination of employment. The Plan Administrator may, in its discretion, permit Participants to take distributions of less than their entire vested Account Balance provided, if the Plan Administrator permits multiple distributions, all Participants are allowed to take multiple distributions upon termination of employment. In addition, the Plan Administrator may permit a Participant to take partial distributions or installment distributions solely to the extent necessary to satisfy the required minimum distribution rules under Section 8 of the Plan.

**Additional distribution options.** To provide for additional distribution options, check the applicable distribution forms under this AA §9-1.

- (a) **Installment distributions.** A Participant may take a distribution over a specified period not to exceed the life or life expectancy of the Participant (and a designated beneficiary).
- (b) **Annuity distributions.** A Participant may elect to have the Plan Administrator use the Participant's vested Account Balance to purchase an annuity as described in Section 8.02 of the Plan. [ *This annuity distribution option is in addition to any QJSA distribution required under AA §9-2.* ]
- (c) **Describe distribution options:**

[ *Note: Any additional distribution options may not be subject to the discretion of the Employer or Plan Administrator.* ]

**9-2 QUALIFIED JOINT AND SURVIVOR ANNUITY RULES.** This Plan is not subject to the Qualified Joint and Survivor Annuity rules, except to the extent required under Section 9.01 of the Plan (e.g., if the Plan is a Transferee Plan). Upon termination of employment, a Participant may receive a distribution from the Plan, in accordance with the provisions of AA §9-3, in any form allowed under AA §9-1. (If any portion of this Plan is subject to the Qualified Joint and Survivor Annuity rules, the QJSA and QPSA provisions will automatically apply to such portion of the Plan.)

To override this default provision, complete the applicable sections of this AA §9-2.

- (a) **Qualified Joint and Survivor Annuity rules.** Check this subsection to apply the Qualified Joint and Survivor Annuity rules to the entire Plan. If this subsection is checked, all distributions from the Plan must satisfy the QJSA requirements under Section 9 of the Plan, with the following modifications:
- (1) **No modifications.**
- (2) **Modified QJSA benefit.** Instead of a 50% survivor benefit, the Spouse's survivor benefit is:
- (i) 100%     (ii) 75%     (iii) 66-2/3%
- (b) **Modified QPSA benefit.** Instead of a 50% QPSA benefit, the QPSA benefit is 100% of the Participant's vested Account Balance.

**9-3 TIMING OF DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT.**

(a) **Distribution of vested Account Balances exceeding \$5,000.** A Participant who terminates employment with a vested Account Balance exceeding \$5,000 may receive a distribution of his/her vested Account Balance in any form permitted under AA §9-1 within a reasonable period following:

- (1) the date the Participant terminates employment.
- (2) the last day of the Plan Year during which the Participant terminates employment.
- (3) the first Valuation Date following the Participant's termination of employment.
- (4) the completion of \_\_\_ Breaks in Service.
- (5) the end of the calendar quarter following the date the Participant terminates employment.
- (6) attainment of Normal Retirement Age, death or becoming Disabled.
- (7) Describe:

[ *Note: Any distribution event under this subsection (a) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator. See AA §11-7 for special rules that may apply to distributions of Qualifying Employer Securities and/or Qualifying Employer Real Property.* ]

(b) **Distribution of vested Account Balances not exceeding \$5,000.** A Participant who terminates employment with a vested Account Balance that does not exceed \$5,000 may receive a **lump sum** distribution of his/her vested Account Balance within a reasonable period following:

- (1) the date the Participant terminates employment.
- (2) the last day of the Plan Year during which the Participant terminates employment.

- (3) the first Valuation Date following the Participant's termination of employment.
- (4) the end of the calendar quarter following the date the Participant terminates employment.
- (5) Describe:

[ *Note: Any distribution event under this subsection (b) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator. See AA §11-7 for special rules that may apply to distributions of Qualifying Employer Securities and/or Qualifying Employer Real Property.* ]

9-4 **DISTRIBUTION UPON DISABILITY.** Unless designated otherwise under this AA §9-4, a Participant who terminates employment on account of becoming Disabled may receive a distribution of his/her vested Account Balance in the same manner as a regular distribution upon termination.

(a) **Termination of Disabled Employee.**

- (1) **Immediate distribution.** Distribution will be made as soon as reasonable following the date the Participant terminates on account of becoming Disabled.
- (2) **Following year.** Distribution will be made as soon as reasonable following the last day of the Plan Year during which the Participant terminates on account of becoming Disabled.
- (3) **Describe:**

[ *Note: Any distribution event described in subsection (3) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator.* ]

(b) **Definition of Disabled.** A Participant is treated as Disabled if such Participant satisfies the conditions in Section 1.38 of the Plan.

To override this default definition, check below to select an alternative definition of Disabled to be used under the Plan.

- (1) The definition of Disabled is the same as defined in the Employer's Disability Insurance Plan.
- (2) The definition of Disabled is the same as defined under Section 223(d) of the Social Security Act for purposes of determining eligibility for Social Security benefits.
- (3) Alternative definition of Disabled: A Participant shall be considered Disabled only if he is eligible to receive a benefit under the Employer's long term disability plan.

[ *Note: Any alternative definition described above will apply uniformly to all Participants under the Plan. In addition, any alternative definition of Disabled may not discriminate in favor of Highly Compensated Employees.* ]

9-5 **DETERMINATION OF BENEFICIARY.**

(a) **Default beneficiaries.** Unless elected otherwise under this subsection (a), the default beneficiaries described under Section 8.08(c) of the Plan are the Participant's surviving Spouse, the Participant's surviving children, and the Participant's estate.

- If this subsection (a) is checked, the default beneficiaries under Section 8.08(c) of the Plan are modified as follows:

(b) **One-year marriage rule.** For purposes of determining whether an individual is considered the surviving Spouse of the Participant, the determination is based on the marital status as of the date of the Participant's death, unless designated otherwise under this subsection (b).

- If this subsection (b) is checked, in order to be considered the surviving Spouse, the Participant and surviving Spouse must have been married for the entire one-year period ending on the date of the Participant's death. If the Participant and surviving Spouse are not married for at least one year as of the date of the Participant's death, the Spouse will not be treated as the surviving Spouse for purposes of applying the distribution provisions of the Plan. (See Section 9.04(c)(2) of the Plan.)

(c) **Divorce of Spouse.** Unless elected otherwise under this subsection (c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded as set forth under Section 8.08(c)(6) of the Plan.

- If this subsection (c) is checked, a Beneficiary designation will not be rescinded upon divorce of the Participant and Spouse.

[ *Note: Section 8.08(c)(6) of the Plan and this subsection (c) will be subject to the provisions of a Beneficiary designation entered into by the Participant. Thus, if a Beneficiary designation specifically overrides the election under this subsection (c), the provisions of the Beneficiary designation will control. See Section 8.08(c)(6) of the Plan.* ]

9-6 SPECIAL RULES.

(a) **Availability of Involuntary Cash-Out Distributions.** A Participant who terminates employment with a vested Account Balance of \$5,000 or less will receive an Involuntary Cash-Out Distribution, subject to the Automatic Rollover provisions under Section 8.06 of the Plan.

Alternatively, an Involuntary Cash-Out Distribution will be made to the following terminated Participants:

- (1) **No Involuntary Cash-Out Distributions.** The Plan does not provide for Involuntary Cash-Out Distributions. A terminated Participant must consent to any distribution from the Plan. (See Section 14.03(b) of the Plan for special rules upon Plan termination.)
- (2) **Lower Involuntary Cash-Out Distribution threshold.** A terminated Participant will receive an Involuntary Cash-Out Distribution only if the Participant's vested Account Balance is less than or equal to:
  - (i) \$1,000
  - (ii) \$ \_\_\_\_\_ (must be less than \$5,000)

(b) **Application of Automatic Rollover rules.** The Automatic Rollover rules described in Section 8.06 of the Plan do not apply to any Involuntary Cash-Out Distribution below \$1,000 (to the extent available under the Plan).

To override this default provision, check this subsection (b).

- The Automatic Rollover provisions under Section 8.06 of the Plan apply to all Involuntary Cash-Out Distributions (including those below \$1,000).

(c) **Treatment of Rollover Contributions.** Unless elected otherwise under this subsection (c), Rollover Contributions will be excluded in determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold for purposes of applying the distribution rules under this AA §9 and Section 8.04(a) of the Plan. To include Rollover Contributions for purposes of applying the Plan's distribution rules, check below.

- In determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold, Rollover Contributions will be included.

[ *Note: This subsection (c) should be checked if a lower Involuntary Cash-Out Distribution is selected in subsection (a)(2) above in order to avoid the Automatic Rollover provisions described in Section 8.06 of the Plan. Failure to check this subsection (c) could cause the Plan to be subject to the Automatic Rollover provisions if a Participant receives a distribution attributable to Rollover Contributions that exceeds \$1,000. ]*

(d) **Distribution upon attainment of stated age.** The Participant consent requirements under Section 8.04 of the Plan apply for distributions occurring prior to attainment of the Participant's Required Beginning Date.

To allow for involuntary distribution upon attainment of Normal Retirement Age (or age 62, if later), check below.

- Subject to the spousal consent requirements under Section 9.04 of the Plan, a distribution from the Plan may be made to a terminated Participant without the Participant's consent, regardless of the value of such Participant's vested Account Balance, upon attainment of Normal Retirement Age (or age 62, if later).

(e) **In-kind distributions.** Section 8.02(b) of the Plan allows the Plan Administrator to authorize an in-kind distribution of property, including Employer Securities, to the extent the Plan holds such property.

To modify this default rule, check below.

- A Participant may not receive an in-kind distribution in the form of property or securities, even if the Plan holds such property on behalf of any Participant.

SECTION 10

IN-SERVICE DISTRIBUTIONS AND REQUIRED MINIMUM DISTRIBUTIONS

10-1 **AVAILABILITY OF IN-SERVICE DISTRIBUTIONS.** A Participant may withdraw all or any portion of his/her vested Account Balance, to the extent designated, upon the occurrence of any of the event(s) selected under this AA §10-1. If more than one option is selected for a particular contribution source under this AA §10-1, a Participant may take an in-service distribution upon the occurrence of any of the selected events, unless designated otherwise under this AA §10-1.

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(a) No in-service distributions are permitted.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(b) Attainment of age 59½.

- |                                     |                                     |                                     |  |
|-------------------------------------|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (c) Attainment of age <u>70 1/2</u> .  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | (d) A Hardship that satisfies the safe harbor rules under Section 8.10(e)(1) of the Plan. [ <i>Note: Not applicable to QNECs, QMACs, or Safe Harbor Contributions.</i> ]             |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (e) A non-safe harbor Hardship described in Section 8.10(e)(2) of the Plan. [ <i>Note: Not applicable to QNECs, QMACs, or Safe Harbor Contributions.</i> ]                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (f) Attainment of Normal Retirement Age.   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (g) Attainment of Early Retirement Age.  |
| N/A                                 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (h) The Participant has participated in the Plan for at least <u>60</u> (cannot be less than 60) months.   |
| N/A                                 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (i) The amounts being withdrawn have been held in the Trust for at least two years.  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (j) Upon a Participant becoming Disabled (as defined in AA §9-4(b)).   |
| <input type="checkbox"/>            | N/A                                 | N/A                                 | (k) As a Qualified Reservist Distribution as defined under Section 8.10(d) of the Plan.  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (l) Describe: <u>Employer Retirement contributions may be withdrawn at attainment of age 59 1/2. Enhanced Retirement Contributions may be withdrawn at attainment of age 70 1/2.</u> |

[ *Note: Any distribution event described in this AA §10-1 may not discriminate in favor of Highly Compensated Employees. No in-service distribution of Salary Deferrals is permitted prior to age 59½, except for Hardship, Disability or as a Qualified Reservist Distribution. If Normal Retirement Age or Early Retirement Age is earlier than age 59½, such age is deemed to be age 59½ for purposes of determining eligibility to distribute Salary Deferrals. If this Plan has accepted a transfer of assets from a pension plan (e.g., a Money Purchase Plan), no in-service distribution from amounts attributable to such transferred assets is permitted prior to age 62, except for Disability. See AA §11-7 for special rules that may apply to distributions of Qualifying Employer Securities and/or Qualifying Employer Real Property.* ]

10-2 **APPLICATION TO OTHER CONTRIBUTION SOURCES.** If the Plan allows for Rollover Contributions under AA §C-2 or After-Tax Employee Contributions under AA §6D, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Rollover Account and After-Tax Employee Contribution Account at any time. If the Plan provides for Safe Harbor Contributions under AA §6C, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Safe Harbor Contribution Account at the same time as elected for Salary Deferrals under AA §10-1.

Alternatively, if this AA §10-2 is completed, the following in-service distribution provisions apply for Rollover Contributions, After-Tax Employee Contributions, and/or Safe Harbor Contributions:

- | Rollover                 | After-Tax                | SH                       |   |
|--------------------------|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (a) No in-service distributions are permitted.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (b) Attainment of age 59½.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (c) Attainment of age ____.   |
| <input type="checkbox"/> | <input type="checkbox"/> | N/A                      | (d) A Hardship that satisfies the safe harbor rules under Section 8.10(e)(1) of the Plan. |
| <input type="checkbox"/> | <input type="checkbox"/> | N/A                      | (e) A non-safe harbor Hardship described in Section 8.10(e)(2) of the Plan.               |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (f) Attainment of Normal Retirement Age.  |

- 
- 
- 

(g) Attainment of Early Retirement Age.

(h) Upon a Participant becoming Disabled (as defined in AA §9-4).

(i) Describe: \_\_\_\_\_

[ **Note:** Any distribution event described in this AA §10-2 may not discriminate in favor of Highly Compensated Employees. No in-service distribution of Safe Harbor/QACA Safe Harbor Contributions is permitted prior to age 59½, except upon Participant's Disability. ]

10-3 **SPECIAL DISTRIBUTION RULES.** No special distribution rules apply, unless specifically provided under this AA §10-3.

- (a) In-service distributions will only be permitted if the Participant is 100% vested in the source from which the withdrawal is taken.
- (b) A Participant may take no more than \_\_\_\_\_ in-service distribution(s) in a Plan Year.
- (c) A Participant may not take an in-service distribution of less than \$ \_\_\_\_\_.
- (d) A Participant may not take an in-service distribution of more than \$ \_\_\_\_\_.
- (e) Unless elected otherwise under this subsection, the hardship distribution provisions of the Plan are not expanded to cover primary beneficiaries as set forth in Section 8.10(e)(5) of the Plan. If this subsection is checked, the hardship provisions of the Plan will apply with respect to individuals named as primary beneficiaries under the Plan.
- (f) In determining whether a Participant has an immediate and heavy financial need for purposes of applying the non-safe harbor Hardship provisions under Section 8.10(e)(2) of the Plan, the following modifications are made to the permissible events listed under Section 8.10(e)(1)(i) of the Plan:  

[ **Note:** This subsection may only be used to the extent a non-safe harbor Hardship distribution is authorized under AA §10-1 or AA §10-2. ]
- (g) Other distribution rules: Withdrawals of Company Match contributions permitted only after the Participant has withdrawn all available After-Tax and Rollover contributions. A Participant may not make more than one non-hardship withdrawal in a six month period from After-tax, Company Match and Rollover contributions.

[ **Note:** Any other distribution rules described in this subsection may not discriminate in favor of Highly Compensated Employees. This subsection may be used to apply the limitations under this AA §10-3 only to specific in-service distribution options (e.g., hardship distributions). ]

10-4 **REQUIRED MINIMUM DISTRIBUTIONS.**

- (a) **Required Beginning Date - non-5% owners.** In applying the required minimum distribution rules under Section 8.12 of the Plan, the Required Beginning Date for non-5% owners is the later of attainment of age 70½ or termination of employment. To override this default provision, check this subsection (a).  
 The Required Beginning Date for a non-5% owner is the date the Employee attains age 70½, even if the Employee is still employed with the Employer.
- (b) **Required distributions after death.** If a Participant dies before distributions begin and there is a Designated Beneficiary, the Participant or Beneficiary may elect on an individual basis whether the 5-year rule (as described in Section 8.12(f)(1) of the Plan) or the life expectancy method described under Sections 8.12(b) and (d) of the Plan apply. See Section 8.12(f)(2) of the Plan for rules regarding the timing of an election authorized under this AA §10-4.  

Alternatively, if selected under this subsection (b), any death distributions to a Designated Beneficiary will be made only under the 5-year rule.

 The 5-year rule under Section 8.12(f)(1) of the Plan applies (instead of the life expectancy method). Thus, the entire death benefit must be distributed by the end of the fifth year following the year of the Participant's death. Death distributions to a Designated Beneficiary may not be made under the life expectancy method.
- (c) **Waiver of Required Minimum Distribution for 2009.** For purposes of applying the Required Minimum Distribution rules for the 2009 Distribution Calendar Year, as described in Section 8.12(f)(4) of the Plan, a Participant (including an Alternate Payee or beneficiary of a deceased Participant) who is eligible to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year may elect whether or not to receive the 2009 Required Minimum Distribution (or any portion of such distribution). If a Participant does not specifically elect to leave the 2009 Required Minimum Distribution in the Plan, such distribution will be made for the 2009 Distribution Calendar Year as set forth in Section 8.12 of the Plan.  
 (1) **No Required Minimum Distribution for 2009.** If this box is checked, 2009 Required Minimum Distributions will not be made to Participants who are otherwise required to receive a Required Minimum Distribution for the

2009 Distribution Calendar Year under Section 8.12 of the Plan, unless the Participant elects to receive such distribution.

- (2) Describe any special rules applicable to 2009 Required Minimum Distributions:

**SECTION 11  
MISCELLANEOUS PROVISIONS**

11-1 **PLAN VALUATION.** The Plan is valued **annually**, as of the last day of the Plan Year.

- (a) **Additional valuation dates.** In addition, the Plan will be valued on the following dates:

Deferral	Match	ER	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(1) <b>Daily.</b> The Plan is valued at the end of each business day during which the New York Stock Exchange is open.
<input type="checkbox"/>	* <input type="checkbox"/>	<input type="checkbox"/>	(2) <b>Monthly.</b> The Plan is valued at the end of each month of the Plan Year.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(3) <b>Quarterly.</b> The Plan is valued at the end of each Plan Year quarter.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(4) <b>Describe:</b> _____

[ *Note: The Employer may elect operationally to perform interim valuations, provided such valuations do not result in discrimination in favor of Highly Compensated Employees .* ]

- (b) **Special rules.** The following special rules apply in determining the amount of income or loss allocated to Participants' Accounts:

[ *Note: This subsection may be used to describe special rules for different investment options, such as Qualifying Employer Securities and Qualifying Employer Real Property or other specific investment options. Any special rules may not violate the nondiscrimination rules under Code §401(a)(4).* ]

11-2 **DEFINITION OF HIGHLY COMPENSATED EMPLOYEE.** In determining which Employees are Highly Compensated (as defined in Section 1.69 of the Plan), the Top-Paid Group Test does not apply, unless designated otherwise under this AA §11-2.

- (a) The **Top-Paid Group Test** applies.
- (b) The **Calendar Year Election** applies. [ *This subsection may be chosen only if the Plan Year is not the calendar year. If this subsection is not selected, the determination of Highly Compensated Employees is based on the Plan Year. See Section 1.69(d) of the Plan.* ]

11-3 **SPECIAL RULES FOR APPLYING THE CODE §415 LIMITATION.** The provisions under Section 5.03 of the Plan apply for purposes of determining the Code §415 Limitation.

Complete this AA §11-3 to override the default provisions that apply in determining the Code §415 Limitation under Section 5.03 of the Plan.

- (a) **Limitation Year.** Instead of the Plan Year, the Limitation Year is the 12-month period ending \_\_\_\_\_ .  
[ *Note: If the Plan has a short Plan Year for the first year of establishment, the Limitation Year is deemed to be the 12-month period ending on the last day of the short Plan Year.* ]
- (b) **Imputed compensation.** For purposes of applying the Code §415 Limitation, Total Compensation includes imputed compensation for a Nonhighly Compensated Participant who terminates employment on account of becoming Disabled. (See Section 5.03(c)(7)(iii) of the Plan.)
- (c) **Special rules:**

[ *Note: Any special rules under this subsection must be consistent with the requirements of Code §415 and the regulations thereunder and must comply with the nondiscrimination requirements under Code §401(a)(4).* ]

11-4 **SPECIAL RULES FOR TOP-HEAVY PLANS.** No special rules apply with respect to Top-Heavy Plans, unless designated otherwise under this AA §11-4.

- (a) **Top Heavy contribution.** If this subsection is checked, any Top Heavy minimum contribution required under Section 4 of the Plan will be allocated to all Participants, including Key Employees. [ *If this subsection is not checked, any Top Heavy minimum contribution will be allocated only to Non-Key Employees.* ]
- (b) **Vesting rules applicable to Top Heavy Plans.** Generally, if a Top Heavy minimum contribution is made for a Plan Year, such contribution will be subject to the vesting schedule selected in AA §8-2 applicable to Employer Contributions. If no Employer Contributions are made to the Plan, any Top Heavy minimum contribution will be subject to a 6-year graded vesting schedule.

Alternatively, if elected under this subsection, the following vesting schedule will apply to any Top Heavy minimum contributions under the Plan. (See Section 4.04(h) of the Plan.)

- (1) Full and immediate vesting.
- (2) 3-year cliff vesting schedule
- (3) Describe:

[ *Note: Any vesting schedule under subsection (3) must be a permissible vesting schedule, as described in Section 7.02 of the Plan.* ]

11-5 **SPECIAL RULES FOR MORE THAN ONE PLAN.**

- (a) **Top Heavy minimum contribution - Defined Contribution Plan.** If the Employer maintains this Plan and one or more Defined Contribution Plans, any Top Heavy minimum contribution will be provided under this Plan, provided the Top Heavy minimum contribution is not otherwise provided under the other Defined Contribution Plans. (See Section 4.04(f)(1) of the Plan.)

To provide the Top Heavy minimum contribution under another Defined Contribution Plan, complete this subsection (a).

- (1) The Top Heavy minimum contribution will be provided in the following Defined Contribution Plan maintained by the Employer:
- (2) Describe the Top Heavy minimum contribution that will be provided under the other Defined Contribution Plan:
- (3) Describe Employees who will receive the Top Heavy minimum contribution under the other Defined Contribution Plan:

- (b) **Top Heavy minimum contribution - Defined Benefit Plan.** If the Employer maintains this Plan and one or more Defined Benefit Plans, any Top Heavy minimum contribution will be provided under this Plan, provided the Top Heavy minimum benefit is not otherwise provided under the other Defined Benefit Plans. If the Top Heavy minimum contribution is provided under this Plan, the minimum required contribution is increased from 3% to 5% of Total Compensation for the Plan Year. (See Section 4.04(f)(2) of the Plan.)

To provide the Top Heavy minimum benefit under a Defined Benefit Plan, complete this subsection (b).

- (1) The Top Heavy minimum benefit will be provided in the following Defined Benefit Plan maintained by the Employer:
- (2) Describe the Top Heavy minimum benefit that will be provided under the Defined Benefit Plan:
- (3) Describe Employees who will receive Top Heavy minimum benefit under the Defined Benefit Plan:

11-6 **FAIL-SAFE COVERAGE PROVISION.** If the Plan fails the minimum coverage test under Code §410(b) due to the application of an allocation condition under AA §6-5 or AA §6B-7, the Employer must amend the Plan in accordance with the provisions of Section 14.02(a) of the Plan to correct the coverage violation.

Alternatively, the Employer may elect under this AA §11-6 to apply a Fail-Safe Coverage Provision that will allow the Plan to automatically correct the minimum coverage violation.

- The Fail-Safe Coverage Provision (as described under Section 14.02(b)(1) of the Plan) applies.

[ *Note: If the Fail-Safe Coverage Provision applies, the Plan may not perform the average benefit test to demonstrate compliance with the coverage requirements under Code §410(b), except as provided in Section 14.02 of the Plan.* ]

11-7 **QUALIFYING EMPLOYER SECURITIES AND QUALIFYING REAL PROPERTY.** See Section 10.06(c) for the limits that apply with respect to investments in Qualifying Employer Securities and Qualifying Real Property.

The following special rules apply regarding the purchase of Qualifying Employer Securities and Qualifying Real Property:

- (a) Investment in Qualifying Employer Securities and/or Qualifying Employer Real Property may only be made from the following Accounts:
- (b) The following distribution restrictions apply to Qualifying Employer Securities and/or Qualifying Employer Real Property held by a Participant under the Plan:

(c) The following special rules apply with respect to the investment in Qualifying Employer Securities and/or Qualifying Employer Real Property:

[ *Note: Any provisions entered under this AA §11-7, must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. ]*

11-8 **ELECTION NOT TO PARTICIPATE (see Section 2.08 of the Plan).** All Participants share in any allocation under this Plan and no Employee may waive out of Plan participation.

To allow Employees to make a one-time irrevocable waiver, check below.

An Employee may make a one-time irrevocable election not to participate under the Plan at any time prior to the time the Employee first becomes eligible to participate under the Plan. [ *Note: Use of this provision could result in a violation of the minimum coverage rules under Code §410(b).* ]

11-9 **ERISA SPENDING ACCOUNTS.** Section 11.05(d) of the Plan authorizes the Employer to establish an ERISA Spending Account to hold certain miscellaneous amounts that are remitted to the Plan.

If the Employer maintains an ERISA Spending Account, the following special rules apply:

11-10 **HEART ACT PROVISIONS -- BENEFIT ACCRUALS.** The benefit accrual provisions under Section 15.06 of the Plan do not apply. To apply the benefit accrual provisions under Section 15.06, check the box below.

**Eligibility for Plan benefits.** Check this box if the Plan will provide the benefits described in Section 15.06 of the Plan. If this box is checked, an individual who dies or becomes disabled in qualified military service will be treated as reemployed for purposes of determining entitlement to benefits under the Plan.

11-11 **PROTECTED BENEFITS.** There are no protected benefits (as defined in Code §411(d)(6)) other than those described in the Plan.

To designate protected benefits other than those described in the Plan, complete this AA §11-11.

(a) **Additional protected benefits.** In addition to the protected benefits described in this Plan, certain other protected benefits are protected from a prior plan document. See the Addendum attached to this Adoption Agreement for a description of such protected benefits.

(b) **Money Purchase Plan assets.** This Plan contains assets that were held under a Money Purchase Plan (e.g., Money Purchase Plan assets were transferred to this Plan by merger, trust-to-trust transfer or conversion). See the Addendum attached to this Adoption Agreement for a description of any special provisions that apply with respect to the transferred assets. See Section 14.05(c) of the Plan for rules regarding the treatment of transferred assets.

(c) **Elimination of distribution options.** Effective \_\_\_\_\_, the distribution options described in subsection (1) below are eliminated.

(1) **Describe eliminated distribution options:**

(2) **Application to existing Account Balances.** The elimination of the distribution options described in subsection (1) applies to:

(i) All benefits under the Plan, including existing Account Balances.

(ii) Only benefits accrued after the effective date of the elimination (as described in subsection (c) above).

[ *Note: The elimination of distribution options must not violate the "anti-cutback" requirements of Code §411(d)(6) and the regulations thereunder. See Section 14.01(d) of the Plan. ]*

11-12 **SPECIAL RULES FOR MULTIPLE EMPLOYER PLANS.** If the Plan is a Multiple Employer Plan (as designated under AA §2-6), the rules applicable to Multiple Employer Plans under Section 16.07 of the Plan apply.

The following special rules apply with respect to Multiple Employer Plans:

[ *Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4) and must satisfy the rules applicable to Multiple Employer Plans under Code §413(c).* ]

11-13 **CLAIMS PROCEDURES.** Section 11.07 of the Plan provides procedures for Participants to file a claim for benefits. Unless designated otherwise under this AA §11-13, the claims procedures under Section 11.07 of the Plan apply.

The following special rules apply with respect to claims procedures under Section 11.07 of the Plan: [ *Note: Any special rules must satisfy the requirements under ERISA Reg. §2560.503-1 and any other applicable guidance.* ]

**APPENDIX A  
SPECIAL EFFECTIVE DATES**

- A-1 **Eligible Employees.** The definition of Eligible Employee under AA §3 is effective as follows:
- A-2 **Minimum age and service conditions.** The minimum age and service conditions and Entry Date provisions specified in AA §4 are effective as follows:
- A-3 **Compensation definitions.** The compensation definitions under AA §5 are effective as follows:
- A-4 **Employer Contributions.** The Employer Contribution provisions under AA §6 are effective as follows:
- A-5 **Salary Deferrals.** The provisions regarding Salary Deferrals under AA §6A are effective as follows:  
Automatic Deferral Election provisions were in effect prior to the effective date of this restatement and any Employee who was enrolled under prior plan provisions will continue to be enrolled, unless the Employee has elected otherwise.
- A-6 **Matching Contributions.** The Matching Contribution provisions under AA §6B are effective as follows:
- A-7 **Safe Harbor 401(k) Plan provisions.** The Safe Harbor 401(k) Plan provisions under AA §6C are effective as follows:
- A-8 **Special Contributions.** The Special Contribution provisions under AA §6D are effective as follows:
- A-9 **Retirement ages.** The retirement age provisions under AA §7 are effective as follows:
- A-10 **Vesting and forfeiture rules.** The rules regarding vesting and forfeitures under AA §8 are effective as follows:
- A-11 **Distribution provisions.** The distribution provisions under AA §9 are effective as follows:
- A-12 **In-service distributions and Required Minimum Distributions.** The provisions regarding in-service distribution and Required Minimum Distributions under AA §10 are effective as follows:
- A-13 **Miscellaneous provisions.** The provisions under AA §11 are effective as follows:
- A-14 **Special effective date provisions for merged plans.** If any qualified retirement plans have been merged into this Plan, the provisions of Section 14.04 of the Plan apply, as follows:
- A-15 **Other special effective dates:**

**APPENDIX B  
LOAN POLICY**

Use this Appendix B to identify elections dealing with the administration of Participant loans. These elections may be changed without amending this Agreement by substituting an updated Appendix B with new elections. Any modifications to this Appendix B or any modifications to a separate loan policy describing the loan provisions selected under the Plan will not affect an Employer's reliance on the IRS Favorable Letter.

B-1 Are **PARTICIPANT LOANS** permitted? (See Section 13 of the Plan.)

- (a) Yes
- (b) No

B-2 **LOAN PROCEDURES.**

- (a) Loans will be provided under the default loan procedures set forth in Section 13 of the Plan, unless modified under this Appendix B.
- (b) Loans will be provided under a separate written loan policy. [ *If this subsection is checked, do not complete the rest of this Appendix B.* ]

B-3 **AVAILABILITY OF LOANS.** Participant loans are available to all Participants and Beneficiaries who are parties in interest. Participant loans are not available to a former Employee or Beneficiary (including an Alternate Payee under a QDRO) except in those limited situations where the former Employee or Beneficiary is also considered to be a "party in interest" as defined in ERISA §3(14). To override this default provision, complete this AA §B-3.

- (a) A former Employee or Beneficiary (including an Alternate Payee) who has a vested Account Balance may request a loan from the Plan.
- (b) A "limited participant" as defined in Section 3.07 of the Plan may not request a loan from the Plan.
- (c) An officer or director of the Employer, as defined for purposes of the Sarbanes-Oxley Act, may **not** request a loan from the Plan.

B-4 **LOAN LIMITS.** The default loan policy under Section 13.03 of the Plan allows Participants to take a loan provided all outstanding loans do not exceed 50% of the Participant's vested Account Balance. To override the default loan policy to allow loans up to \$10,000, even if greater than 50% of the Participant's vested Account Balance, check this AA §B-4.

- [ A Participant may take a loan equal to the greater of \$10,000 or 50% of the Participant's vested Account Balance. [ *If this AA §B-4 is checked, the Participant may be required to provide adequate security as required under Section 13.06 of the Plan.* ]

B-5 **NUMBER OF LOANS.** The default loan policy under Section 13.04 of the Plan restricts Participants to one loan outstanding at any time. To override the default loan policy and permit Participants to have more than one loan outstanding at any time, complete (a) or (b) below.

- (a) A Participant may have \_\_\_\_ loans outstanding at any time.
- (b) There are no restrictions on the number of loans a Participant may have outstanding at any time.

B-6 **LOAN AMOUNT.** The default loan policy under Section 13.04 of the Plan provides that a Participant may not receive a loan of less than \$1,000. To modify the minimum loan amount or to add a maximum loan amount, complete this AA §B-6.

- (a) There is no minimum loan amount.
- (b) The minimum loan amount is \$ \_\_\_\_\_.
- (c) The maximum loan amount is \$ \_\_\_\_\_.

B-7 **INTEREST RATE.** The default loan policy under Section 13.05 of the Plan provides for an interest rate commensurate with the interest rates charged by local commercial banks for similar loans. To override the default loan policy and provide a specific interest rate to be charged on Participant loans, complete this AA §B-7.

- (a) The prime interest rate
  - plus 1\_\_\_\_percentage point(s).
- (b) Describe:

[ *Note: Any interest rate described in this AA §B-7 must be reasonable and must apply uniformly to all Participants.* ]

B-8 **PURPOSE OF LOAN.** The default loan policy under Section 13.02 of the Plan provides that a Participant may receive a Participant loan for any purpose. To modify the default loan policy to restrict the availability of Participant loans to hardship events, check this AA §B-8.

- (a) A Participant may only receive a Participant loan upon the demonstration of a hardship event, as described in Section 8.10(e)(1)(i) of the Plan.
- (b) A Participant may only receive a Participant loan under the following circumstances:

**B-9 APPLICATION OF LOAN LIMITS.** If Participant loans are not available from all contribution sources, the limitations under Code §72(p) and the adequate security requirements of the Department of Labor regulations will be applied by taking into account the Participant's entire Account Balance. To override this provision, complete this AA §B-9.

- The loan limits and adequate security requirements will be applied by taking into account only those contribution Accounts which are available for Participant loans.

**B-10 CURE PERIOD.** The Plan provides that a Participant incurs a loan default if a Participant does not repay a missed payment by the end of the calendar quarter following the calendar quarter in which the missed payment was due. To override this default provision to apply a shorter cure period, complete this AA §B-10.

- The cure period for determining when a Participant loan is treated as in default will be \_\_\_\_\_ days (cannot exceed 90) following the end of the month in which the loan payment is missed.

**B-11 PERIODIC REPAYMENT - PRINCIPAL RESIDENCE.** If a Participant loan is for the purchase of a Participant's primary residence, the loan repayment period for the purchase of a principal residence may not exceed ten (10) years.

- (a) The Plan does not permit loan payments to exceed five (5) years, even for the purchase of a principal residence.
- (b) The loan repayment period for the purchase of a principal residence may not exceed 15 years (may not exceed 30).
- (c) Loans for the purchase of a Participant's primary residence may be payable over any reasonable period commensurate with the period permitted by commercial lenders for similar loans.

**B-12 TERMINATION OF EMPLOYMENT.** Section 13.11 of the Plan provides that a Participant loan becomes due and payable in full upon the Participant's termination of employment. To override this default provision, complete this AA §B-12.

- A Participant loan will not become due and payable in full upon the Participant's termination of employment.

**B-13 DIRECT ROLLOVER OF A LOAN NOTE.** Section 13.11(b) of the Plan provides that upon termination of employment a Participant may request the Direct Rollover of a loan note. To override this default provision, complete this AA §B-13.

- A Participant may **not** request the Direct Rollover of the loan note upon termination of employment.

**B-14 LOAN RENEGOTIATION.** The default loan policy provides that a Participant may renegotiate a loan, provided the renegotiated loan separately satisfies the reasonable interest rate requirement, the adequate security requirement, the periodic repayment requirement and the loan limitations under the Plan. The Employer may restrict the availability of renegotiations to prescribed purposes provided the ability to renegotiate a Participant loan is available on a non-discriminatory basis. To override the default loan policy and restrict the ability of a Participant to renegotiate a loan, complete this AA §B-14.

- (a) A Participant may **not** renegotiate the terms of a loan.
- (b) The following special provisions apply with respect to renegotiated loans:

**B-15 SOURCE OF LOAN.** Participant loans may be made from all available contribution sources, to the extent vested, unless designated otherwise under this AA §B-15.

- Participant loans will not be available from the following contribution sources: Enhanced Retirement Contributions

**B-16 MODIFICATIONS TO DEFAULT LOAN PROVISIONS.**

- The following special rules will apply with respect to Participant loans under the Plan:

[ *Note: Any provision under this AA §B-16 must satisfy the requirements under Code §72(p) and the regulations thereunder and will control over any inconsistent provisions of the Plan dealing with the administration of Participant loans. ]*

**APPENDIX C  
ADMINISTRATIVE ELECTIONS**

*Use this Appendix C to identify certain elections dealing with the administration of the Plan. These elections may be changed without amending this Agreement by substituting an updated Appendix C with new elections. The provisions selected under this Appendix C do not create qualification issues and any changes to the provisions under this Appendix C will not affect the Employer's reliance on the IRS Favorable Letter.*

**C-1 DIRECTION OF INVESTMENTS.** Are Participants permitted to **direct investments** ? (See Section 10.07 of the Plan.)

- No
- Yes
- (a) Specify Accounts: All accounts except the Company Match and Employer Retirement accounts
- (b) Check this selection if the Plan is intended to comply with **ERISA §404(c)** . (See Section 10.07(e) of the Plan.)
- (c) Describe any special rules that apply for purposes of direction of investments:

*[ Note: This subsection (c) may be used to describe special investment provisions for specific types of investments, such as Qualifying Employer Securities or Qualifying Real Property, or for specific Accounts, such as the Rollover Contribution Account. Any provisions added under subsection (c) will be subject to the nondiscrimination requirements under Code §401(a)(4). ]*

**C-2 ROLLOVER CONTRIBUTIONS.** Does the Plan accept **Rollover Contributions** ? (See Section 3.07 of the Plan.)

- No
- Yes
- (a) If this subsection (a) is checked, an Employee may not make a Rollover Contribution to the Plan prior to becoming a Participant in the Plan. (See Section 3.07 of the Plan.)
- (b) Check this subsection (b) if the Plan will not accept Rollover Contributions from former Employees.
- (c) Describe any special rules for accepting Rollover Contributions:

*[ Note: The Employer may designate in subsection (c) or in separate written procedures the extent to which it will accept rollovers from designated plan types. For example, the Employer may decide not to accept rollovers from certain designated plans (e.g., 403(b) plans, §457 plans or IRAs). Any special rollover procedures will apply uniformly to all Participants under the Plan. ]*

**C-3 LIFE INSURANCE.** Are **life insurance** investments permitted? (See Section 10.08 of the Plan.)

- (a) No
- (b) Yes

**C-4 QDRO PROCEDURES.** Do the **default QDRO procedures** under Section 11.06 of the Plan apply?

- (a) No
- (b) Yes
- The provisions of Section 11.06 are modified as follows:

EMPLOYER SIGNATURE PAGE

PURPOSE OF EXECUTION. This Signature Page is being executed for Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees to effect:

- (a) The adoption of a new plan, effective [insert Effective Date of Plan]. [Note: Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.]
(b) The restatement of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.
(1) Effective date of restatement: 1-1-2015. [Note: Date can be no earlier than January 1, 2007. Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.]
(2) Name of plan(s) being restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees
(3) The original effective date of the plan(s) being restated: 6-27-2014
(c) An amendment or restatement of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.
(1) Effective Date(s) of amendment/restatement:
(2) Name of plan being amended/restated:
(3) The original effective date of the plan being amended/restated:
(4) If Plan is being amended, identify the Adoption Agreement section(s) being amended:

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Massachusetts Mutual Life Insurance Company
Address: 1295 State Street Springfield, MA 01111-0001
Telephone number: (800) 309-3539

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Advanced Materials Inc.
(Name of Employer)

(Name of authorized representative) (Title)

(Signature) (Date)

TRUSTEE DECLARATION

This Trustee Declaration may be used to identify the Trustees under the Plan. A separate Trustee Declaration may be used to identify different Trustees with different Trustee investment powers.

Effective date of Trustee Declaration: 1-1-2015

The Trustee's investment powers are:

- (a) Discretionary. The Trustee has discretion to invest Plan assets, unless specifically directed otherwise by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.
(b) Nondiscretionary. The Trustee may only invest Plan assets as directed by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.
(c) Fully funded. There is no Trustee under the Plan because the Plan is funded exclusively with custodial accounts, annuity contracts and/or insurance contracts. (See Section 12.16 of the Plan.)
(d) Determined under a separate trust agreement. The Trustee's investment powers are determined under a separate trust document which replaces (or is adopted in conjunction with) the trust provisions under the Plan.

Name of Trustee:

Title of Trust Agreement:

[ Note: To qualify as a Volume Submitter Plan, any separate trust document used in conjunction with this Plan must be approved by the Internal Revenue Service. Any such approved trust agreement is incorporated as part of this Plan and must be attached hereto. The responsibilities, rights and powers of the Trustee are those specified in the separate trust agreement. ]

Description of Trustee powers. This section can be used to describe any special trustee powers or any limitations on such powers. This section also may be used to impose any specific rules regarding the decision-making authority of individual trustees. In addition, this section can be used to limit the application of a trustee's responsibilities, e.g., by limiting trustee authority to only specific assets or investments.

Describe Trustee powers:

[ The addition of special trustee powers under this section will not cause the Plan to lose Volume Submitter status provided such language merely modifies the administrative provisions applicable to the Trustee (such as provisions relating to investments and the duties of the Trustee). Any language added under this section may not conflict with any other provision of the Plan and may not result in a failure to qualify under Code §401(a). ]

Trustee Signature. By executing this Adoption Agreement, the designated Trustee(s) accept the responsibilities and obligations set forth under the Plan and Adoption Agreement. By signing this Trustee Declaration Page, the individual(s) below represent that they have the authority to sign on behalf of the Trustee. If a separate trust agreement is being used, list the name of the Trustee. No signature is required if a separate trust agreement is being used under the Plan or if there is no named Trustee under the Plan.

Reliance Trust Company

(Print name of Trustee)

(Signature of Trustee or authorized representative)

(Date)

PARTICIPATING EMPLOYER ADOPTION PAGE

Check this selection and complete this page if a Participating Employer (other than the Employer that signs the Signature Page above) will participate under this Plan as a Participating Employer. [ Note: See Section 16 of the Plan for rules relating to the adoption of the Plan by a Participating Employer. If there is more than one Participating Employer, each one should execute a separate Participating Employer Adoption Page. Any reference to the "Employer" in this Adoption Agreement is also a reference to the Participating Employer, unless otherwise noted. ]

PARTICIPATING EMPLOYER INFORMATION:

Name: Rayonier A.M. Wood Procurement LLC

Address: 1301 Riverplace Blvd., Suite 2300

City, State, Zip Code: Jacksonville, FL 32207

EMPLOYER IDENTIFICATION NUMBER (EIN): 80-0084451

FORM OF BUSINESS: LLC

EFFECTIVE DATE: The Effective Date should be completed to document whether this Plan is a new plan or restatement of a prior plan with respect to the Participating Employer. (Additional special Effective Dates may apply under Modifications to Adoption Agreement )

New plan. The Participating Employer is adopting this Plan as a new Plan effective . [ Note: Date can be no earlier than the first day of the Plan Year in which the Plan is adopted. ]

Restated plan. The Participating Employer is adopting this Plan as a restatement of a prior plan.

(a) Name of plan(s) being restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees

(b) This restatement is effective 01/01/2015 [ Note: Date can be no earlier than January 1 , 2007. ]

(c) The original effective date of the plan(s) being restated is: 6-27-2014

Cessation of participation. The Participating Employer is ceasing its participation in the Plan effective as of:

ALLOCATION OF CONTRIBUTIONS. Any contributions made under this Plan (and any forfeitures relating to such contributions) will be allocated to all Participants of the Employer (including the Participating Employer identified on this Participating Employer Adoption Page).

To override this default provision, check below.

Check this box if contributions made by the Participating Employer signing this Participating Employer Adoption Page (and any forfeitures relating to such contributions) will be allocated only to Participants actually employed by the Participating Employer making the contribution. If this box is checked, Employees of the Participating Employer signing this Participating Employer Adoption Page will not share in an allocation of contributions (or forfeitures relating to such contributions) made by the Employer or any other Participating Employer. [ Note: Use of this section may require additional testing. See Section 16.04 of the Plan. ]

MODIFICATIONS TO ADOPTION AGREEMENT. The selections in the Adoption Agreement (including any special effective dates identified in Appendix A) will apply to the Participating Employer executing this Participating Employer Adoption Page.

To modify the Adoption Agreement provisions applicable to a Participating Employer, designate the modifications in (a) or (b) below.

(a) Special Effective Dates. Check this (a) if different special effective dates apply with respect to the Participating Employer signing this Participating Employer Adoption Page. Attach a separate Addendum to the Adoption Agreement entitled "Special Effective Dates for Participating Employer" and identify the special effective dates as they apply to the Participating Employer.

(b) Modification of Adoption Agreement elections. Section(s) \_\_\_\_\_ of the Agreement are being modified for this Participating Employer. The modified provisions are effective [ Note: Attach a description of the modifications to this Participating Employer Adoption Page. ]

SIGNATURE. By signing this Participating Employer Adoption Page, the Participating Employer agrees to adopt (or to continue its participation in) the Plan identified on page 1 of this Agreement. The Participating Employer agrees to be bound by all provisions of the Plan and Adoption Agreement as completed by the signatory Employer, unless specifically provided otherwise on this Participating Employer Adoption Page. The Participating Employer also agrees to be bound by any future amendments (including any amendments to terminate the Plan) as adopted by the signatory Employer. By signing this Participating Employer Adoption Page, the individual below represents that he/she has the authority to sign on behalf of the Participating Employer.

Rayonier A.M. Wood Procurement LLC
(Name of Participating Employer)

(Name of authorized representative) (Title)

(Signature) (Date)

PARTICIPATING EMPLOYER ADOPTION PAGE

Check this selection and complete this page if a Participating Employer (other than the Employer that signs the Signature Page above) will participate under this Plan as a Participating Employer. [ Note: See Section 16 of the Plan for rules relating to the adoption of the Plan by a Participating Employer. If there is more than one Participating Employer, each one should execute a separate Participating Employer Adoption Page. Any reference to the "Employer" in this Adoption Agreement is also a reference to the Participating Employer, unless otherwise noted. ]

PARTICIPATING EMPLOYER INFORMATION:

Name: Rayonier A.M Sales and Technology Inc.

Address: 1301 Riverplace Blvd. Suite 2300

City, State, Zip Code: Jacksonville, FL 32207

EMPLOYER IDENTIFICATION NUMBER (EIN): 30-0798143

FORM OF BUSINESS: C-Corporation

EFFECTIVE DATE: The Effective Date should be completed to document whether this Plan is a new plan or restatement of a prior plan with respect to the Participating Employer. (Additional special Effective Dates may apply under Modifications to Adoption Agreement )

New plan. The Participating Employer is adopting this Plan as a new Plan effective . [ Note: Date can be no earlier than the first day of the Plan Year in which the Plan is adopted. ]

Restated plan. The Participating Employer is adopting this Plan as a restatement of a prior plan.

(a) Name of plan(s) being restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees

(b) This restatement is effective 01/01/2015 [ Note: Date can be no earlier than January 1 , 2007. ]

(c) The original effective date of the plan(s) being restated is: 6-27-2014

Cessation of participation. The Participating Employer is ceasing its participation in the Plan effective as of:

ALLOCATION OF CONTRIBUTIONS. Any contributions made under this Plan (and any forfeitures relating to such contributions) will be allocated to all Participants of the Employer (including the Participating Employer identified on this Participating Employer Adoption Page).

To override this default provision, check below.

Check this box if contributions made by the Participating Employer signing this Participating Employer Adoption Page (and any forfeitures relating to such contributions) will be allocated only to Participants actually employed by the Participating Employer making the contribution. If this box is checked, Employees of the Participating Employer signing this Participating Employer Adoption Page will not share in an allocation of contributions (or forfeitures relating to such contributions) made by the Employer or any other Participating Employer. [ Note: Use of this section may require additional testing. See Section 16.04 of the Plan. ]

MODIFICATIONS TO ADOPTION AGREEMENT. The selections in the Adoption Agreement (including any special effective dates identified in Appendix A) will apply to the Participating Employer executing this Participating Employer Adoption Page.

To modify the Adoption Agreement provisions applicable to a Participating Employer, designate the modifications in (a) or (b) below.

(a) Special Effective Dates. Check this (a) if different special effective dates apply with respect to the Participating Employer signing this Participating Employer Adoption Page. Attach a separate Addendum to the Adoption Agreement entitled "Special Effective Dates for Participating Employer" and identify the special effective dates as they apply to the Participating Employer.

(b) Modification of Adoption Agreement elections. Section(s) \_\_\_\_\_ of the Agreement are being modified for this Participating Employer. The modified provisions are effective [ Note: Attach a description of the modifications to this Participating Employer Adoption Page. ]

SIGNATURE. By signing this Participating Employer Adoption Page, the Participating Employer agrees to adopt (or to continue its participation in) the Plan identified on page 1 of this Agreement. The Participating Employer agrees to be bound by all provisions of the Plan and Adoption Agreement as completed by the signatory Employer, unless specifically provided otherwise on this Participating Employer Adoption Page. The Participating Employer also agrees to be bound by any future amendments (including any amendments to terminate the Plan) as adopted by the signatory Employer. By signing this Participating Employer Adoption Page, the individual below represents that he/she has the authority to sign on behalf of the Participating Employer.

Rayonier A.M. Sales and Technology Inc.
(Name of Participating Employer)

(Name of authorized representative) (Title)

(Signature) (Date)

**ADDENDUM - PROTECTED BENEFITS**

In addition to the protected benefits described in this Plan, certain other benefits are protected from a prior plan document. This Addendum describes any additional benefits protected under this Plan.

**Additional protected benefits:** Participants hired by Rayonier, Inc. prior to July 1, 2012 and still employed by the Employer at Early Retirement Age will become 100% immediate vested.

**AMENDMENT TO RAYONIER ADVANCED MATERIALS INC. INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES (“the Plan”)**

WHEREAS, Rayonier Advanced Materials Inc. (the “Employer”) maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees (the “Plan”) for its employees;

WHEREAS, Rayonier Advanced Materials Inc. has decided that it is in its best interest to amend the Plan;

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

NOW THEREFORE BE IT RESOLVED, that the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement is amended as follows. The amendment of the Plan is effective as of 1-1-2015.

1. The Adoption Agreement is amended to read:

4-5 **SERVICE WITH PREDECESSOR EMPLOYER.** If the Employer is maintaining the Plan of a Predecessor Employer, service with such Predecessor Employer is automatically counted for eligibility, vesting and for purposes of applying any allocation conditions under AA §6-5 and AA §6B-7.

In addition, this AA §4-5 may be used to identify any Predecessor Employers for whom service will be counted for purposes of determining eligibility, vesting and allocation conditions under this Plan. (See Sections 2.06, 3.09(c) and 7.08 of the Plan.) If this AA §4-5 is not completed, no service with a Predecessor Employer will be counted except as otherwise required under this AA §4-5.

(a) **Identify Predecessor Employer(s):**

- (1) The Plan will count service with all Employers which have been acquired as part of a transaction under Code §410(b)(6)(C).
- (2) The Plan will count service with the following Predecessor Employers:

Name of Predecessor Employer	Eligibility	Vesting	Allocation Conditions
<input checked="" type="checkbox"/> (1) <u>Rayonier, Inc.</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(b) **Describe** any special provisions applicable to Predecessor Employer service: Predecessor Employer service shall only be credited to Eligible Employees who provided service to Rayonier Inc. and who became Participants in this Plan as of 11:59pm on June 27, 2014 (the “Effective Time”) or at a later date, solely because such Eligible Employee was working for Rayonier, Inc. pursuant to a visa the conditions of which would not permit such Eligible Employee’s employment to transfer to the Employer until after the Effective Time (the “Later Date”), provided such Eligible Employees were eligible to participate in the Rayonier Investment and Savings Plan for Salaried Employees immediately prior to the Effective Time or the Later Date.

[ *Note: Any special provisions may not violate the nondiscrimination requirements under Code §401(a)(4).* ]

2. The Adoption Agreement is amended to read:

5-3 **PLAN COMPENSATION** : Plan Compensation is **Total Compensation** (as defined in AA §5-1 above) with the following exclusions described below.

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(a)No exclusions.
N/A	<input type="checkbox"/>	<input type="checkbox"/>	(b)Elective Deferrals (as defined in Section 1.46 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4) are excluded.

- (c) All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits are excluded.
- (d) Compensation above \$ \_\_\_\_ is excluded. (See Section 1.97 of the Plan.)
- (e) Amounts received as a bonus are excluded.
- (f) Amounts received as commissions are excluded.
- (g) Overtime payments are excluded.
- (h) Amounts received for services performed for a non-signatory Related Employer are excluded. (See Section 2.02(c) of the Plan.)
- (i) "Deemed §125 compensation" as defined in Section 1.141(d) of the Plan.
- (j) Amounts received after termination of employment are excluded. (See Section 1.141(b) of the Plan.)
- (k) Differential Pay (as defined in Section 1.141(e) of the Plan).
- (l) Describe adjustments to Plan Compensation: All short term disability or disability salary continuation payments; foreign service allowance; bonuses for Employer contribution sources except the Enhanced Retirement contributions. Sign-on and achievement bonuses are excluded for calculation of Enhanced Retirement contributions.

[ **Note:** Any exclusions selected under this AA §5-3 that do not meet the safe harbor exclusions under Treas. Reg. §1.414(s)-1, as described in Section 1.97(a) of the Plan may cause the definition of Plan Compensation to fail to satisfy a safe harbor definition of compensation under Code §414(s). Failure to use a definition of Plan Compensation that satisfies the nondiscrimination requirements under Code §414(s) will cause the Plan to fail to qualify for any contribution safe harbors, such as the permitted disparity allocation or Safe Harbor 401(k) Plan safe harbors. Any adjustments to Plan Compensation under this AA §5-3 must be definitely determinable and preclude Employer discretion. See AA §6C-4 for the definition of Plan Compensation as it applies to Safe Harbor Contributions. ]

3. The Adoption Agreement is amended to read:

6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4 below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

- (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.
- (b) **Fixed contribution.**
  - (1) % of each Participant's Plan Compensation.
  - (2) \$ \_\_\_\_ for each Participant.
  - (3) The Employer Contribution will be determined in accordance with any Collective Bargaining Agreement(s) addressing retirement benefits of Collectively Bargained Employees under the Plan.
- (c) **Service-based contribution.** The Employer will make the following contribution:
  - (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.
  - (2) **Fixed percentage.** \_\_\_\_% of Plan Compensation paid for each period of service designated below.
  - (3) **Fixed dollar.** \$ \_\_\_\_ for each period of service designated below.

The service-based contribution will be based on the following periods of service:

- (4) Each Hour of Service
- (5) Each week of employment
- (6) Describe period:

The service-based contribution is subject to the following rules.

- (7) Describe any special provisions that apply to service-based contribution:

[ **Note:** Any period described in subsection (6) must apply uniformly to all Participants and cannot exceed a 12-month period. Any special provisions under subsection (7) must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. ]

- (d) **Year of Service contribution.** The Employer will make an Employer Contribution based on Years of Service with the Employer.

Years of Service	Contribution %
<input type="checkbox"/> (1) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (2) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (3) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (4) For Years of Service ___ and above	___%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is: \_\_\_

[ **Note:** Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan. ]

- (e) **Prevailing Wage Formula.** The Employer will make a contribution for each Participant’s Prevailing Wage Service based on the hourly contribution rate for the Participant’s employment classification. (See Section 3.02(a)(5) of the Plan.)
    - (1) **Amount of contribution.** The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant’s employment classification. The Prevailing Wage Contribution will be determined as follows:
      - (i) The Employer Contribution will be determined based on the required contribution rates for the employment classifications under the applicable federal, state or municipal prevailing wage laws. For any Employee performing Prevailing Wage Service, the Employer may make the required contribution for such service without designating the exact amount of such contribution.
      - (ii) The Employer will make the Prevailing Wage Contribution based on the hourly contribution rates as set forth in the Addendum attached to this Adoption Agreement. However, if the required contribution under the applicable federal, state or municipal prevailing wage law provides for a greater contribution than set forth in the Addendum, the Employer may make the greater contribution as a Prevailing Wage Contribution.
    - (2) **Offset of other contributions.** The contributions under the Prevailing Wage Formula will offset the following contributions under this Plan. (See Section 3.02(a)(5) of the Plan.)
      - (i) Employer Contributions (other than Safe Harbor Employer Contributions)
      - (ii) Safe Harbor Employer Contributions.
      - (iii) Qualified Nonelective Contributions (QNECs)
      - (iv) Matching Contributions (other than Safe Harbor Matching Contributions)
      - (v) Safe Harbor Matching Contributions.
      - (vi) Qualified Matching Contributions (QMACs)
- [ **Note:** If subsection (ii) or (v) is checked, the Prevailing Wage contribution must satisfy the requirements for a Safe Harbor Contribution. ]
- (3) **Modification of default rules.** Section 3.02(a)(5) of the Plan contains default rules for administering the Prevailing Wage Formula. Complete this subsection (3) to modify the default provisions.
    - (i) **Application to Highly Compensated Employees.** Instead of applying only to Nonhighly Compensated Employees, the Prevailing Wage Formula applies to all eligible Participants, including Highly Compensated Employees.

- (ii) **Minimum age and service conditions.** Instead of no minimum age or service condition, Prevailing Wage contributions are subject to a one Year of Service (as defined in AA§4-3) and age 21 minimum age and service requirement with semi-annual Entry Dates.
- (iii) **Allocation conditions.** Instead of no allocation conditions, the Prevailing Wage contributions are subject to a 1,000 Hours of Service and last day employment allocation condition, as set forth under Section 3.09 of the Plan.
- (iv) **Vesting.** Instead of 100% immediate vesting, Prevailing Wage contributions will vest under the following vesting schedule (as defined in Section 7.02 of the Plan):
  - (A) 6-year graded vesting schedule
  - (B) 3-year cliff vesting schedule

(v) **Describe:**

[ **Note:** Overriding the default provisions under this subsection (3) may restrict the ability of the Employer to take full credit for Prevailing Wage Contributions for purposes of satisfying its obligations under applicable federal, state or municipal prevailing wage laws. Any modifications must satisfy the nondiscrimination requirements under Code §401(a)(4) and should be consistent with the applicable federal, state or municipal prevailing wage laws. See Section 3.02(a)(5) of the Plan. ]

- (f) **Describe special rules for determining contributions under Plan:** An Employer Retirement Contribution may be made to Eligible Employees who were hired by Rayonier Inc. prior to January 1, 2006, and who became Participants in this Plan as of 11:59pm on June 27, 2014 (the "Effective Time") or at a later date, solely because such Eligible Employee was working for Rayonier, Inc. pursuant to a visa the conditions of which would not permit such Eligible Employee's employment to transfer to the Employer until after the Effective Time (the "Later Date"), provided such Eligible Employees were eligible to participate in the Rayonier Investment and Savings Plan for Salaried Employees immediately prior to the Effective Time or the Later Date. Except as provided in the preceding sentence, Enhanced Retirement Contributions may be made to Eligible Employees who were hired by Rayonier Inc. or the Employer on or after January 1, 2006.

[ **Note:** Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]

4. The Adoption Agreement is amended to read:

6A-2 **MAXIMUM LIMIT ON SALARY DEFERRALS.** Unless designated otherwise under this AA §6A-2, a Participant may defer any amount up to the Elective Deferral Dollar Limit and the Code §415 Limitation (as set forth in Sections 5.02 and 5.03 of the Plan).

- (a) **Salary Deferral Limit.** A Participant may not defer an amount in excess of:

(1) 100 % of Plan Compensation

(2) \$ .

[ **Note:** If both (1) and (2) are checked, the deferral limit is the lesser of the amounts selected. ]

Any limit described in subsection (1) or (2) above applies with respect to the following period:

(3) Plan Year.

(4) the portion of the Plan Year during which the individual is eligible to participate.

(5) each separate payroll period during which the individual is eligible to participate.

- (b) **Different limit for Highly Compensated Employees and Nonhighly Compensated Employees.** The Salary Deferral Limit described above applies only to Employees who are Highly Compensated Employees as of the first day of the Plan Year. For Nonhighly Compensated Employees, the following limit applies:
  - (1) **No limit** (other than the Elective Deferral Dollar Limit and the Code §415 Limitation).
  - (2) **Nonhighly Compensated Employee limit.**
    - (i) % of Plan Compensation
    - (ii) \$
 during the following period:
    - (iii) Plan Year.
    - (iv) the portion of the Plan Year during which the individual is eligible to participate.
    - (v) each separate payroll period during which the individual is eligible to participate.

[ *Note: Any percentage or dollar limit imposed on Nonhighly Compensated Employees under (i) and/or (ii) above may not be lower than the percentage or dollar limit imposed on Highly Compensated Employees under (a) above. If both (i) and (ii) are checked, the deferral limit is the lesser of the amounts selected. ]*

- (c) **Special limit for bonus payments.** If bonus payments are not excluded from the definition of Plan Compensation under AA §5-3, Employees may defer any amounts out of bonus payments, subject to the Elective Deferral Dollar Limit and the Code §415 Limitation (as defined in Sections 5.02 and 5.03 of the Plan) and any other limit on Salary Deferrals under this AA 6A-2. The Employer may use this section to impose special limits on bonus payments or may impose special limits on bonus payments under the Salary Deferral Election. (See Section 3.03(a) of the Plan.)
  - A Participant may defer up to \_\_\_\_% ( *not to exceed 100%* ) of any bonus payment (subject to the Elective Deferral Dollar Limit and the Code §415 Limitation) without regard to any other limits described under this AA §6A-2.

[ *Note: If this (c) is checked, bonus payments may not be excluded from Plan Compensation in the Deferral column under AA §5-3. ]*

- (d) **Describe** any other limits that apply with respect to Salary Deferrals under the Plan: Deferred Salary contributions, when combined with After-tax contributions made by a Participant may not exceed 100% of the Participant's Compensation for the Plan Year.

[ *Note: Any limits provided under this AA §6A-2 must satisfy the nondiscrimination requirements under Code §401(a)(4). ]*

5. The Adoption Agreement is amended to read:

6B-2 **MATCHING CONTRIBUTION FORMULA:** For the period designated in AA §6B-5 below, the Employer will make the following Matching Contribution on behalf of Participants who satisfy the allocation conditions under AA §6B-7 below. [ *See AA §6B-3 for the definition of Eligible Contributions for purposes of the Matching Contributions under the Plan. If the Plan provides for After-Tax Employee Contributions, also see AA §6D-2 to determine the application of the Matching Contribution formulas to After-Tax Employee Contributions. ]*

- (a) **Discretionary match.** The Employer will determine in its sole discretion how much, if any, it will make as a Matching Contribution. Such amount can be determined either as a uniform percentage of deferrals or as a flat dollar amount for each Participant.
- (b) **Fixed match.** The Employer will make a Matching Contribution for each Participant equal to:
  - (1) 60% of Eligible Contributions made for each period designated in AA §6B-5 below.
  - (2) \$ \_\_\_\_ for each period designated in AA §6B-5 below.
  - (3) % of Eligible Contributions made for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least \_\_\_\_% of Plan Compensation for such period.
  - (4) \$ \_\_\_\_ for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least \_\_\_\_% of Plan Compensation for such period.

(c) **Tiered match.** The Employer will make a Matching Contribution to all Participants based on the following tiers of Eligible Contributions.

(1) **Tiers as percentage of Plan Compensation.**

<i>Eligible Contributions</i>	<b>Fixed Match %</b>	<b>Discretionary Match</b>
<input type="checkbox"/> (i) Up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (ii) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (iii) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (iv) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>

(2) **Tiers as dollar amounts.**

<i>Eligible Contributions</i>	<b>Fixed Match</b>	<b>Discretionary Match</b>
<input type="checkbox"/> (i) Up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (ii) From \$ ____ up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (iii) From \$ ____ up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (iv) Above \$ ____	%	<input type="checkbox"/>

[ *Note: If the Plan is designed to satisfy the ACP safe harbor with respect to the Matching Contributions, the rate of Matching Contribution may not increase as the rate of Eligible Contributions increases. ]*

(d) **Year of Service match.** The Employer will make a Matching Contribution as a uniform percentage of Eligible Contributions to all Participants based on Years of Service with the Employer.

<b>Years of Service</b>	<b>Matching %</b>
<input type="checkbox"/> (1) From ____ up to Years of Service	%
<input type="checkbox"/> (2) From ____ up to Years of Service	%
<input type="checkbox"/> (3) From ____ up to Years of Service	%
<input type="checkbox"/> (4) Years of Service equal to and above	%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is:

[ *Note: Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature. Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan. ]*

(e) **Different Employee groups.** The Employer may make a different Matching Contribution to the Employee groups designated under subsection (1) below. The Matching Contribution will be allocated separately to each designated Employee group in accordance with the formula designated under subsection (2).

(1) **Designated Employee groups.**

(2) **Matching Contribution formulas.**

- (i) **Discretionary Matching Contribution.** The Employer may make a different discretionary Matching Contribution for each Employee group designated under subsection (1).
- (ii) **Different Matching Contribution formula.** The following Matching Contribution will apply for each Employee group designated under subsection (1).

[ *Note: Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature. ]*

(f) **Describe special rules for determining allocation formula:**

[ **Note:** Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]

6. The Adoption Agreement is amended to read:

6B-4 **LIMITS ON MATCHING CONTRIBUTIONS.** In applying the Matching Contribution formula(s) selected under AA §6B-2 above, all Eligible Contributions are eligible for Matching Contributions, unless elected otherwise under this AA §6B-4. [ See AA §6D-2 for any limits that apply with respect to After-Tax Employee Contributions. ]

- (a) **ACP safe harbor match.** The Matching Contribution formula(s) selected in AA §6B-2 are designed to satisfy the ACP Safe Harbor as described in Section 6.04(i) of the Plan. Therefore, any Matching Contribution selected in AA §6B-2 will only apply with respect to Eligible Contributions that do not exceed 6% of Plan Compensation and to the extent any Matching Contribution formula is discretionary, the total amount of discretionary Matching Contributions will not exceed 4% of Plan Compensation for the Plan Year.

[ *Note: If this subsection is checked, no allocation conditions should be selected under AA §6B-7. If allocation conditions are selected under AA §6B-7, the Matching Contributions under this AA §6B-2 may not qualify for the ACP safe harbor. See Section 6.04(i) of the Plan. ]*

- (b) **Limit on the amount of Eligible Contributions.** The Matching Contribution formula(s) selected in AA §6B-2 above apply only to Eligible Contributions that do not exceed:

(1) 6 % of Plan Compensation.

(2) \$ .

(3) A discretionary amount determined by the Employer.

[ *Note: If both (1) and (2) are selected, the limit under this subsection is the lesser of the percentage selected in subsection (1) or the dollar amount selected in subsection (2). ]*

- (c) **Limit on Matching Contributions.** The total Matching Contribution provided under the formula(s) selected in AA §6B-2 above will not exceed:

(1) \_\_\_% of Plan Compensation.

(2) \$ .

- (d) **Application of limits.** The limits identified under this AA §6B-4 do **not** apply to the following Matching Contribution formula(s):

(1) Any limit on the amount of Eligible Contributions does not apply to:

(i) Discretionary match

(ii) Fixed match

(iii) Tiered match

(iv) Year of Service match

(v) Employee group match

(2) Any limit on Matching Contributions does not apply to:

(i) Discretionary match

(ii) Fixed match

(iii) Tiered match

(iv) Year of Service match

(v) Employee group match

- (e) **Special limits applicable to Matching Contributions:**

[ *Note: Any special provisions under this subsection must comply with the nondiscrimination requirements under Code §401(a)(4). ]*

7. The Adoption Agreement is amended to read:

6B-5 **PERIOD FOR DETERMINING MATCHING CONTRIBUTIONS.** The Matching Contribution formula(s) selected in AA §6B-2 above (including any limitations on such amounts under AA §6B-4) are based on Eligible Contributions and Plan Compensation for the Plan Year. To apply a different period for determining the Matching Contributions and limits under AA §6B-2 and AA §6B-3, complete this AA §6B-5.

(a) payroll period

(b) Plan Year quarter

(c) calendar month

(d) Other: Payroll Period for the Fixed match contribution and Plan Year for the Discretionary match contribution.

[ *Note: Although Matching Contributions (and any limits on those Matching Contributions) will be determined on the basis of the period designated under this AA §6B-5, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Matching Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415-6, regardless of the period selected under this AA §6B-5. Any alternative period designated under this AA §6B-5 may not exceed a 12-month period and will apply uniformly to all Participants. ]*

[ **Note:** In determining the amount of Matching Contributions for a particular period, if the Employer actually makes Matching Contributions to the Plan on a more frequent basis than the period selected in this AA §6B-5, a Participant will be entitled to a true-up contribution to the extent he/she does not receive a Matching Contribution based on the Eligible Contributions and/or Plan Compensation for the entire period selected in this AA §6B-5. If a period other than the Plan Year is selected under this AA §6B-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under this AA §6B-5. See Section 3.04(c) of the Plan. ]

8. The Adoption Agreement is amended to read:

6D-2 **AFTER-TAX EMPLOYEE CONTRIBUTIONS.** If After-Tax Employee Contributions are authorized under AA §6D-1, a Participant may contribute any amount as After-Tax Employee Contributions up to the Code §415 Limitation (as defined in Section 5.03 of the Plan), except as limited under this AA §6D-2.

- (a) **Limits on After-Tax Employee Contributions.** If this subsection is checked, the following limits apply to After-Tax Employee Contributions:
  - (1) **Maximum limit.** A Participant may make After-Tax Employee Contributions up to
    - (i) 100 % of Plan Compensation
    - (ii) \$ \_\_\_\_\_
 for the following period:
    - (iii) the entire Plan Year.
    - (iv) the portion of the Plan Year during which the Employee is eligible to participate.
    - (v) each separate payroll period during which the Employee is eligible to participate.
  - (2) **Minimum limit.** The amount of After-Tax Employee Contributions a Participant may make for any payroll period may not be less than:
    - (i) 1 % of Plan Compensation.
    - (ii) \$ \_\_\_\_\_.
- (b) **Eligibility for Matching Contributions.** Unless designated otherwise under this subsection, After-Tax Employee Contributions will **not** be eligible for Matching Contributions under the Plan.
  - (1) After-Tax Employee Contributions are eligible for the following Matching Contributions under the Plan:
    - (i) All Matching Contributions elected under AA §6B and AA §6C.
    - (ii) All Matching Contributions elected under AA §6B (other than Safe Harbor/QACA Safe Harbor Matching Contributions elected under AA §6C-2).
    - (iii) Only Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2.
    - (iv) All Matching Contributions designated under AA §6B-2 and/or AA §6C-2, except for the following Matching Contributions:
  - (2) The Matching Contribution formula only applies to After-Tax Employee Contributions that do not exceed:
    - (i) 6 % of Plan Compensation.
    - (ii) \$ \_\_\_\_\_.
    - (iii) A discretionary amount determined by the Employer.
- (c) **Change or revocation of After-Tax Employee Contributions.** In addition to the Participant’s Entry Date under the Plan, a Participant’s election to change or resume After-Tax Employee Contributions will be effective as of the dates designated under the After-Tax Employee Contribution election form or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this subsection specific dates as of which a Participant may change or resume After-Tax Employee Contributions. (See Section 3.06 of the Plan.)
  - (1) The first day of each calendar quarter
  - (2) The first day of each Plan Year
  - (3) The first day of each calendar month
  - (4) The beginning of each payroll period
  - (5) Other:

[ **Note:** A Participant must be permitted to change or revoke an After-Tax Employee Contribution election at least once per year. Unless designated otherwise under subsection (5), a Participant may revoke an election to make After-Tax Employee Contributions (on a prospective basis) at any time. ]

- (d) **ACP Testing Method.** The same ACP Testing Method will apply to After-Tax Employee Contributions as applies to Matching Contributions, as designated under AA §6B-6. If no method is selected under AA §6B-6, the Current Year Testing Method will apply, unless designated otherwise under this subsection.
  - Instead of the Current Year Testing Method, if no testing method is selected under AA §6B-6, the Plan will use the **Prior Year Testing Method** in running the ACP Test.

[ **Note:** If the Plan is a Safe Harbor 401(k) Plan (as designated in AA §6C), the Plan must use the Current Year Testing Method. ]

- (e) **Other limits:** After-tax contributions, when combined with Deferred Salary contributions made by a Participant may not exceed 100% of the Participant's Compensation for the Plan Year.

[ Any other limits must comply with the nondiscrimination requirements under Code §401(a)(4). ]

9. The Adoption Agreement is amended to read:

7-2 **EARLY RETIREMENT AGE:** Unless designated otherwise under this AA §7-2, there is no Early Retirement Age under the Plan.

- (a) A Participant reaches Early Retirement Age if he/she is still employed after attainment of each of the following:
  - (1) Attainment of age \_\_\_\_
  - (2) The \_\_\_\_ anniversary of the date the Employee commenced participation in the Plan, and/or
  - (3) The completion of \_\_\_\_ Years of Service, determined as follows:
    - \*  (i) Same as for eligibility.
    - (ii) Same as for vesting
- (b) **Describe.**

[ **Note:** Any special rules under this subsection must preclude Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]

10. The Adoption Agreement is amended to read:

8-2 **VESTING SCHEDULE.** The vesting schedule under the Plan is as follows for both Employer Contributions and Matching Contributions, to the extent authorized under AA §6 and AA §6B. See Section 7.02 of the Plan for a description of the various vesting schedules under this AA §8-2. [ **Note:** Any Prevailing Wage Contributions under AA §6-2, any Safe Harbor Contributions under AA §6C and any QNECs or QMACs under AA §6D are always 100% vested, regardless of any contrary selections in this AA §8-2 (unless provided otherwise under AA §6-2 for Prevailing Wage Contributions or under this AA §8-2 for any QACA Safe Harbor Contributions). ]

- (a) **Vesting schedule for Employer Contributions and Matching Contributions:**

ER	Match	
<input type="checkbox"/>	<input type="checkbox"/>	(1) Full and immediate vesting.
<input type="checkbox"/>	<input type="checkbox"/>	(2) 3-year cliff vesting schedule
<input type="checkbox"/>	<input type="checkbox"/>	(3) 6-year graded vesting schedule
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(4) 5-year graded vesting schedule



**ADDENDUM - PROTECTED BENEFITS**

In addition to the protected benefits described in this Plan, certain other benefits are protected from a prior plan document. This Addendum describes any additional benefits protected under this Plan.

**Additional protected benefits:** The “Rayonier Share Fund” means the Investment Fund established under this Plan to hold all shares of Rayonier Inc. that are received by the Employer stock Investment Fund in connection with the spin-off of the Employer from Rayonier Inc. Participants shall be prohibited from investing in the Rayonier Share Fund. The Rayonier Share Fund shall be a frozen investment option, provided that Participants may elect to transfer all or a portion of their interest in the Rayonier Share Fund to any other Investment Fund at any point in time. No Participant shall have any voting or tender rights with respect to his interest in the Rayonier Share Fund.

12. The Adoption Agreement is amended to read:

C-1 **DIRECTION OF INVESTMENTS.** Are Participants permitted to **direct investments** ? (See Section 10.07 of the Plan.)

- No
- Yes
- (a) Specify Accounts: All accounts except the Company Match and Employer Retirement accounts
- (b) Check this selection if the Plan is intended to comply with **ERISA §404(c)** . (See Section 10.07(e) of the Plan.)
- (c) Describe any special rules that apply for purposes of direction of investments: No current Contributions may be invested in the Rayonier Share Fund as described in the Addendum - Protected Benefits page.

[ *Note: This subsection (c) may be used to describe special investment provisions for specific types of investments, such as Qualifying Employer Securities or Qualifying Real Property, or for specific Accounts, such as the Rollover Contribution Account. Any provisions added under subsection (c) will be subject to the nondiscrimination requirements under Code §401(a)(4).* ]

13. The Trustee Declaration Page has been modified. The modified Trustee Declaration Page is attached to this Amendment.

**TRUSTEE DECLARATION**

This Trustee Declaration may be used to identify the Trustees under the Plan. A separate Trustee Declaration may be used to identify different Trustees with different Trustee investment powers.

**Effective date of Trustee Declaration:** 1-1-2015

**The Trustee’s investment powers are:**

- (a) **Discretionary.** The Trustee has discretion to invest Plan assets, unless specifically directed otherwise by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.
- (b) **Nondiscretionary.** The Trustee may only invest Plan assets as directed by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.
- (c) **Fully funded.** There is no Trustee under the Plan because the Plan is funded exclusively with custodial accounts, annuity contracts and/or insurance contracts. (See Section 12.16 of the Plan.)
- (d) **Determined under a separate trust agreement.** The Trustee's investment powers are determined under a separate trust document which replaces (or is adopted in conjunction with) the trust provisions under the Plan.

**Name of Trustee:**

**Title of Trust Agreement:**

[ *Note: To qualify as a Volume Submitter Plan, any separate trust document used in conjunction with this Plan must be approved by the Internal Revenue Service. Any such approved trust agreement is incorporated as part of this Plan and must be attached hereto. The responsibilities, rights and powers of the Trustee are those specified in the separate trust agreement.* ]

**Description of Trustee powers.** This section can be used to describe any special trustee powers or any limitations on such powers. This section also may be used to impose any specific rules regarding the decision-making authority of individual trustees. In addition, this section can be used to limit the application of a trustee’s responsibilities, e.g., by limiting trustee authority to only specific assets or investments.

**Describe** Trustee powers: Notwithstanding anything herein to the contrary, no Trust Assets shall be invested in Employer Stock unless the Named Fiduciary determines that such investment may be made without registration under the federal Securities Act of 1933, as amended, and under any applicable state law, or in the alternative, that the securities have been so qualified or registered. The Named Fiduciary shall specify any restrictive legend that is required to be set forth on the certificates for the securities and the procedures the Trustee is to follow to resell such securities. The Named Fiduciary shall only direct the investment of Trust Assets in securities of the Employer or an affiliate if those securities are traded in a public market or exchange permitting a readily ascertainable fair market value. The Trustee has delegated to the Sub-Custodian the responsibilities to provide accounting, custodial, trade execution and unitization services (“Sub-Custodian Functions”) for the Employer Stock. The Trustee is authorized to rely upon the records of the Sub-Custodian and Recordkeeper with respect to Trust Assets and the Sub-Custodian Functions the Sub-Custodian may perform. The Trustee will neither prepare nor file any regulatory filings on behalf of Plan or relating to the Employer Stock, including SEC Form 8. The Trustee shall have no responsibility for delivering, forwarding, monitoring or otherwise voting any proxies unless the Named Fiduciary directs the Trustee to do so and the Trustee agrees. Employer shall make proper arrangements to receive proxies and corporate action materials and is responsible for voting proxies, except to the extent the Employer directs the Trustee to vote proxies. Trustee shall rely on the Recordkeeper for initiating, executing, monitoring or settling any securities trades with the Sub-Custodian. With respect to Employer Stock (i) the Employer or its delegate is solely responsible for compliance with all the federal securities laws and regulations, (ii) the Employer or its delegate has established procedures for the delivery to each Participant, on a confidential and timely basis, of all notices, proxies, tender and exchange offers and other information as may be necessary to permit a Participant to exercise the Participant’s authority to direct action with respect to all shares of Employer Stock in the Participant’s Plan account, (iii) the Trustee shall not tender or vote allocated or unallocated shares if Trustee fails to receive timely instructions from the Employer, its appointed proxy/tender agent or, if applicable under the terms of the Plan, the Participant, (iv) the Employer or its delegate shall provide Employer Stock reporting to Trustee, including activity and balance detail, and (v) Employer shall ensure that the value of the Employer Stock (or the Employer Stock fund in the case of unitized funds) as reported to Participants represents fair market value. The Trustee shall not be responsible for (i) monitoring or reporting to Employer any activity in Employer Stock, including unusual activity by key employees or control persons of the Employer; (ii) determining whether the Employer Stock is appropriate for investment in the Plan and/or appropriate for unitization; (iii) determining the need for and implementing any Participant trading restrictions on a unitized Employer Stock fund, and ensuring such trading restrictions are implemented (such as the establishing liquidity ratios in a unitized Employer Stock fund) to avoid or mitigate losses to the Employer Stock fund due to the impact of trading by one Participant upon other Participants invested in the unitized Employer Stock fund. The Employer agrees to provide immediate written response to questions that the Trustee may pose in its capacity as Trustee concerning Employer Stock, and if requested by Trustee, also provide written direction to the Trustee with respect to Employer Stock. The Employer agrees to respond accurately and timely, in writing, to any queries Trustee may submit to Employer relative to the ongoing viability of Employer Stock as a prudent investment for the Plan and its Participants. For purposes of the above, the term “Recordkeeper” means Massachusetts Mutual Life Insurance Company, the Plan’s duly appointed recordkeeper and any of their respective agents or assigns, including processing agents and the term “Sub-Custodian” means State Street Bank and Trust Company the entity delegated by Trustee, which serves as sub-custodian to Trustee.

[ The addition of special trustee powers under this section will not cause the Plan to lose Volume Submitter status provided such language merely modifies the administrative provisions applicable to the Trustee (such as provisions relating to investments and the duties of the Trustee). Any language added under this section may not conflict with any other provision of the Plan and may not result in a failure to qualify under Code §401(a). ]

**Trustee Signature.** By executing this Adoption Agreement, the designated Trustee(s) accept the responsibilities and obligations set forth under the Plan and Adoption Agreement. By signing this Trustee Declaration Page, the individual(s) below represent that they have the authority to sign on behalf of the Trustee. If a separate trust agreement is being used, list the name of the Trustee. No signature is required if a separate trust agreement is being used under the Plan or if there is no named Trustee under the Plan.  
(Signature of Trustee or authorized representative) (Date)

Reliance Trust Company  
(Print name of Trustee)

\_\_\_\_\_  
(Signature of Trustee or authorized representative) (Date)

## EMPLOYER SIGNATURE PAGE

**PURPOSE OF EXECUTION.** This Signature Page is being executed for Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees to effect:

- (a) The adoption of a **new plan**, effective [insert *Effective Date of Plan*]. [ **Note:** *Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.* ]
- (b) The **restatement** of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.
- (1) Effective date of restatement: [ **Note:** *Date can be no earlier than January 1, 2007. Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.* ]
- (2) Name of plan(s) being restated:
- (3) The original effective date of the plan(s) being restated:
- (c) An **amendment or restatement** of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.
- (1) Effective Date(s) of amendment/restatement: 1-1-2015
- (2) Name of plan being amended/restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees
- (3) The original effective date of the plan being amended/restated: 6-27-2014
- (4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: 4-5(b) to clarify Predecessor Employer service; 5-3(k) Plan Compensation excludes Differential Pay for all contributions 6-2(f) to clarify the Employer Retirement Contribution; 6A-2(d) to clarify Salary Deferrals; 6B-2(a), 6B-4(d)(1)(i), and 6B-5 to add a Discretionary Matching Contribution; 6D-2(a)(2)(i) to add a minimum limit of 1% for After-Tax Contributions; 7-2 to remove the Early Retirement Age; 8-2(c) to clarify Vesting; C-1(c) to clarify special rules that apply for purposes of direction of investments; 11-11(a) Protected Benefits; and the Trustee Declaration Page with clarifying language in regards to Employer Stock.

**VOLUME SUBMITTER SPONSOR INFORMATION.** The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

**Name of Volume Submitter Sponsor (or authorized representative):** Massachusetts Mutual Life Insurance Company

**Address:** 1295 State Street Springfield, MA 01111-0001

**Telephone number:** (800) 309-3539

**IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN.** A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Advanced Materials Inc.  
\_\_\_\_\_  
*(Name of Employer)*

\_\_\_\_\_  
*(Name of authorized representative)* *(Title)*

\_\_\_\_\_  
*(Signature)* *(Date)*



**AMENDMENT TO RAYONIER ADVANCED MATERIALS INC. INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES (“the Plan”)**

WHEREAS, Rayonier Advanced Materials Inc. (the “Employer”) maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees (the “Plan”) for its employees;

WHEREAS, Rayonier Advanced Materials Inc. has decided that it is in its best interest to amend the Plan;

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

NOW THEREFORE BE IT RESOLVED, that the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement is amended as follows. The amendment of the Plan is effective as of 1-1-2016.

1. The Adoption Agreement is amended to read:

C-1 **DIRECTION OF INVESTMENTS.** Are Participants permitted to **direct investments** ? (See Section 10.07 of the Plan.)

- No
- Yes
- (a) Specify Accounts: All Accounts
- (b) Check this selection if the Plan is intended to comply with **ERISA §404(c)** . (See Section 10.07(e) of the Plan.)
- (c) Describe any special rules that apply for purposes of direction of investments: No current Contributions may be invested in the Rayonier Share Fund, as described in the Addendum - Protected Benefits page.

[ *Note: This subsection (c) may be used to describe special investment provisions for specific types of investments, such as Qualifying Employer Securities or Qualifying Real Property, or for specific Accounts, such as the Rollover Contribution Account. Any provisions added under subsection (c) will be subject to the nondiscrimination requirements under Code §401(a)(4).* ]

EMPLOYER SIGNATURE PAGE

PURPOSE OF EXECUTION. This Signature Page is being executed for Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees to effect:

- (a) The adoption of a new plan, effective [insert Effective Date of Plan]. [Note: Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.]
(b) The restatement of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.
(1) Effective date of restatement: [Note: Date can be no earlier than January 1, 2007. Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.]
(2) Name of plan(s) being restated:
(3) The original effective date of the plan(s) being restated:
(c) An amendment or restatement of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.
(1) Effective Date(s) of amendment/restatement: 1-1-2016
(2) Name of plan being amended/restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees
(3) The original effective date of the plan being amended/restated: 6-27-2014
(4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: C-1(a) Participants are permitted to direct investments to all accounts.

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Massachusetts Mutual Life Insurance Company
Address: 1295 State Street Springfield, MA 01111-0001
Telephone number: (800) 309-3539

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Advanced Materials Inc.
(Name of Employer)

(Name of authorized representative) (Title)

(Signature) (Date)

**Action by Unanimous Consent of the Board of Directors  
Amendment of Qualified Retirement Plan**

The undersigned, being all the members of the Board of Directors of Rayonier Advanced Materials Inc. ("Company"), hereby consent to the following resolutions:

WHEREAS, the Company maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees ("Plan"), a qualified retirement plan, for the benefit of its eligible employees.

WHEREAS, the Company has decided to amend the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Adoption Agreement.

WHEREAS, the Board of Directors has reviewed and evaluated the proposed amendments to the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Company hereby approves the Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, to be effective on 1-1-2016. A true copy of the amendment, as approved by the Board of Directors, is attached hereto.

RESOLVED FURTHER, that the President of the Company, or any other person or persons duly authorized to represent the Employer, may execute the amendment to the Plan and perform any other actions necessary to implement the Plan amendment.

RESOLVED FURTHER, if the Plan amendment modifies the provisions of the Summary Plan Description, Plan participants will receive a Summary of Material Modifications summarizing the changes under the amendment.

**Directors:**

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

**AMENDMENT TO RAYONIER ADVANCED MATERIALS INC. INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES (“the Plan”)**

WHEREAS, Rayonier Advanced Materials Inc. (the “Employer”) maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees (the “Plan”) for its employees;

WHEREAS, Rayonier Advanced Materials Inc. has decided that it is in its best interest to amend the Plan;

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

NOW THEREFORE BE IT RESOLVED, that the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement is amended as follows. The amendment of the Plan is effective as of 1-1-2016.

1. The Adoption Agreement is amended to read:

6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4 below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

- (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.
- (b) **Fixed contribution.**
  - (1) % of each Participant’s Plan Compensation.
  - (2) \$ \_\_\_\_ for each Participant.
  - (3) The Employer Contribution will be determined in accordance with any Collective Bargaining Agreement(s) addressing retirement benefits of Collectively Bargained Employees under the Plan.
- (c) **Service-based contribution.** The Employer will make the following contribution:
  - (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.
  - (2) **Fixed percentage.** \_\_\_\_% of Plan Compensation paid for each period of service designated below.
  - (3) **Fixed dollar.** \$ \_\_\_\_ for each period of service designated below.

The service-based contribution will be based on the following periods of service:

- (4) Each Hour of Service
- (5) Each week of employment
- (6) Describe period:

The service-based contribution is subject to the following rules.

- (7) Describe any special provisions that apply to service-based contribution:

[ *Note: Any period described in subsection (6) must apply uniformly to all Participants and cannot exceed a 12-month period. Any special provisions under subsection (7) must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. ]*

- (d) **Year of Service contribution.** The Employer will make an Employer Contribution based on Years of Service with the Employer.

Years of Service	Contribution %
<input type="checkbox"/> (1) For Years of Service between ____ and ____	____%
<input type="checkbox"/> (2) For Years of Service between ____ and ____	____%
<input type="checkbox"/> (3) For Years of Service between ____ and ____	____%
<input type="checkbox"/> (4) For Years of Service ____ and above	____%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is:

[ *Note: Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan.*  ]

- (e) **Prevailing Wage Formula.** The Employer will make a contribution for each Participant’s Prevailing Wage Service based on the hourly contribution rate for the Participant’s employment classification. (See Section 3.02(a)(5) of the Plan.)
  - (1) **Amount of contribution.** The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant’s employment classification. The Prevailing Wage Contribution will be determined as follows:
    - (i) The Employer Contribution will be determined based on the required contribution rates for the employment classifications under the applicable federal, state or municipal prevailing wage laws. For any Employee performing Prevailing Wage Service, the Employer may make the required contribution for such service without designating the exact amount of such contribution.
    - (ii) The Employer will make the Prevailing Wage Contribution based on the hourly contribution rates as set forth in the Addendum attached to this Adoption Agreement. However, if the required contribution under the applicable federal, state or municipal prevailing wage law provides for a greater contribution than set forth in the Addendum, the Employer may make the greater contribution as a Prevailing Wage Contribution.
  - (2) **Offset of other contributions.** The contributions under the Prevailing Wage Formula will offset the following contributions under this Plan. (See Section 3.02(a)(5) of the Plan.)
    - (i) Employer Contributions (other than Safe Harbor Employer Contributions)
    - (ii) Safe Harbor Employer Contributions.
    - (iii) Qualified Nonelective Contributions (QNECs)
    - (iv) Matching Contributions (other than Safe Harbor Matching Contributions)
    - (v) Safe Harbor Matching Contributions.
    - (vi) Qualified Matching Contributions (QMACs)

[ *Note: If subsection (ii) or (v) is checked, the Prevailing Wage contribution must satisfy the requirements for a Safe Harbor Contribution.*  ]

- (3) **Modification of default rules.** Section 3.02(a)(5) of the Plan contains default rules for administering the Prevailing Wage Formula. Complete this subsection (3) to modify the default provisions.
  - (i) **Application to Highly Compensated Employees.** Instead of applying only to Nonhighly Compensated Employees, the Prevailing Wage Formula applies to all eligible Participants, including Highly Compensated Employees.
  - (ii) **Minimum age and service conditions.** Instead of no minimum age or service condition, Prevailing Wage contributions are subject to a one Year of Service (as defined in AA§4-3) and age 21 minimum age and service requirement with semi-annual Entry Dates.
  - (iii) **Allocation conditions.** Instead of no allocation conditions, the Prevailing Wage contributions are subject to a 1,000 Hours of Service and last day employment allocation condition, as set forth under Section 3.09 of the Plan.
  - (iv) **Vesting.** Instead of 100% immediate vesting, Prevailing Wage contributions will vest under the following vesting schedule (as defined in Section 7.02 of the Plan):
    - (A) 6-year graded vesting schedule
    - (B) 3-year cliff vesting schedule
  - (v) **Describe:**

[ *Note: Overriding the default provisions under this subsection (3) may restrict the ability of the Employer to take full credit for Prevailing Wage Contributions for purposes of satisfying its obligations under applicable federal, state or municipal prevailing wage laws. Any modifications must satisfy the nondiscrimination requirements under Code §401(a)(4) and should be consistent with the applicable federal, state or municipal prevailing wage laws. See Section 3.02(a)(5) of the Plan.*  ]

- (f) **Describe special rules for determining contributions under Plan:** An Employer Retirement Contribution may be made to Eligible Employees who were hired by Rayonier Inc. prior to January 1, 2006, and who became Participants in this Plan as of 11:59pm on June 27, 2014 (the "Effective Time") or at a later date, solely because such Eligible Employee was working for Rayonier, Inc. pursuant to a visa the conditions of which would not permit such Eligible Employee's employment to transfer to the Employer until after the Effective Time (the "Later Date"), provided such Eligible Employees were eligible to participate in the Rayonier Investment and Savings Plan for Salaried Employees immediately prior to the Effective Time or the Later Date. Notwithstanding the preceding sentence, no Employer Retirement contributions shall be made after December 31, 2015. Except as provided in the preceding sentence, Enhanced Retirement Contributions may be made to Eligible Employees who were hired by Rayonier Inc. or the Employer on or after January 1, 2006.

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

2. The Adoption Agreement is amended to read:

6B-2 **MATCHING CONTRIBUTION FORMULA:** For the period designated in AA §6B-5 below, the Employer will make the following Matching Contribution on behalf of Participants who satisfy the allocation conditions under AA §6B-7 below. [ *See AA §6B-3 for the definition of Eligible Contributions for purposes of the Matching Contributions under the Plan. If the Plan provides for After-Tax Employee Contributions, also see AA §6D-2 to determine the application of the Matching Contribution formulas to After-Tax Employee Contributions. ]*

- (a) **Discretionary match.** The Employer will determine in its sole discretion how much, if any, it will make as a Matching Contribution. Such amount can be determined either as a uniform percentage of deferrals or as a flat dollar amount for each Participant.
- (b) **Fixed match.** The Employer will make a Matching Contribution for each Participant equal to:
  - (1) 50% of Eligible Contributions made for each period designated in AA §6B-5 below.
  - (2) \$ \_\_\_\_ for each period designated in AA §6B-5 below.
  - (3) % of Eligible Contributions made for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least \_\_\_\_% of Plan Compensation for such period.
  - (4) \$ \_\_\_\_ for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least \_\_\_\_% of Plan Compensation for such period.
- (c) **Tiered match.** The Employer will make a Matching Contribution to all Participants based on the following tiers of Eligible Contributions.

- (1) **Tiers as percentage of Plan Compensation.**

<i>Eligible Contributions</i>	<b>Fixed Match %</b>	<b>Discretionary Match</b>
<input type="checkbox"/> (i) Up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (ii) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (iii) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>
<input type="checkbox"/> (iv) From ____% up to ____% of Plan Compensation	%	<input type="checkbox"/>

- (2) **Tiers as dollar amounts.**

<i>Eligible Contributions</i>	<b>Fixed Match</b>	<b>Discretionary Match</b>
<input type="checkbox"/> (i) Up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (ii) From \$ ____ up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (iii) From \$ ____ up to \$ ____	%	<input type="checkbox"/>
<input type="checkbox"/> (iv) Above \$ ____	%	<input type="checkbox"/>

[ *Note: If the Plan is designed to satisfy the ACP safe harbor with respect to the Matching Contributions, the rate of Matching Contribution may not increase as the rate of Eligible Contributions increases. ]*

- (d) **Year of Service match.** The Employer will make a Matching Contribution as a uniform percentage of Eligible Contributions to all Participants based on Years of Service with the Employer.

Years of Service	Matching %
<input type="checkbox"/> (1) From ____ up to Years of Service	%
<input type="checkbox"/> (2) From ____ up to Years of Service	%
<input type="checkbox"/> (3) From ____ up to Years of Service	%
<input type="checkbox"/> (4) Years of Service equal to and above	%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is:

[ *Note: Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature. Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan. ]*

- (e) **Different Employee groups.** The Employer may make a different Matching Contribution to the Employee groups designated under subsection (1) below. The Matching Contribution will be allocated separately to each designated Employee group in accordance with the formula designated under subsection (2).

(1) **Designated Employee groups.**

(2) **Matching Contribution formulas.**

- (i) **Discretionary Matching Contribution.** The Employer may make a different discretionary Matching Contribution for each Employee group designated under subsection (1).
- (ii) **Different Matching Contribution formula.** The following Matching Contribution will apply for each Employee group designated under subsection (1).

[ *Note: Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature. ]*

- (f) **Describe special rules for determining allocation formula:**

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

3. The Adoption Agreement is amended to read:

6B-4 **LIMITS ON MATCHING CONTRIBUTIONS.** In applying the Matching Contribution formula(s) selected under AA §6B-2 above, all Eligible Contributions are eligible for Matching Contributions, unless elected otherwise under this AA §6B-4. [ *See AA §6D-2 for any limits that apply with respect to After-Tax Employee Contributions. ]*

- (a) **ACP safe harbor match.** The Matching Contribution formula(s) selected in AA §6B-2 are designed to satisfy the ACP Safe Harbor as described in Section 6.04(i) of the Plan. Therefore, any Matching Contribution selected in AA §6B-2 will only apply with respect to Eligible Contributions that do not exceed 6% of Plan Compensation and to the extent any Matching Contribution formula is discretionary, the total amount of discretionary Matching Contributions will not exceed 4% of Plan Compensation for the Plan Year.

[ *Note: If this subsection is checked, no allocation conditions should be selected under AA §6B-7. If allocation conditions are selected under AA §6B-7, the Matching Contributions under this AA §6B-2 may not qualify for the ACP safe harbor. See Section 6.04(i) of the Plan. ]*

- (b) **Limit on the amount of Eligible Contributions.** The Matching Contribution formula(s) selected in AA §6B-2 above apply only to Eligible Contributions that do not exceed:

- (1) 8 % of Plan Compensation.
- (2) \$ .
- (3) A discretionary amount determined by the Employer.

[ *Note: If both (1) and (2) are selected, the limit under this subsection is the lesser of the percentage selected in subsection (1) or the dollar amount selected in subsection (2). ]*

- (c) **Limit on Matching Contributions.** The total Matching Contribution provided under the formula(s) selected in AA §6B-2 above will not exceed:

- (1) \_\_\_\_% of Plan Compensation.
- (2) \$ .

(d) **Application of limits.** The limits identified under this AA §6B-4 do **not** apply to the following Matching Contribution formula(s):

(1) Any limit on the amount of Eligible Contributions does not apply to:

- (i) Discretionary match
- (ii) Fixed match
- (iii) Tiered match
- (iv) Year of Service match
- (v) Employee group match

(2) Any limit on Matching Contributions does not apply to:

- (i) Discretionary match
- (ii) Fixed match
- (iii) Tiered match
- (iv) Year of Service match
- (v) Employee group match

(e) **Special limits applicable to Matching Contributions:**

[ *Note: Any special provisions under this subsection must comply with the nondiscrimination requirements under Code §401(a)(4).* ]

4. The Adoption Agreement is amended to read:

6D-2 **AFTER-TAX EMPLOYEE CONTRIBUTIONS.** If After-Tax Employee Contributions are authorized under AA §6D-1, a Participant may contribute any amount as After-Tax Employee Contributions up to the Code §415 Limitation (as defined in Section 5.03 of the Plan), except as limited under this AA §6D-2.

(a) **Limits on After-Tax Employee Contributions.** If this subsection is checked, the following limits apply to After-Tax Employee Contributions:

(1) **Maximum limit.** A Participant may make After-Tax Employee Contributions up to

(i) 100 % of Plan Compensation

(ii) \$ \_\_\_\_\_

for the following period:

(iii) the entire Plan Year.

(iv) the portion of the Plan Year during which the Employee is eligible to participate.

(v) each separate payroll period during which the Employee is eligible to participate.

(2) **Minimum limit.** The amount of After-Tax Employee Contributions a Participant may make for any payroll period may not be less than:

(i) 1 % of Plan Compensation.

(ii) \$ \_\_\_\_\_.

(b) **Eligibility for Matching Contributions.** Unless designated otherwise under this subsection, After-Tax Employee Contributions will **not** be eligible for Matching Contributions under the Plan.

(1) After-Tax Employee Contributions are eligible for the following Matching Contributions under the Plan:

(i) All Matching Contributions elected under AA §6B and AA §6C.

(ii) All Matching Contributions elected under AA §6B (other than Safe Harbor/QACA Safe Harbor Matching Contributions elected under AA §6C-2).

(iii) Only Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2.

(iv) All Matching Contributions designated under AA §6B-2 and/or AA §6C-2, except for the following Matching Contributions:

(2) The Matching Contribution formula only applies to After-Tax Employee Contributions that do not exceed:

(i) 8 % of Plan Compensation.

(ii) \$ \_\_\_\_\_.

(iii) A discretionary amount determined by the Employer.

(c) **Change or revocation of After-Tax Employee Contributions.** In addition to the Participant's Entry Date under the Plan, a Participant's election to change or resume After-Tax Employee Contributions will be effective as of the dates designated under the After-Tax Employee Contribution election form or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this subsection specific dates as of which a Participant may change or resume After-Tax Employee Contributions. (See Section 3.06 of the Plan.)

- (1) The first day of each calendar quarter
- (2) The first day of each Plan Year
- (3) The first day of each calendar month
- (4) The beginning of each payroll period
- (5) Other:

[ *Note: A Participant must be permitted to change or revoke an After-Tax Employee Contribution election at least once per year. Unless designated otherwise under subsection (5), a Participant may revoke an election to make After-Tax Employee Contributions (on a prospective basis) at any time.* ]

- (d) **ACP Testing Method.** The same ACP Testing Method will apply to After-Tax Employee Contributions as applies to Matching Contributions, as designated under AA §6B-6. If no method is selected under AA §6B-6, the Current Year Testing Method will apply, unless designated otherwise under this subsection.
  - Instead of the Current Year Testing Method, if no testing method is selected under AA §6B-6, the Plan will use the **Prior Year Testing Method** in running the ACP Test.

[ *Note: If the Plan is a Safe Harbor 401(k) Plan (as designated in AA §6C), the Plan must use the Current Year Testing Method.* ]

- (e) **Other limits:** After-tax contributions, when combined with Deferred Salary contributions made by a Participant may not exceed 100% of the Participant's Compensation for the Plan Year.

[ *Any other limits must comply with the nondiscrimination requirements under Code §401(a)(4).* ]

EMPLOYER SIGNATURE PAGE

PURPOSE OF EXECUTION. This Signature Page is being executed for Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees to effect:

- (a) The adoption of a new plan, effective [insert Effective Date of Plan]. [Note: Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.]
(b) The restatement of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.
(1) Effective date of restatement: [Note: Date can be no earlier than January 1, 2007. Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.]
(2) Name of plan(s) being restated:
(3) The original effective date of the plan(s) being restated:
(c) An amendment or restatement of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.
(1) Effective Date(s) of amendment/restatement: 1-1-2016
(2) Name of plan being amended/restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees
(3) The original effective date of the plan being amended/restated: 6-27-2014
(4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: 6-2(f) to clarify the Employer Contribution formula; 6B-2(b)(1) and 6B-4(b)(1) the Fixed Matching Contribution formula is now 50% of Salary Deferrals up to 8% of Plan Compensation; and 6D-2(b)(2)(i) the Matching Contribution formula only applies to After-Tax Employee Contributions that do not exceed 8% of Compensation.

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Massachusetts Mutual Life Insurance Company
Address: 1295 State Street Springfield, MA 01111-0001
Telephone number: (800) 309-3539

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Advanced Materials Inc.
(Name of Employer)

(Name of authorized representative) (Title)

(Signature) (Date)

**Action by Unanimous Consent of the Board of Directors  
Amendment of Qualified Retirement Plan**

The undersigned, being all the members of the Board of Directors of Rayonier Advanced Materials Inc. ("Company"), hereby consent to the following resolutions:

WHEREAS, the Company maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees ("Plan"), a qualified retirement plan, for the benefit of its eligible employees.

WHEREAS, the Company has decided to amend the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Adoption Agreement.

WHEREAS, the Board of Directors has reviewed and evaluated the proposed amendments to the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Company hereby approves the Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, to be effective on 1-1-2016. A true copy of the amendment, as approved by the Board of Directors, is attached hereto.

RESOLVED FURTHER, that the President of the Company, or any other person or persons duly authorized to represent the Employer, may execute the amendment to the Plan and perform any other actions necessary to implement the Plan amendment.

RESOLVED FURTHER, if the Plan amendment modifies the provisions of the Summary Plan Description, Plan participants will receive a Summary of Material Modifications summarizing the changes under the amendment.

**DIRECTORS:**

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

**AMENDMENT TO RAYONIER ADVANCED MATERIALS INC. INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES (“the Plan”)**

WHEREAS, Rayonier Advanced Materials Inc. (the “Employer”) maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees (the “Plan”) for its employees;

WHEREAS, Rayonier Advanced Materials Inc. has decided that it is in its best interest to amend the Plan;

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

NOW THEREFORE BE IT RESOLVED, that the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement is amended as follows. The amendment of the Plan is effective as of 10-1-2016.

1. The Adoption Agreement is amended to read:

5-3 **PLAN COMPENSATION** : Plan Compensation is **Total Compensation** (as defined in AA §5-1 above) with the following exclusions described below.

Deferral	Match	ER	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(a)No exclusions.
N/A	<input type="checkbox"/>	<input type="checkbox"/>	(b)Elective Deferrals (as defined in Section 1.46 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4) are excluded.
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(c)All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits are excluded.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(d)Compensation above \$ ____ is excluded. (See Section 1.97 of the Plan.)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	(e)Amounts received as a bonus are excluded.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(f)Amounts received as commissions are excluded.
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(g)Overtime payments are excluded.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(h)Amounts received for services performed for a non-signatory Related Employer are excluded. (See Section 2.02(c) of the Plan.)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(i)“Deemed §125 compensation” as defined in Section 1.141(d) of the Plan.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	(j)Amounts received after termination of employment are excluded. (See Section 1.141(b) of the Plan.)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(k)Differential Pay (as defined in Section 1.141(e) of the Plan).
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(l)Describe adjustments to Plan Compensation: <u>All short term disability or disability salary continuation payments; foreign service allowance; sign-on and achievement bonuses are excluded for calculation of Employer contributions.</u>

[ Note: Any exclusions selected under this AA §5-3 that do not meet the safe harbor exclusions under Treas. Reg. §1.414(s)-1, as described in Section 1.97(a) of the Plan may cause the definition of Plan Compensation to fail to satisfy a safe harbor definition of compensation under Code §414(s). Failure to use a definition of Plan Compensation that satisfies the nondiscrimination requirements under Code §414(s) will cause the Plan to fail to qualify for any contribution safe harbors, such as the permitted disparity allocation or Safe Harbor 401(k) Plan safe harbors. Any adjustments to Plan Compensation under this AA §5-3 must be definitely determinable and preclude Employer discretion. See AA §6C-4 for the definition of Plan Compensation as it applies to Safe Harbor Contributions. ]

2. The Adoption Agreement is amended to read:

6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4 below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

- (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.
- (b) **Fixed contribution.**
  - (1) % of each Participant’s Plan Compensation.
  - (2) \$ \_\_\_\_\_ for each Participant.
  - (3) The Employer Contribution will be determined in accordance with any Collective Bargaining Agreement(s) addressing retirement benefits of Collectively Bargained Employees under the Plan.
- (c) **Service-based contribution.** The Employer will make the following contribution:
  - (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.
  - (2) **Fixed percentage.** \_\_\_\_\_% of Plan Compensation paid for each period of service designated below.
  - (3) **Fixed dollar.** \$ \_\_\_\_\_ for each period of service designated below.

The service-based contribution will be based on the following periods of service:

- (4) Each Hour of Service
- (5) Each week of employment
- (6) Describe period:

The service-based contribution is subject to the following rules.

- (7) Describe any special provisions that apply to service-based contribution:

[ Note: Any period described in subsection (6) must apply uniformly to all Participants and cannot exceed a 12-month period. Any special provisions under subsection (7) must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. ]

- (d) **Year of Service contribution.** The Employer will make an Employer Contribution based on Years of Service with the Employer.

Years of Service	Contribution %
<input type="checkbox"/> (1) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (2) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (3) For Years of Service between ___ and ___	___%
<input type="checkbox"/> (4) For Years of Service ___ and above	___%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is: \_\_\_\_\_

[ Note: Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan. ]

- (e) **Prevailing Wage Formula.** The Employer will make a contribution for each Participant’s Prevailing Wage Service based on the hourly contribution rate for the Participant’s employment classification. (See Section 3.02(a)(5) of the Plan.)
  - (1) **Amount of contribution.** The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant’s employment classification. The Prevailing Wage Contribution will be determined as follows:
    - (i) The Employer Contribution will be determined based on the required contribution rates for the employment classifications under the applicable federal, state or municipal prevailing wage laws. For

any Employee performing Prevailing Wage Service, the Employer may make the required contribution for such service without designating the exact amount of such contribution.

- (ii) The Employer will make the Prevailing Wage Contribution based on the hourly contribution rates as set forth in the Addendum attached to this Adoption Agreement. However, if the required contribution under the applicable federal, state or municipal prevailing wage law provides for a greater contribution than set forth in the Addendum, the Employer may make the greater contribution as a Prevailing Wage Contribution.
- (2) **Offset of other contributions.** The contributions under the Prevailing Wage Formula will offset the following contributions under this Plan. (See Section 3.02(a)(5) of the Plan.)
  - (i) Employer Contributions (other than Safe Harbor Employer Contributions)
  - (ii) Safe Harbor Employer Contributions.
  - (iii) Qualified Nonelective Contributions (QNECs)
  - (iv) Matching Contributions (other than Safe Harbor Matching Contributions)
  - (v) Safe Harbor Matching Contributions.
  - (vi) Qualified Matching Contributions (QMACs)

[ *Note: If subsection (ii) or (v) is checked, the Prevailing Wage contribution must satisfy the requirements for a Safe Harbor Contribution. ]*

- (3) **Modification of default rules.** Section 3.02(a)(5) of the Plan contains default rules for administering the Prevailing Wage Formula. Complete this subsection (3) to modify the default provisions.
  - (i) **Application to Highly Compensated Employees.** Instead of applying only to Nonhighly Compensated Employees, the Prevailing Wage Formula applies to all eligible Participants, including Highly Compensated Employees.
  - (ii) **Minimum age and service conditions.** Instead of no minimum age or service condition, Prevailing Wage contributions are subject to a one Year of Service (as defined in AA§4-3) and age 21 minimum age and service requirement with semi-annual Entry Dates.
  - (iii) **Allocation conditions.** Instead of no allocation conditions, the Prevailing Wage contributions are subject to a 1,000 Hours of Service and last day employment allocation condition, as set forth under Section 3.09 of the Plan.
  - (iv) **Vesting.** Instead of 100% immediate vesting, Prevailing Wage contributions will vest under the following vesting schedule (as defined in Section 7.02 of the Plan):
    - (A) 6-year graded vesting schedule
    - (B) 3-year cliff vesting schedule
  - (v) **Describe:**

[ *Note: Overriding the default provisions under this subsection (3) may restrict the ability of the Employer to take full credit for Prevailing Wage Contributions for purposes of satisfying its obligations under applicable federal, state or municipal prevailing wage laws. Any modifications must satisfy the nondiscrimination requirements under Code §401(a)(4) and should be consistent with the applicable federal, state or municipal prevailing wage laws. See Section 3.02(a)(5) of the Plan. ]*

- (f) **Describe special rules for determining contributions under Plan:** Will be made to Eligible Employees who were hired by Rayonier Inc. or the Employer on or after January 1, 2006.

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

3. The Adoption Agreement is amended to read:

6-3 **ALLOCATION FORMULA.**

- (a) **Pro rata allocation.** The discretionary Employer Contribution under AA §6-2 will be allocated:
  - (1) as a uniform percentage of Plan Compensation.
  - (2) as a uniform dollar amount.
- (b) **Fixed contribution.** The fixed Employer Contribution under AA §6-2 will be allocated in accordance with the selections made under AA §6-2.

- (c) **Permitted disparity allocation.** The discretionary Employer Contribution under AA §6-2 will be allocated under the two-step method (as defined in Section 3.02(a)(1)(ii)(A) of the Plan), using the Taxable Wage Base (as defined in Section 1.136 of the Plan) as the Integration Level. However, for any Plan Year in which the Plan is Top Heavy, the four-step method (as defined in Section 3.02(a)(1)(ii)(B) of the Plan) applies, unless provided otherwise under subsection (2) below.

To modify these default rules, complete the appropriate provision(s) below.

- (1) **Integration Level.** Instead of the Taxable Wage Base, the Integration Level is:
  - (i) \_\_\_\_% of the Taxable Wage Base, increased (but not above the Taxable Wage Base) to the next higher:
    - (A) N/A     (B) \$1
    - (C) \$100     (D) \$1,000
  - (ii) \$ \_\_\_\_ (not to exceed the Taxable Wage Base)
  - (iii) 20% of the Taxable Wage Base

[ *Note: See Section 3.02(a)(1)(ii) of the Plan for rules regarding the Maximum Disparity Rate that may be used where an Integration Level other than the Taxable Wage Base is selected. ]*

- (2) **Four-step method.**
  - (i) Instead of applying only when the Plan is top heavy, the four-step method will always be used.
  - (ii) The four-step method will never be used, even if the Plan is Top Heavy.
  - (iii) In applying step one and step two under the four-step method, instead of using Total Compensation, the Plan will use Plan Compensation. (See Section 3.02(a)(1)(ii)(B) of the Plan.)
- (3) **Describe** special rules for applying permitted disparity allocation formula:
 

[ *Note: Any special rules must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

- (d) **Uniform points allocation.** The discretionary Employer Contribution designated in AA §6-2 will be allocated to each Participant in the ratio that each Participant's total points bears to the total points of all Participants. A Participant will receive the following points:
  - (1) \_\_\_\_ point(s) for each \_\_\_\_ year(s) of age (attained as of the end of the Plan Year).
  - (2) \_\_\_\_ point(s) for each \$ \_\_\_\_ (not to exceed \$200) of Plan Compensation.
  - (3) \_\_\_\_ point(s) for each \_\_\_\_ Year(s) of Service. For this purpose, Years of Service are determined:
    - (i) In the same manner as determined for eligibility.
    - (ii) In the same manner as determined for vesting.
    - (iii) Points will not be provided with respect to Years of Service in excess of \_\_\_\_.

- (e) **Employee group allocation.** The Employer may make a separate Employer Contribution to the Participants in the following allocation groups. The Employer must notify the Trustee in writing of the amount of the contribution to be allocated to each allocation group.
  - (1) A separate discretionary Employer Contribution may be made to each Participant of the Employer (i.e., each Participant is in his/her own allocation group).
  - (2) A separate discretionary or fixed Employer Contribution may be made to the following allocation groups. If no fixed amount is designated for a particular allocation group, the contribution made for such allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Participants within that allocation group.
 

[ *Note : The allocation groups designated above must be clearly defined in a manner that will not violate the definite allocation formula requirement of Treas. Reg. §1.401-1(b)(1)(ii). See Section 3.02(a)(1)(iv)(B)(V) of the Plan for restrictions that apply with respect to "short-service" Employees. In the case of self-employed individuals (i.e., sole proprietorships or partnerships), the requirements of 1.401(k)-1(a)(6) continue to apply, and the allocation method should not be such that a cash or deferred election is created for a self-employed individual as a result of application of the allocation method. ]*
  - (3) **Special rules.** The following special rules apply to the Employee group allocation formula.
    - (i) **Family Members.** In determining the separate groups under (2) above, each Family Member (as defined in Section 1.65 of the Plan) of a Five Percent Owner is always in a separate allocation group. If there are more than one Family Members, each Family Member will be in a separate allocation group.

- (ii) **Benefiting Participants who do not receive Minimum Gateway Contribution.** In determining the separate groups under (2) above, Benefiting Participants who do not receive a Minimum Gateway Contribution are always in a separate allocation group. If there are more than one Benefiting Participants who do not receive a Minimum Gateway Contribution, each will be in a separate allocation group. (See Section 3.02(a)(1)(iv)(B)(III) of the Plan.)
- (iii) **More than one Employee group.** Unless designated otherwise under this subsection (iii), if a Participant is in more than one allocation group described in (2) above during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. (See Section 3.02(a)(1)(iv)(A) of the Plan.)
  - (A) **Determined separately for each Employee group.** If a Participant is in more than one allocation group during the Plan Year, the Participant's share of the Employer Contribution will be based on the Participant's status for the part of the year the Participant is in each allocation group.
  - (B) **Describe:**

[ *Note: Any language under this subsection (B) must be definitely determinable and may not violate the nondiscrimination requirements under Code §401(a)(4).* ]
- (f) **Age-based allocation.** The discretionary Employer Contribution designated in AA §6-2 will be allocated under the age-based allocation formula so that each Participant receives a pro rata allocation based on adjusted Plan Compensation. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in Section 1.04 of the Plan).
 

A Participant's Actuarial Factor is determined based on a specified interest rate and mortality table. Unless designated otherwise under (1) or (2) below, the Plan will use an applicable interest rate of 8.5% and a UP-1984 mortality table.

  - (1) **Applicable interest rate.** Instead of 8.5%, the Plan will use an interest rate of \_\_\_\_% (must be between 7.5% and 8.5%) in determining a Participant's Actuarial Factor.
  - (2) **Applicable mortality table.** Instead of the UP-1984 mortality table, the Plan will use the following mortality table in determining a Participant's Actuarial Factor:
  - (3) **Describe special rules applicable to age-based allocation:**

[ *Note: See Exhibit A of the Plan for sample Actuarial Factors based on an 8.5% applicable interest rate and the UP-1984 mortality table. If an interest rate or mortality table other than 8.5% or UP-1984 is selected, appropriate Actuarial Factors must be calculated. Any alternative interest or mortality factors must meet the requirements for standard interest and mortality assumptions as defined in Treas. Reg. §1.401(a)(4)-12. Any special rules described under subsection (3) may not violate the nondiscrimination requirements under Code §401(a)(4).* ]
- (g) **Service-based allocation formula.** The service-based Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the service-based allocation formula in AA §6-2.
- (h) **Year of Service allocation formula.** The Year of Service Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the Year of Service allocation formula in AA §6-2.
- (i) **Prevailing Wage allocation formula.** The Prevailing Wage Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the Prevailing Wage allocation formula in AA §6-2. The Employer may attach an Addendum to the Adoption Agreement setting forth the hourly contribution rate for the employment classifications eligible for Prevailing Wage contributions.
- (j) **Describe special rules for determining allocation formula:** The Contribution will equal 3% of an Eligible Employee's Compensation.

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder.* ]

4. The Adoption Agreement is amended to read:

6-4 **SPECIAL RULES.** No special rules apply with respect to Employer Contributions under the Plan, except to the extent designated under this AA §6-4. Unless designated otherwise, in determining the amount of the Employer Contributions to be allocated under this AA §6, the Employer Contribution will be based on Plan Compensation earned during the Plan Year. (See Section 3.02(c) of the Plan.)

- (a) **Period for determining Employer Contributions.** Instead of the Plan Year, Employer Contributions will be determined based on Plan Compensation earned during the following period: [ *The Plan Year must be used if the permitted disparity allocation method is selected under AA §6-3 above.* ]
  - (1) Plan Year quarter
  - (2) calendar month
  - (3) payroll period
  - (4) Other:

[ *Note: Although Employer Contributions are determined on the basis of Plan Compensation earned during the period designated under this subsection, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Employer Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415(c)-1(b)(6)(B), regardless of the period selected under this subsection. Any alternative period designated under subsection (4) may not exceed a 12-month period and will apply uniformly to all Participants.* ]

- (b) **Limit on Employer Contributions.** The Employer Contribution elected in AA §6-2 may not exceed:
  - (1) \_\_\_% of Plan Compensation
  - (2) \$ \_\_\_
  - (3) Describe:

[ *Note: Any limitations under this subsection (3) must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder.* ]

- (c) **Offset of Employer Contribution.**
  - (1) A Participant’s allocation of Employer Contributions under AA §6-2 of this Plan is reduced by contributions under \_\_\_\_\_ [ *insert name of plan(s)* ]. (See Section 3.02(d)(2) of the Plan.)
  - (2) In applying the offset under this subsection, the following rules apply:

[ *Note: Any language regarding the offset of benefits must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder.* ]

- (d) **Special rules:**

[ *Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4).* ]

5. The Adoption Agreement is amended to read:

6-5 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6-5 to receive an allocation of Employer Contributions under the Plan.

[ *Note: Any allocation conditions set forth under this AA §6-5 do not apply to Prevailing Wage Contributions under AA §6-2, Safe Harbor Employer Contributions under AA §6C, or QNECs under AA §6D, unless provided otherwise under those specific sections. See AA §4-5 for treatment of service with Predecessor Employers for purposes of applying the allocation conditions under this AA §6-5.* ]

- (a) **No allocation conditions** apply with respect to Employer Contributions under the Plan.
- (b) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than:
  - (1) \_\_\_(not to exceed 500) Hours of Service during the Plan Year.
    - (i) Hours of Service are determined using actual Hours of Service.
    - (ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):
      - (A) Monthly  (B) Weekly
      - (C) Daily  (D) Semi-monthly
  - (2) \_\_\_(not more than 91) consecutive days of employment with the Employer during the Plan Year.

[ *Note: Under this safe harbor allocation condition, an Employee will satisfy the allocation conditions if the Employee completes the designated Hours of Service or period of employment, even if the Employee is not employed on the last day of the Plan Year. See Section 3.09 of the Plan for rules regarding the application of this allocation condition to the minimum coverage test. ]*

- (c) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.
- (d) **Minimum service condition.** An Employee must be credited with at least:
  - (1) \_\_\_\_ (not to exceed 1,000) Hours of Service during the Plan Year.
    - (i) Hours of Service are determined using actual Hours of Service.
    - (ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):
      - (A) Monthly     (B) Weekly
      - (C) Daily     (D) Semi-monthly
  - (2) \_\_\_\_ (not more than 182) consecutive days of employment with the Employer during the Plan Year.
- (e) **Application to a specified period.** The allocation conditions selected under this AA §6-5 apply on the basis of the Plan Year. Alternatively, if an employment or minimum service condition applies under this AA §6-5, the Employer may elect under this subsection to apply the allocation conditions on a periodic basis as set forth below. (See Section 3.09(a) of the Plan for a description of the rules for applying the allocation conditions on a periodic basis.)
  - (1) **Period for applying allocation conditions.** Instead of the Plan Year, the allocation conditions set forth under subsection (2) below apply with respect to the following periods:
    - (i) Plan Year quarter
    - (ii) calendar month
    - (iii) payroll period
    - (iv) Other:
  - (2) **Application to allocation conditions.** If this subsection is checked to apply allocation conditions on the basis of specified periods, to the extent an employment or minimum service allocation condition applies under this AA §6-5, such allocation condition will apply based on the period selected under subsection (1) above, unless designated otherwise below:
    - (i) Only the employment condition will be based on the period selected in subsection (1) above.
    - (ii) Only the minimum service condition will be based on the period selected in subsection (1) above.
    - (iii) Describe any special rules:

*[Note: Any special rules under subsection (iii) must satisfy the nondiscrimination requirements of Code §401(a)(4). ]*
- (f) **Exceptions.**
  - (1) The above allocation condition(s) will **not** apply if the Employee:
    - (i) dies during the Plan Year.
    - (ii) terminates employment due to becoming Disabled.
    - (iii) terminates employment after attaining Normal Retirement Age.
    - (iv) terminates employment after attaining Early Retirement Age.
    - (v) is on an authorized leave of absence from the Employer.
  - (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).
  - (3) The exceptions selected under subsection (1) do not apply to:
    - (i) an employment condition designated under this AA §6-5.
    - (ii) a minimum service condition designated under this AA §6-5.
- (g) **Describe** any special rules governing the allocation conditions under the Plan:
 

*[ Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4). ]*

6. The Adoption Agreement is amended to read:

6B-3 **CONTRIBUTIONS ELIGIBLE FOR MATCHING CONTRIBUTIONS (“ELIGIBLE CONTRIBUTIONS”).** Unless designated otherwise under this AA §6B-3, all Salary Deferrals, including any Roth Deferrals and Catch-Up Contributions are eligible for the Matching Contributions designated under AA §6B-2.

(a) **Matching Contributions.** Only the following contribution sources are eligible for a Matching Contribution under AA §6B-2:

- (1) Pre-tax Salary Deferrals
- (2) Roth Deferrals
- (3) Catch-Up Contributions

[ *Note: Any amounts excluded under this subsection do not apply to Safe Harbor Matching Contributions under AA §6C-2. See AA §6D-2 to determine eligibility of After-Tax Employee Contributions for Matching Contributions. ]*

(b) **Application of Matching Contributions to elective deferrals made under another plan maintained by the Employer.** If this subsection is checked, the Matching Contributions described in AA §6B-2 will apply to elective deferrals made under another plan maintained by the Employer.

- (1) The Matching Contribution designated in AA §6B-2 above will apply to elective deferrals under the following plan maintained by the Employer:
- (2) The following special rules apply in determining the amount of Matching Contributions under this Plan with respect to elective deferrals under the plan described in subsection (1):

[ *Note: This subsection may be used to describe special provisions applicable to Matching Contributions provided with respect to elective deferrals under another plan maintained by the Employer, including another qualified plan, Code §403(b) plan or Code §457(b) plan. ]*

(c) **Special rules.** The following special rules apply for purposes of determining the Matching Contribution under this AA §6B-3:

[ *Note: Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. If contribution sources are limited for only certain Matching Contributions, those limitations may be described under this subsection. ]*

7. The Adoption Agreement is amended to read:

8-2 **VESTING SCHEDULE.** The vesting schedule under the Plan is as follows for both Employer Contributions and Matching Contributions, to the extent authorized under AA §6 and AA §6B. See Section 7.02 of the Plan for a description of the various vesting schedules under this AA §8-2. [ *Note: Any Prevailing Wage Contributions under AA §6-2, any Safe Harbor Contributions under AA §6C and any QNECs or QMACs under AA §6D are always 100% vested, regardless of any contrary selections in this AA §8-2 (unless provided otherwise under AA §6-2 for Prevailing Wage Contributions or under this AA §8-2 for any QACA Safe Harbor Contributions). ]*

(a) **Vesting schedule for Employer Contributions and Matching Contributions:**

ER	Match	
<input type="checkbox"/>	<input type="checkbox"/>	(1) Full and immediate vesting.
<input type="checkbox"/>	<input type="checkbox"/>	(2) 3-year cliff vesting schedule
<input type="checkbox"/>	<input type="checkbox"/>	(3) 6-year graded vesting schedule
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	(4) 5-year graded vesting schedule

- |  |                          |   |
|--|--------------------------|---|
| <input type="checkbox"/>                 | <input type="checkbox"/> | <b>(5) Modified vesting schedule</b><br>_____% after 1 Year of Service<br>_____% after 2 Years of Service<br>_____% after 3 Years of Service<br>_____% after 4 Years of Service<br>_____% after 5 Years of Service<br><br>100% after 6 Years of Service |
| <b>100% after 7<br/>Years of Service</b> |                          |   |

[ *Note:* If a modified vesting schedule is selected under this subsection (a), the vested percentage for every Year of Service must satisfy the vesting requirements under the 6-year graded vesting schedule, unless 100% vesting occurs after no more than 3 Years of Service. ]

- (b) **Special vesting schedule for QACA Safe Harbor Contributions.** Unless designated otherwise under this subsection, any QACA Safe Harbor Contributions will be 100% vested. However, if this subsection is checked, the following vesting schedule applies for QACA Safe Harbor Contributions. [ *Note:* This subsection may be checked only if a QACA Safe Harbor Contribution is selected under AA §6C-2. ]

Instead of being 100% vested, QACA Safe Harbor Contributions are subject to the following vesting schedule:

- (i) 2-year cliff vesting
- (ii) 1-year cliff vesting
- (iii) Graduated vesting
  - \_\_\_\_\_ % after 1 Year of Service
  - 100% after 2 Years of Service

- (c) **Special provisions applicable to vesting schedule:** A Participant shall become 100% vested upon a Change in Control, as that term is defined under the Rayonier Advanced Materials Inc. Retirement Plan. In addition, Participants who were hired by Rayonier, Inc. prior to July 1, 2012, and who became Participants in this Plan as of the Effective Time or the Later Date, as defined in AA§6-2(f), shall be 100% vested in all Contributions if employed after attainment of age 50.

[ *Note:* Any special provisions must satisfy the nondiscrimination requirements under Code §401(a)(4) and must satisfy the vesting requirements under Code §411. ]

8. The Adoption Agreement is amended to read:

10-1 **AVAILABILITY OF IN-SERVICE DISTRIBUTIONS.** A Participant may withdraw all or any portion of his/her vested Account Balance, to the extent designated, upon the occurrence of any of the event(s) selected under this AA §10-1. If more than one option is selected for a particular contribution source under this AA §10-1, a Participant may take an in-service distribution upon the occurrence of any of the selected events, unless designated otherwise under this AA §10-1.

- | Deferral                            | Match                               | ER                                  |  |
|-------------------------------------|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (a) No in-service distributions are permitted.   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (b) Attainment of age 59½.   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (c) Attainment of age <u>70 1/2</u> .  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | (d) A Hardship that satisfies the safe harbor rules under Section 8.10(e)(1) of the Plan. [ <i>Note:</i> Not applicable to QNECs, QMACs, or Safe Harbor Contributions. ] |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (e) A non-safe harbor Hardship described in Section 8.10(e)(2) of the Plan. [ <i>Note:</i> Not applicable to QNECs, QMACs, or Safe Harbor Contributions. ]               |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (f) Attainment of Normal Retirement Age.   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | (g) Attainment of Early Retirement Age.  |

- |                          |                          |                          |  |
|--------------------------|--------------------------|--------------------------|--|
| N/A                      | <input type="checkbox"/> | <input type="checkbox"/> | (h)The Participant has participated in the Plan for at least ____ (cannot be less than 60) months. |
| N/A                      | <input type="checkbox"/> | <input type="checkbox"/> | (i)The amounts being withdrawn have been held in the Trust for at least two years.                 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (j)Upon a Participant becoming Disabled (as defined in AA §9-4(b)).                                |
| <input type="checkbox"/> | N/A                      | N/A                      | (k)As a Qualified Reservist Distribution as defined under Section 8.10(d) of the Plan.             |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (l)Describe:   |

[ *Note: Any distribution event described in this AA §10-1 may not discriminate in favor of Highly Compensated Employees. No in-service distribution of Salary Deferrals is permitted prior to age 59½, except for Hardship, Disability or as a Qualified Reservist Distribution. If Normal Retirement Age or Early Retirement Age is earlier than age 59½, such age is deemed to be age 59½ for purposes of determining eligibility to distribute Salary Deferrals. If this Plan has accepted a transfer of assets from a pension plan (e.g., a Money Purchase Plan), no in-service distribution from amounts attributable to such transferred assets is permitted prior to age 62, except for Disability. See AA §11-7 for special rules that may apply to distributions of Qualifying Employer Securities and/or Qualifying Employer Real Property. ]*

9. The Adoption Agreement is amended to read:

10-2 **APPLICATION TO OTHER CONTRIBUTION SOURCES.** If the Plan allows for Rollover Contributions under AA §C-2 or After-Tax Employee Contributions under AA §6D, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Rollover Account and After-Tax Employee Contribution Account at any time. If the Plan provides for Safe Harbor Contributions under AA §6C, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Safe Harbor Contribution Account at the same time as elected for Salary Deferrals under AA §10-1.

Alternatively, if this AA §10-2 is completed, the following in-service distribution provisions apply for Rollover Contributions, After-Tax Employee Contributions, and/or Safe Harbor Contributions:

- | <b>Rollover</b>          | <b>After-Tax</b>                    | <b>SH</b>                |  |
|--------------------------|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (a)No in-service distributions are permitted.  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (b)Attainment of age 59½.  |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (c)Attainment of age ____.   |
| <input type="checkbox"/> | <input type="checkbox"/>            | N/A                      | (d)A Hardship that satisfies the safe harbor rules under Section 8.10(e)(1) of the Plan. |
| <input type="checkbox"/> | <input type="checkbox"/>            | N/A                      | (e) A non-safe harbor Hardship described in Section 8.10(e)(2) of the Plan.              |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (f)Attainment of Normal Retirement Age.  |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (g)Attainment of Early Retirement Age.   |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (h)Upon a Participant becoming Disabled (as defined in AA §9-4).                         |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (i)Describe: _____   |

[ *Note: Any distribution event described in this AA §10-2 may not discriminate in favor of Highly Compensated Employees. No in-service distribution of Safe Harbor/QACA Safe Harbor Contributions is permitted prior to age 59½, except upon Participant's Disability. ]*

10. The Adoption Agreement is amended to read:

10-3 **SPECIAL DISTRIBUTION RULES.** No special distribution rules apply, unless specifically provided under this AA §10-3.

- (a) In-service distributions will only be permitted if the Participant is 100% vested in the source from which the withdrawal is taken.
- (b) A Participant may take no more than \_\_\_\_\_ in-service distribution(s) in a Plan Year.
- (c) A Participant may not take an in-service distribution of less than \$ \_\_\_\_\_.
- (d) A Participant may not take an in-service distribution of more than \$ \_\_\_\_\_.
- (e) Unless elected otherwise under this subsection, the hardship distribution provisions of the Plan are not expanded to cover primary beneficiaries as set forth in Section 8.10(e)(5) of the Plan. If this subsection is checked, the hardship provisions of the Plan will apply with respect to individuals named as primary beneficiaries under the Plan.
- (f) In determining whether a Participant has an immediate and heavy financial need for purposes of applying the non-safe harbor Hardship provisions under Section 8.10(e)(2) of the Plan, the following modifications are made to the permissible events listed under Section 8.10(e)(1)(i) of the Plan:  

[ *Note: This subsection may only be used to the extent a non-safe harbor Hardship distribution is authorized under AA §10-1 or AA §10-2. ]*
- (g) Other distribution rules:  

[ *Note: Any other distribution rules described in this subsection may not discriminate in favor of Highly Compensated Employees. This subsection may be used to apply the limitations under this AA §10-3 only to specific in-service distribution options (e.g., hardship distributions). ]*

11. The Adoption Agreement is amended to read:

11-11 **PROTECTED BENEFITS.** There are no protected benefits (as defined in Code §411(d)(6)) other than those described in the Plan.

To designate protected benefits other than those described in the Plan, complete this AA §11-11.

- (a) **Additional protected benefits.** In addition to the protected benefits described in this Plan, certain other protected benefits are protected from a prior plan document. See the Addendum attached to this Adoption Agreement for a description of such protected benefits.
- (b) **Money Purchase Plan assets.** This Plan contains assets that were held under a Money Purchase Plan (e.g., Money Purchase Plan assets were transferred to this Plan by merger, trust-to-trust transfer or conversion). See the Addendum attached to this Adoption Agreement for a description of any special provisions that apply with respect to the transferred assets. See Section 14.05(c) of the Plan for rules regarding the treatment of transferred assets.
- (c) **Elimination of distribution options.** Effective \_\_\_\_\_, the distribution options described in subsection (1) below are eliminated.
  - (1) **Describe eliminated distribution options:**
  - (2) **Application to existing Account Balances.** The elimination of the distribution options described in subsection (1) applies to:
    - (i) All benefits under the Plan, including existing Account Balances.
    - (ii) Only benefits accrued after the effective date of the elimination (as described in subsection (c) above).

[ *Note: The elimination of distribution options must not violate the "anti-cutback" requirements of Code §411(d)(6) and the regulations thereunder. See Section 14.01(d) of the Plan. ]*

**ADDENDUM - PROTECTED BENEFITS**

In addition to the protected benefits described in this Plan, certain other benefits are protected from a prior plan document. This Addendum describes any additional benefits protected under this Plan.

**Additional protected benefits:** The “Rayonier Share Fund” means the Investment Fund established under this Plan to hold all shares of Rayonier Inc. that are received by the Employer stock Investment Fund in connection with the spin-off of the Employer from Rayonier Inc. Participants shall be prohibited from investing in the Rayonier Share Fund. The Rayonier Share Fund shall be a frozen investment option, provided that Participants may elect to transfer all or a portion of their interest in the Rayonier Share Fund to any other Investment Fund at any point in time. No Participant shall have any voting or tender rights with respect to his interest in the Rayonier Share Fund.

Effective 12/31/2015, “Employer Retirement” contributions are discontinued. Prior Employer Retirement contributions are 100% immediate vested, are available for in-service withdrawal at age 59 ½ and are available for Participant loans.

Effective 10/1/2016, all Employee After-tax contributions remitted through 10/1/2016 may be received as an in-service withdrawal for any reason. Company Match contributions remitted through 10/1/2016 will be available for in-service withdrawals, either after 60 months of participation, or if the contributions have been in the Plan for at least 2 years, or at age 70 ½.

## EMPLOYER SIGNATURE PAGE

**PURPOSE OF EXECUTION.** This Signature Page is being executed for Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees to effect:

- (a) The adoption of a **new plan** , effective [ *insert Effective Date of Plan* ]. [ **Note:** *Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.* ]
- (b) The **restatement** of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.
- (1) Effective date of restatement: . [ **Note:** *Date can be no earlier than January 1, 2007. Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.* ]
- (2) Name of plan(s) being restated:
- (3) The original effective date of the plan(s) being restated:
- (c) An **amendment or restatement** of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.
- (1) Effective Date(s) of amendment/restatement: 10-1-2016
- (2) Name of plan being amended/restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees
- (3) The original effective date of the plan being amended/restated: 6-27-2014
- (4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: 5-3(l) to update Plan Compensation language; 6-2(f) to update the Employer Contribution formula language; 6-3(j) to update the Employer Contributions allocation formula language; 6-4(a) the Employer Contribution period has changed to Plan Year; 6-5(c) the Employer Contribution allocation requirement is changed in that an Employee must be employed on the last day of the Plan Year; 6B-3(c) the removal of special rules; 8-2(c) to update special vesting language; 10-1(b) Matching Contributions may be withdrawn upon the attainment of age 59 1/2; 10-1(c) Employer Contributions may be withdrawn upon the attainment of age 70 1/2; 10-2(b) After Tax Contributions may be withdrawn upon the attainment of age 59 1/2; 10-3(g) the removal of special distribution rules; and 11-11(a) Protected Benefits.

**VOLUME SUBMITTER SPONSOR INFORMATION.** The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

**Name of Volume Submitter Sponsor (or authorized representative):** Massachusetts Mutual Life Insurance Company

**Address:** 1295 State Street Springfield, MA 01111-0001

**Telephone number:** (800) 309-3539

**IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN.** A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Advanced Materials Inc.  
\_\_\_\_\_  
*(Name of Employer)*

\_\_\_\_\_  
*(Name of authorized representative)* *(Title)*

\_\_\_\_\_  
*(Signature)* *(Date)*

**Action by Unanimous Consent of the Board of Directors  
Amendment of Qualified Retirement Plan**

The undersigned, being all the members of the Board of Directors of Rayonier Advanced Materials Inc. ("Company"), hereby consent to the following resolutions:

WHEREAS, the Company maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees ("Plan"), a qualified retirement plan, for the benefit of its eligible employees.

WHEREAS, the Company has decided to amend the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Adoption Agreement.

WHEREAS, the Board of Directors has reviewed and evaluated the proposed amendments to the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Company hereby approves the Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, to be effective on 9-1-2016. A true copy of the amendment, as approved by the Board of Directors, is attached hereto.

RESOLVED FURTHER, that the President of the Company, or any other person or persons duly authorized to represent the Employer, may execute the amendment to the Plan and perform any other actions necessary to implement the Plan amendment.

RESOLVED FURTHER, if the Plan amendment modifies the provisions of the Summary Plan Description, Plan participants will receive a Summary of Material Modifications summarizing the changes under the amendment.

**DIRECTORS:**

\_\_\_\_\_  
(Name                      (Signature)                      (Date)

\_\_\_\_\_  
(Name                      (Signature)                      (Date)

\_\_\_\_\_  
(Name                      (Signature)                      (Date)

\_\_\_\_\_  
(Name                      (Signature)                      (Date)

**AMENDMENT TO RAYONIER ADVANCED MATERIALS INC. INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES (“the Plan”)**

WHEREAS, Rayonier Advanced Materials Inc. (the “Employer”) maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees (the “Plan”) for its employees;

WHEREAS, Rayonier Advanced Materials Inc. has decided that it is in its best interest to amend the Plan;

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

NOW THEREFORE BE IT RESOLVED, that the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement is amended as follows. The amendment of the Plan is effective as of 2-13-2017.

1. The Adoption Agreement is amended to read:

6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4 below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

- (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.
- (b) **Fixed contribution.**
  - (1) % of each Participant’s Plan Compensation.
  - (2) \$ \_\_\_\_ for each Participant.
  - (3) The Employer Contribution will be determined in accordance with any Collective Bargaining Agreement(s) addressing retirement benefits of Collectively Bargained Employees under the Plan.
- (c) **Service-based contribution.** The Employer will make the following contribution:
  - (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.
  - (2) **Fixed percentage.** \_\_\_\_% of Plan Compensation paid for each period of service designated below.
  - (3) **Fixed dollar.** \$ \_\_\_\_ for each period of service designated below.

The service-based contribution will be based on the following periods of service:

- (4) Each Hour of Service
- (5) Each week of employment
- (6) Describe period:

The service-based contribution is subject to the following rules.

- (7) Describe any special provisions that apply to service-based contribution:

[ *Note: Any period described in subsection (6) must apply uniformly to all Participants and cannot exceed a 12-month period. Any special provisions under subsection (7) must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder. ]*

- (d) **Year of Service contribution.** The Employer will make an Employer Contribution based on Years of Service with the Employer.

Years of Service	Contribution %
<input type="checkbox"/> (1) For Years of Service between ____ and ____	____%
<input type="checkbox"/> (2) For Years of Service between ____ and ____	____%
<input type="checkbox"/> (3) For Years of Service between ____ and ____	____%
<input type="checkbox"/> (4) For Years of Service ____ and above	____%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is: \_\_\_\_\_

[ *Note: Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan. ]*

- (e) **Prevailing Wage Formula.** The Employer will make a contribution for each Participant’s Prevailing Wage Service based on the hourly contribution rate for the Participant’s employment classification. (See Section 3.02(a)(5) of the Plan.)
  - (1) **Amount of contribution.** The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant’s employment classification. The Prevailing Wage Contribution will be determined as follows:
    - (i) The Employer Contribution will be determined based on the required contribution rates for the employment classifications under the applicable federal, state or municipal prevailing wage laws. For any Employee performing Prevailing Wage Service, the Employer may make the required contribution for such service without designating the exact amount of such contribution.
    - (ii) The Employer will make the Prevailing Wage Contribution based on the hourly contribution rates as set forth in the Addendum attached to this Adoption Agreement. However, if the required contribution under the applicable federal, state or municipal prevailing wage law provides for a greater contribution than set forth in the Addendum, the Employer may make the greater contribution as a Prevailing Wage Contribution.
  - (2) **Offset of other contributions.** The contributions under the Prevailing Wage Formula will offset the following contributions under this Plan. (See Section 3.02(a)(5) of the Plan.)
    - (i) Employer Contributions (other than Safe Harbor Employer Contributions)
    - (ii) Safe Harbor Employer Contributions.
    - (iii) Qualified Nonelective Contributions (QNECs)
    - (iv) Matching Contributions (other than Safe Harbor Matching Contributions)
    - (v) Safe Harbor Matching Contributions.
    - (vi) Qualified Matching Contributions (QMACs)

[ *Note: If subsection (ii) or (v) is checked, the Prevailing Wage contribution must satisfy the requirements for a Safe Harbor Contribution. ]*
  - (3) **Modification of default rules.** Section 3.02(a)(5) of the Plan contains default rules for administering the Prevailing Wage Formula. Complete this subsection (3) to modify the default provisions.
    - (i) **Application to Highly Compensated Employees.** Instead of applying only to Nonhighly Compensated Employees, the Prevailing Wage Formula applies to all eligible Participants, including Highly Compensated Employees.
    - (ii) **Minimum age and service conditions.** Instead of no minimum age or service condition, Prevailing Wage contributions are subject to a one Year of Service (as defined in AA§4-3) and age 21 minimum age and service requirement with semi-annual Entry Dates.
    - (iii) **Allocation conditions.** Instead of no allocation conditions, the Prevailing Wage contributions are subject to a 1,000 Hours of Service and last day employment allocation condition, as set forth under Section 3.09 of the Plan.
    - (iv) **Vesting.** Instead of 100% immediate vesting, Prevailing Wage contributions will vest under the following vesting schedule (as defined in Section 7.02 of the Plan):
      - (A) 6-year graded vesting schedule
      - (B) 3-year cliff vesting schedule
    - (v) **Describe:**

[ *Note: Overriding the default provisions under this subsection (3) may restrict the ability of the Employer to take full credit for Prevailing Wage Contributions for purposes of satisfying its obligations under applicable federal, state or municipal prevailing wage laws. Any modifications must satisfy the nondiscrimination requirements under Code §401(a)(4) and should be consistent with the applicable federal, state or municipal prevailing wage laws. See Section 3.02(a)(5) of the Plan. ]*
- (f) **Describe special rules for determining contributions under Plan:** Will be made to Eligible Employees who were hired by Rayonier Inc. or the Employer on or after January 1, 2006. In addition, effective February 13, 2017, hourly paid employees hired by Rayonier Inc. prior to January 1, 2006 who subsequently change status to salaried paid will be eligible for this Contribution.

[ *Note: Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder. ]*

EMPLOYER SIGNATURE PAGE

PURPOSE OF EXECUTION. This Signature Page is being executed for Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees to effect:

- (a) The adoption of a new plan, effective [insert Effective Date of Plan]. [Note: Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.]
(b) The restatement of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.
(1) Effective date of restatement: [Note: Date can be no earlier than January 1, 2007. Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.]
(2) Name of plan(s) being restated:
(3) The original effective date of the plan(s) being restated:
(c) An amendment or restatement of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.
(1) Effective Date(s) of amendment/restatement: 2-13-2017
(2) Name of plan being amended/restated: Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees
(3) The original effective date of the plan being amended/restated: 6-27-2014
(4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: 6-2(f) Employer Contributions: hourly paid employees hired by Rayonier Inc. prior to January 1, 2006 who subsequently change status to salaried paid will be eligible for this Contribution.

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Massachusetts Mutual Life Insurance Company

Address: 1295 State Street Springfield, MA 01111-0001

Telephone number: (800) 309-3539

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Advanced Materials Inc.

(Name of Employer)

(Name of authorized representative)

(Title)

(Signature)

(Date)

**Action by Unanimous Consent of the Board of Directors  
Amendment of Qualified Retirement Plan**

The undersigned, being all the members of the Board of Directors of Rayonier Advanced Materials Inc. ("Company"), hereby consent to the following resolutions:

WHEREAS, the Company maintains the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees ("Plan"), a qualified retirement plan, for the benefit of its eligible employees.

WHEREAS, the Company has decided to amend the Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees Adoption Agreement.

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Adoption Agreement.

WHEREAS, the Board of Directors has reviewed and evaluated the proposed amendments to the Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Company hereby approves the Amendment to Rayonier Advanced Materials Inc. Investment and Savings Plan for Salaried Employees, to be effective on 2-13-2017. A true copy of the amendment, as approved by the Board of Directors, is attached hereto.

RESOLVED FURTHER, that the President of the Company, or any other person or persons duly authorized to represent the Employer, may execute the amendment to the Plan and perform any other actions necessary to implement the Plan amendment.

RESOLVED FURTHER, if the Plan amendment modifies the provisions of the Summary Plan Description, Plan participants will receive a Summary of Material Modifications summarizing the changes under the amendment.

**DIRECTORS:**

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

\_\_\_\_\_  
(Name) (Signature) (Date)

C ONFIDENTIAL TREATMENT REQUESTED

Redacted portions are indicated by [\*\*\*]

**AMENDMENT NO. 1 TO  
CHEMICAL CELLULOSE PURCHASE AND SALE AGREEMENT  
BY AND BETWEEN  
RAYONIER A.M. SALES AND TECHNOLOGY, INC.  
AND  
EASTMAN CHEMICAL COMPANY**

**THIS AMENDMENT NO. 1 TO CHEMICAL CELLULOSE PURCHASE AND SALE AGREEMENT** (this “Amendment”) dated and made effective as of November 18, 2016, and is entered into by and between EASTMAN CHEMICAL COMPANY, as purchaser (“EASTMAN”) and RAYONIER A.M. SALES AND TECHNOLOGY INC., as seller (“RAYONIER AM”). Rayonier AM and Eastman may be referred to herein individually as a “PARTY” or collectively as the “PARTIES.”

**WHEREAS**, Rayonier AM and Eastman entered into that certain Chemical Cellulose Purchase and Sale Agreement with the effective date of January 1, 2016 (the “Agreement”);

**WHEREAS**, the Parties desire to enter into this Amendment for the purpose of modifying and revising certain terms contained therein.

**NOW THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

- 1. The table set forth in Section 1(a) of the Agreement is hereby deleted and replaced in its entirety with the following:

<u>Year</u>	[***]
2016	[***]
2017	[***]
2018	[***]
2019	[***]

- 2. The portion of Addendum 2 [\*\*\*] does not apply to Eastman’s obligations [\*\*\*].
- 3. All other terms and conditions in the Agreement remain unchanged, valid and fully enforceable.

**IN WITNESS WHEREOF**, the Parties have executed this Amendment effective as of the day and year first above written.

**EASTMAN CHEMICAL COMPANY**

**RAYONIER A.M. SALES AND TECHNOLOGY, INC.**

**By: /s/ Jim Wilson**  
**Name: Jim Wilson**  
**Title: Director, Global Procurement**

**By: /s/ Paul G. Boynton**  
**Name: Paul G. Boynton**  
**Title: President**

**Rayonier Advanced Materials Inc.**  
**Computation of Ratios of Earnings to Fixed Charges**  
(in thousands of dollars, except ratios)

	For the Years Ended December 31,				
	2016	2015	2014	2013	2012
<b>Earnings:</b>					
Income before income taxes	\$ 112,601	\$ 82,864	\$ 40,471	\$ 288,915	\$ 342,489
Add:					
Fixed charges	35,574	38,311	22,697	6,302	7,470
Amortization of capitalized interest	1,138	1,111	1,037	1,208	190
Less:					
Capitalized interest	(752)	(1,281)	(117)	(6,144)	(7,178)
Earnings as defined	<u>\$ 148,561</u>	<u>\$ 121,005</u>	<u>\$ 64,088</u>	<u>\$ 290,281</u>	<u>\$ 342,971</u>
<b>Fixed Charges:</b>					
Interest expense and amortization of debt expense	\$ 34,627	\$ 36,869	\$ 22,378	\$ —	\$ —
Capitalized interest	752	1,281	117	6,144	7,178
Interest factor attributable to rental expense	195	161	202	158	292
Total Fixed Charges	<u>\$ 35,574</u>	<u>\$ 38,311</u>	<u>\$ 22,697</u>	<u>\$ 6,302</u>	<u>\$ 7,470</u>
Ratio of earnings to fixed charges	4.18	3.16	2.82	46.06	45.91

*For periods prior to the Separation, Rayonier's interest expense on general corporate debt was not allocated to the Company. The property, plant and equipment balance for the Company includes previously capitalized interest for periods prior to the Separation.*

**Subsidiaries of Rayonier Advanced Materials Inc.**  
**As of 12/31/2016**

<u>Name of Subsidiary</u>	<u>State of Incorporation</u>
Rayonier A.M. Products Inc.	Delaware
Rayonier Performance Fibers, LLC	Delaware

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Rayonier Advanced Materials, Inc.:

We have issued our reports dated February 24, 2017, with respect to the consolidated financial statements, schedules, and internal control over financial reporting included in the Annual Report of Rayonier Advanced Materials, Inc. on Form 10-K for the year ended December 31, 2016. We consent to the incorporation by reference of said reports in the Registration Statements of Rayonier Advanced Materials, Inc. on Form S-8 (File No. 333-197093) and Forms S-3 (File No. 333-212068 and File No. 333-209747).

/s/ Grant Thornton LLP

---

Jacksonville, Florida

February 24, 2017

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-197093) of Rayonier Advanced Materials Inc.,
- (2) Registration Statement (Form S-3 No. 333-209747) of Rayonier Advanced Materials Inc., and
- (3) Registration Statement (Form S-3 No. 333-212068) of Rayonier Advanced Materials Inc.;

of our report dated February 26, 2016, with respect to the consolidated financial statements and schedule of Rayonier Advanced Materials Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2015.

/s/ Ernst & Young LLP  
Certified Public Accountants

Jacksonville, Florida  
February 24, 2017

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 10, 2017

/s/ CHARLES E. ADAIR

---

Charles E. Adair

---

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 12, 2017

/s/ DE LYLE W. BLOOMQUIST

---

De Lyle W. Bloomquist

---

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 10, 2017

/s/ C. DAVID BROWN, II

---

C. David Brown, II

---

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 10, 2017

/s/ MARK E. GAUMOND

---

Mark E. Gaumont

---

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 9, 2017

/s/ JAMES F. KIRSCH

---

James F. Kirsch

---

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 11, 2017

/s/ THOMAS I. MORGAN

---

Thomas I. Morgan

---

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 16, 2017

/s/ LISA M. PALUMBO

---

Lisa M. Palumbo

---

**Power of Attorney**

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints Frank A. Ruperto and Michael R. Herman, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Advanced Materials Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, together with any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 11, 2017

/s/ RONALD TOWNSEND

---

Ronald Townsend

**Certification**

I, Paul G. Boynton, certify that:

1. I have reviewed this annual report on Form 10-K of Rayonier Advanced Materials Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 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 24, 2017

/s/ P AUL G. B OYNTON

---

Paul G. Boynton  
*Chairman, President and Chief Executive Officer*  
*Rayonier Advanced Materials Inc.*

**Certification**

I, Frank A. Ruperto, certify that:

1. I have reviewed this annual report on Form 10-K of Rayonier Advanced Materials Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 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 24, 2017

/s/ FRANK A. RUPERTO

---

Frank A. Ruperto  
*Chief Financial Officer and  
Senior Vice President, Finance and Strategy  
Rayonier Advanced Materials Inc.*

**Certification**

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to our knowledge:

1. The annual report on Form 10-K of Rayonier Advanced Materials Inc. (the "Company") for the period ended December 31, 2016 (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 in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 24, 2017

/s/ P AUL G. B OYNTON

---

Paul G. Boynton  
*Chairman, President and Chief Executive Officer*  
*Rayonier Advanced Materials Inc.*

/s/ F RANK A. R UPERTO

---

Frank A. Ruperto  
*Chief Financial Officer and*  
*Senior Vice President, Finance and Strategy*  
*Rayonier Advanced Materials Inc.*