

# GRAPHIC PACKAGING HOLDING CO

## FORM 10-Q (Quarterly Report)

Filed 04/23/15 for the Period Ending 03/31/15

Address	1500 RIVEREDGE PARKWAY SUITE100 ATLANTA, GA 30328
Telephone	(770) 240-7200
CIK	0001408075
Symbol	GPK
SIC Code	2650 - Paperboard Containers And Boxes
Industry	Paper & Paper Products
Sector	Basic Materials
Fiscal Year	12/31

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

**FORM 10-Q**

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

**For the quarterly period ended March 31, 2015**

**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: 001-33988**

**Graphic Packaging Holding Company**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**26-0405422**

(I.R.S. employer  
identification no.)

**1500 Riveredge Parkway, Suite 100**

**Atlanta, Georgia**

(Address of principal executive offices)

**30328**

(Zip Code)

**(770) 240-7200**

(Registrant's telephone number, including area code)

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 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

As of April 21, 2015, there were 328,923,121 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

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***Information Concerning Forward-Looking Statements***

Certain statements regarding the expectations of Graphic Packaging Holding Company (“GPHC” and, together with its subsidiaries, the “Company”), including, but not limited to, statements regarding the availability of net operating losses to offset U.S. federal income taxes, capital investment, costs to comply with certain environmental regulations, available cash and liquidity, depreciation and amortization, interest expense, pension expense and pension plan contributions and postretirement health care benefit payments, in this report constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and its present expectations. These risks and uncertainties include, but are not limited to, inflation of and volatility in raw material and energy costs, changes in consumer buying habits and product preferences, competition with other paperboard manufacturers and product substitution, the Company’s ability to implement its business strategies, including strategic acquisitions, productivity initiatives and cost reduction plans, the Company’s debt level, currency movements and other risks of conducting business internationally, and the impact of regulatory and litigation matters, including those that could impact the Company’s ability to utilize its net operating losses to offset taxable income and those that impact the Company’s ability to protect and use its intellectual property. Undue reliance should not be placed on such forward-looking statements, as such statements speak only as of the date on which they are made and the Company undertakes no obligation to update such statements. Additional information regarding these and other risks is contained in Part I, “Item 1A., Risk Factors” of the Company’s 2014 Annual Report on Form 10-K, and in other filings with the Securities and Exchange Commission.

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## PART I — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

**GRAPHIC PACKAGING HOLDING COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

<i>In millions, except per share amounts</i>	Three Months Ended March 31,	
	2015	2014
Net Sales	\$ 1,008.2	\$ 1,072.7
Cost of Sales	818.6	885.7
Selling, General and Administrative	85.4	100.9
Other Income, Net	(3.3)	(1.4)
Restructuring and Other Special Charges	2.2	7.8
Income from Operations	105.3	79.7
Interest Expense, Net	(16.9)	(20.4)
Income before Income Taxes and Equity Income of Unconsolidated Entity	88.4	59.3
Income Tax Expense	(33.6)	(24.8)
Income before Equity Income of Unconsolidated Entity	54.8	34.5
Equity Income of Unconsolidated Entities	0.3	0.3
Net Income	55.1	34.8
Net Loss Attributable to Noncontrolling Interests	—	0.4
Net Income Attributable to Graphic Packaging Holding Company	\$ 55.1	\$ 35.2
Net Income Per Share Attributable to Graphic Packaging Holding Company — Basic	\$ 0.17	\$ 0.11
Net Income Per Share Attributable to Graphic Packaging Holding Company — Diluted	\$ 0.17	\$ 0.11
Cash Dividends Declared	\$ 0.05	\$ —

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

<i>In millions</i>	Three Months Ended March 31,	
	2015	2014
Net Income	\$ 55.1	\$ 34.8
Other Comprehensive Income (Loss), Net of Tax:		
Derivative Instruments	0.5	—
Currency Translation Adjustment	(20.1)	4.4
Pension Benefit Plans	3.5	2.1
Postretirement Benefit Plans	(0.3)	(2.4)
Total Other Comprehensive (Loss) Income, Net of Tax	(16.4)	4.1
Total Comprehensive Income	38.7	38.9
Comprehensive Loss Attributable to Noncontrolling Interests	—	0.3
Comprehensive Income Attributable to Graphic Packaging Holding Company	\$ 38.7	\$ 39.2

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>In millions, except share and per share amounts</i>	March 31, 2015	December 31, 2014
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 43.4	\$ 81.6
Receivables, Net	483.1	408.3
Inventories, Net	563.3	521.8
Deferred Income Tax Assets	179.4	177.2
Other Current Assets	43.5	32.0
<b>Total Current Assets</b>	<b>1,312.7</b>	<b>1,220.9</b>
Property, Plant and Equipment, Net	1,562.2	1,546.8
Goodwill	1,176.8	1,118.1
Intangible Assets, Net	378.8	385.6
Other Assets	62.8	59.9
<b>Total Assets</b>	<b>\$ 4,493.3</b>	<b>\$ 4,331.3</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Short-Term Debt and Current Portion of Long-Term Debt	\$ 35.0	\$ 32.2
Accounts Payable	435.4	424.9
Compensation and Employee Benefits	99.1	118.6
Interest Payable	16.4	9.4
Other Accrued Liabilities	91.3	91.6
<b>Total Current Liabilities</b>	<b>677.2</b>	<b>676.7</b>
Long-Term Debt	2,070.9	1,942.1
Deferred Income Tax Liabilities	345.3	309.3
Accrued Pension and Postretirement Benefits	302.1	312.8
Other Noncurrent Liabilities	83.7	78.1
<b>SHAREHOLDERS' EQUITY</b>		
Preferred Stock, par value \$.01 per share; 100,000,000 shares authorized; no shares issued or outstanding	—	—
Common Stock, par value \$.01 per share; 1,000,000,000 shares authorized; 328,835,698 and 327,044,500 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	3.3	3.3
Capital in Excess of Par Value	1,778.6	1,796.5
Accumulated Deficit	(416.8)	(452.9)
Accumulated Other Comprehensive Loss	(351.0)	(334.6)
<b>Total Shareholders' Equity</b>	<b>1,014.1</b>	<b>1,012.3</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 4,493.3</b>	<b>\$ 4,331.3</b>

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>In millions</i>	Three Months Ended	
	March 31,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 55.1	\$ 34.8
Non-cash Items Included in Net Income:		
Depreciation and Amortization	68.1	67.0
Deferred Income Taxes	29.9	23.2
Amount of Postretirement Expense (Less) Greater Than Funding	(8.1)	0.5
Loss on the Sale of Assets	—	5.9
Other, Net	10.7	13.2
Changes in Operating Assets and Liabilities	(128.0)	(114.7)
Net Cash Provided by Operating Activities	27.7	29.9
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital Spending	(60.7)	(59.3)
Acquisition of Businesses, Net of cash acquired	(116.6)	—
Proceeds Received from the Sale of Assets, Net of Selling Costs	—	70.7
Other, Net	(0.1)	(0.5)
Net Cash (Used in) Provided by Investing Activities	(177.4)	10.9
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchase of Common Stock	(4.0)	—
Payments on Debt	(6.3)	(15.4)
Borrowings under Revolving Credit Facilities	396.7	267.3
Payments on Revolving Credit Facilities	(251.3)	(294.2)
Repurchase of Common Stock related to Share-Based Payments	(20.1)	(15.8)
Other, Net	—	(0.5)
Net Cash Provided by (Used In) Financing Activities	115.0	(58.6)
Effect of Exchange Rate Changes on Cash	(3.5)	0.3
Net Decrease in Cash and Cash Equivalents	(38.2)	(17.5)
Cash and Cash Equivalents at Beginning of Period	81.6	52.2
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 43.4</b>	<b>\$ 34.7</b>

## Supplemental non-cash investing activities:

Total Consideration Received from the Sale of Assets, Net of Selling Costs	\$ —	\$ 78.8
Cash Proceeds Received from the Sale of Assets, Net of Selling Costs	—	70.7
Non-cash Consideration Received from the Sale of Assets, Net of Selling Costs	\$ —	\$ 8.1

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**NOTE 1 — GENERAL INFORMATION**

***Nature of Business and Basis of Presentation***

Graphic Packaging Holding Company (“GPHC” and, together with its subsidiaries, the “Company”) is committed to providing consumer packaging that makes a world of difference. The Company is a leading provider of paper-based packaging solutions for a wide variety of products to food, beverage and other consumer products companies. The Company operates on a global basis and is the largest producer of folding cartons in the United States (“U.S.”) and holds leading market positions in coated unbleached kraft paperboard and coated-recycled paperboard.

The Company’s customers include many of the world’s most widely recognized companies and brands with prominent market positions in beverage, food and other consumer products. The Company strives to provide its customers with packaging solutions designed to deliver marketing and performance benefits at a competitive cost by capitalizing on its low-cost paperboard mills and converting plants, its proprietary carton and packaging designs, and its commitment to quality and service.

GPHC and Graphic Packaging Corporation (“GPC”) conduct no significant business and have no independent assets or operations other than GPHC’s ownership of all of GPC’s outstanding common stock, and GPC’s ownership of all of the outstanding common stock of Graphic Packaging International, Inc. (“GPII”).

The Company’s Condensed Consolidated Financial Statements include all subsidiaries in which the Company has the ability to exercise direct or indirect control over operating and financial policies. Intercompany transactions and balances are eliminated in consolidation.

In the Company’s opinion, the accompanying Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods. The Company’s year end Condensed Consolidated Balance Sheet data was derived from audited financial statements. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with instructions to Form 10-Q and Rule 10-01 of Regulation S-X and do not include all the information required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements. Therefore, these Condensed Consolidated Financial Statements should be read in conjunction with GPHC’s Form 10-K for the year ended December 31, 2014. In addition, the preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates and changes in these estimates are recorded when known.

For a summary of the Company’s significant accounting policies, please refer to GPHC’s Form 10-K for the year ended December 31, 2014.

***Accounts Receivable and Allowances***

The Company has entered into an agreement for the purchasing and servicing of receivables (the “AR Sales Agreement”), to sell, on a revolving basis, certain trade accounts receivable balances to a third party financial institution. Transfers under this agreement meet the requirements to be accounted for as sales in accordance with the *Transfers and Servicing* topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (the “Codification”). During the first quarter of 2015, the Company sold and derecognized approximately \$173 million of receivables, of which \$ 142 million has been collected on behalf of the financial institution, \$ 15 million has been funded by the financial institution, resulting in a \$ 48 million receivable from the financial institution as of March 31, 2015 . Cash proceeds related to the sales are included in cash from operating activities in the Condensed Consolidated Statements of Cash Flows in the Changes in Operating Assets and Liabilities line item. The loss on sale is not material and is included in Other Income, Net line item on the Condensed Consolidated Statement of Operations.

The Company has also entered into various factoring and supply chain financing arrangements, principally at the request of customers, which also qualify for sale accounting in accordance with the *Transfers and Servicing* topic of the FASB Codification. For the three months ended March 31, 2015 and 2014, the Company sold receivables of approximately \$ 81 million and \$ 75 million from these factoring arrangements, respectively.

Amounts transferred subject to continuing involvement, which consist principally of collection services, at March 31, 2015 and December 31, 2014, was approximately \$ 140 million and \$ 127 million , respectively.

***Capital Allocation Plan***

On February 4, 2015, the Company's board of directors authorized a share repurchase program to allow management to purchase up to \$ 250 million of the Company's issued and outstanding shares of common stock through open market purchases, privately negotiated transactions and Rule 10b5-1 plans. The Company repurchased 279,328 shares at an average price of \$14.30 during the quarter ending March 31, 2015 .

Also, on February 4, 2015, the Company's board of directors declared a regular quarterly dividend of \$ 0.05 per share of common stock payable on April 5, 2015 to shareholders of record as of March 15, 2015.

### ***Restructuring and Other Special Charges***

The following table summarizes the transactions recorded in Restructuring and Other Special Charges in the Consolidated Statements of Operations:

<i>In millions</i>	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Loss on Sale of Assets	\$ —	\$ 5.9
Charges Associated with Business Combinations	1.0	1.6
Other Special Charges	1.2	0.3
<b>Total</b>	<b>\$ 2.2</b>	<b>\$ 7.8</b>

On February 4, 2015, the Company completed its acquisition of certain assets of Cascades Norampac Division ("Cascades"). On January 2, 2015, the Company completed its acquisition of Rose City Printing and Packaging, Inc. ("Rose City"). Charges associated with these acquisitions are reflected in Charges Associated with Business Combinations in the above table. For more information regarding these acquisitions see *Note 3 - Acquisitions*.

On February 3, 2014, the Company completed the sale of its label business. The financial impact of this transaction is reflected in Loss on Sale of Assets in the above table.

### ***Accounting Standards Not Yet Adopted***

On April 7, 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in this ASU are effective for the financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within the fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. The Company is currently evaluating the impact of adoption on the Company's financial position.

On May 28, 2014, the FASB issued No. 2014-09, *Revenue from Contracts with Customers*. Adoption of ASU No. 2014-09 requires that an entity recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for the annual reporting period beginning after December 15, 2016 and early adoption is not permitted. The Company is currently evaluating the impact of adoption on the Company's financial position, results of operations and cash flows.

On June 19, 2014, the FASB issued ASU No. 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*. The amendments in the ASU clarify the proper method of accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. ASU 2014-12 is effective for all entities for annual periods beginning after December 15, 2015 and interim period within those annual periods and early adoption is permitted. The Company is currently evaluating the impact of adoption on the Company's financial position, results of operations and cash flows.

**NOTE 2 — INVENTORIES, NET**

Inventories, Net by major class:

<i>In millions</i>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Finished Goods	\$ 290.5	\$ 260.2
Work in Progress	51.8	52.9
Raw Materials	148.1	139.0
Supplies	72.9	69.7
<b>Total</b>	<b>\$ 563.3</b>	<b>\$ 521.8</b>

**NOTE 3 — ACQUISITIONS**

On February 4, 2015, the Company completed the acquisition of certain assets of Cascades in Canada. Cascades operated three folding carton converting facilities located in Cobourg, Ontario, Mississauga, Ontario and Winnipeg, Manitoba along with a thermo mechanical pulp mill located in Jonquiere, Quebec and a coated recycled board mill located in East Angus, Quebec.

On January 2, 2015, the Company acquired Rose City through the purchase of all of the issued and outstanding stock of its parent company, Rose City Holding Company. Rose City services food and beverage end markets and operates two folding carton converting facilities located in Gresham, OR and Vancouver, WA. The Cascades and Rose City transactions are referred to collectively as the "North American Acquisitions."

The Company paid approximately \$118 million for the North America Acquisitions using existing cash and borrowings under its revolving line of credit. The acquisition accounting for the North American Acquisitions has been preliminarily allocated to the assets acquired and liabilities assumed based on the estimated fair values as of the purchase dates and is subject to adjustments in subsequent periods once the third party valuations are completed. Management believes that the purchase price attributable to goodwill represents the benefits expected as the acquisitions were made to continue to grow the North American food and beverage business, integrate paperboard from the Company's mills and to further optimize the Company's supply chain footprint.

The Company expects that a portion of any goodwill attributable to the Cascades acquisition may be deductible for tax purposes. The preliminary acquisition accounting allocation is as follows:

<i>In millions</i>	<b>Amounts Recognized as of Acquisition Dates</b>	<b>Measurement Period Adjustments</b>	<b>Amounts Recognized as of Acquisition Dates (as adjusted)</b>
Purchase Price	\$ 117.6	\$ —	\$ 117.6
Cash and Cash Equivalents	\$ 1.0	\$ —	\$ 1.0
Receivables, Net	24.6	—	24.6
Inventories, Net	35.5	(8.2)	27.3
Other Current Assets	1.3	—	1.3
Property, Plant and Equipment, Net	50.2	(21.8)	28.4
Pension Asset	2.5	0.9	3.4
Other Assets	7.7	—	7.7
Total Assets Acquired	122.8	(29.1)	93.7
Current Liabilities	25.3	—	25.3
Pension and Postretirement Benefits	5.7	(0.4)	5.3
Deferred Tax Liabilities	5.1	—	5.1
Other Noncurrent Liabilities	2.1	—	2.1
Total Liabilities Assumed	38.2	(0.4)	37.8
Net Assets Acquired	84.6	(28.7)	55.9
Goodwill	33.0	28.7	61.7
Total Estimated Fair Value of Net Assets Acquired	\$ 117.6	\$ —	\$ 117.6

On May 23, 2014, the Company acquired the Benson Group, a leading food, retail and health care packaging company in the United Kingdom. Under the terms of the transaction, the Company paid \$190.7 million in an all cash transaction funded with existing cash and borrowings under the Company's revolving line of credit. Benson operated four folding carton facilities that converted approximately 80,000 tons of paperboard annually into folding cartons for the food, beverage and healthcare products industries.





**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 4 — DEBT**

For more information regarding the Company's debt, see "Note 5 — Debt" of the Notes to Consolidated Financial Statements of the Company's 2014 Form 10-K.

Long-Term Debt is composed of the following:

<i>In millions</i>	March 31, 2015	December 31, 2014
Senior Notes with interest payable semi-annually at 4.875%, payable in 2022	\$ 250.0	\$ 250.0
Senior Notes with interest payable semi-annually at 4.75%, payable in 2021	425.0	425.0
Senior Secured Term Loan Facilities with interest payable at various dates at floating rates (1.7% at March 31, 2015) payable through 2019	993.8	1,000.0
Senior Secured Revolving Facilities with interest payable at floating rates (1.8% at March 31, 2015) payable in 2019	424.1	288.4
Capital Lease Obligations	3.1	3.1
Other	9.9	7.8
<b>Total Debt</b>	<b>2,105.9</b>	<b>1,974.3</b>
Less: Short-Term Debt and Current Portion of Long-Term Debt	35.0	32.2
<b>Total Long-Term Debt</b>	<b>\$ 2,070.9</b>	<b>\$ 1,942.1</b>

At March 31, 2015, the Company and its U.S. and international subsidiaries had the following commitments, amounts outstanding and amounts available under revolving credit facilities:

<i>In millions</i>	Total Commitments	Total Outstanding	Total Available
Senior Secured Domestic Revolving Credit Facility <sup>(a)</sup>	\$ 1,250.0	\$ 323.0	\$ 900.1
Senior Secured International Revolving Credit Facility	168.9	101.1	67.8
Other International Facilities	30.4	9.9	20.5
<b>Total</b>	<b>\$ 1,449.3</b>	<b>\$ 434.0</b>	<b>\$ 988.4</b>

(a) In accordance with its debt agreements, the Company's availability under its revolving credit facilities has been reduced by the amount of standby letters of credit issued of \$ 26.9 million as of March 31, 2015. These letters of credit are used primarily as security against its self-insurance obligations and workers' compensation obligations. These letters of credit expire at various dates through late-2015 unless extended.

The Credit Agreement and the indentures governing the 4.75% Senior Notes due 2021 and 4.875% Senior Notes due 2022 (the "Indentures") limit the Company's ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indentures, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, prepay other indebtedness, make dividend and other restricted payments, create liens, make equity or debt investments, make acquisitions, modify terms of the Indenture, engage in mergers or consolidations, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Such restrictions could limit the Company's ability to respond to changing market conditions, fund its capital spending program, provide for unexpected capital investments or take advantage of business opportunities.

Under the terms of the Credit Agreement, the Company must comply with a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. The Company's obligations under the Credit Agreement are secured by substantially all of the Company's domestic assets.

As of March 31, 2015, the Company was in compliance with the covenants in the Credit Agreement and the Indentures.

**NOTE 5 — STOCK INCENTIVE PLANS**

As of May 21, 2014, the Company has one active equity compensation plan from which new grants may be made, the Graphic Packaging Holding Company 2014 Omnibus Stock and Incentive Compensation Plan (the “2014 Plan”). Awards granted under the 2014 Plan generally vest and expire in accordance with terms established at the time of grant. Shares issued pursuant to awards under the 2014 Plan are from the Company’s authorized but unissued shares. Compensation costs are recognized on a straight-line basis over the requisite service period of the award.

***Stock Awards, Restricted Stock and Restricted Stock Units***

The Company’s 2014 Plan permits the grant of stock awards, restricted stock and restricted stock units (“RSUs”). Generally, all RSUs vest and become payable in three years from date of grant. RSUs granted to employees generally contain performance conditions based on various financial targets and service requirements that must be met for the shares to vest. Upon vesting, RSUs are payable in shares of common stock. Stock awards granted to non-employee directors as part of their compensation for service on the Board are unrestricted on the grant date.

Data concerning RSUs granted in the first three months of 2015 is as follows:

	Shares	Weighted Average Grant Date Fair Value Per Share
RSUs — Employees	1,661,106	\$ 13.28

During the three months ended March 31, 2015 and 2014, \$ 3.7 million and \$ 4.1 million, respectively, were charged to compensation expense for stock incentive plans.

During the three months ended March 31, 2015 and 2014, approximately 2.1 million and 2.2 million shares were issued, respectively. The shares issued were primarily related to RSUs granted during 2012 and 2011, respectively.

**NOTE 6 — PENSIONS AND OTHER POSTRETIREMENT BENEFITS**

The Company maintains both defined benefit pension plans and postretirement health care plans that provide medical and life insurance coverage to eligible salaried and hourly retired employees in North America and their dependents. The Company maintains international defined benefit pension plans which are either noncontributory or contributory and are funded in accordance with applicable local laws. Pension or termination benefits are based primarily on years of service and the employee’s compensation.

***Pension and Postretirement Expense***

The pension and postretirement expenses related to the Company’s plans consisted of the following:

<i>In millions</i>	Pension Benefits		Postretirement Health Care Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2015	2014	2015	2014
<b>Components of Net Periodic Cost:</b>				
Service Cost	\$ 3.8	\$ 3.7	\$ 0.2	\$ 0.3
Interest Cost	13.4	14.5	0.4	0.6
Administrative Expenses	0.2	0.2	—	—
Expected Return on Plan Assets	(18.5)	(20.0)	—	—
Amortization:				
Prior Service Cost (Credit)	0.2	0.1	(0.1)	(0.1)
Actuarial Loss (Gain)	5.5	3.0	(0.4)	(0.3)
<b>Net Periodic Cost</b>	<b>\$ 4.6</b>	<b>\$ 1.5</b>	<b>\$ 0.1</b>	<b>\$ 0.5</b>

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***Employer Contributions***

The Company made contributions of \$ 12.3 million and \$ 0.8 million to its pension plans during the first three months of 2015 and 2014, respectively. The Company expects to make contributions of \$40 million to \$60 million for the full year 2015. During 2014, the Company made \$ 52.2 million of contributions to its pension plans.

The Company made postretirement health care benefit payments of \$ 0.5 million and \$ 0.7 million during the first three months of 2015 and 2014, respectively. The Company estimates its postretirement health care benefit payments for the full year 2015 to be approximately \$ 3 million . During 2014, the Company made postretirement health care benefit payments of \$ 2.2 million .

**NOTE 7 — FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT**

The Company enters into derivative instruments for risk management purposes only, including derivatives designated as hedging instruments under the *Derivatives and Hedging* topic of the FASB Codification and those not designated as hedging instruments under this guidance. The Company uses interest rate swaps, natural gas swap contracts, and forward exchange contracts. These derivative instruments are designated as cash flow hedges and, to the extent they are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings but are included in Accumulated Other Comprehensive Income. These changes in fair value will subsequently be reclassified to earnings.

For more information regarding the Company's financial instruments and fair value measurement, see “ *Note 9 — Financial Instruments, Derivatives and Hedging Activities*” and “ *Note 10 — Fair Value Measurement*” of the Notes to Consolidated Financial Statements of the Company's 2014 Form 10-K.

***Interest Rate Risk***

The Company uses interest rate swaps to manage interest rate risks on future interest payments caused by interest rate changes on its variable rate term loan facility. The differential to be paid or received under these agreements is recognized as an adjustment to Interest Expense related to debt. At March 31, 2015 and December 31, 2014 , the Company had interest rate swap agreements outstanding with a notional amount of \$ 560 million . The swap agreements, under which the Company will pay fixed rates of 0.45% to 0.82% and receive one-month LIBOR rates, expire in April 2016.

Changes in fair value will subsequently be reclassified into earnings as a component of Interest Expense, Net as interest is incurred on amounts outstanding under the term loan facility. Ineffectiveness measured in the hedging relationship is recorded in earnings in the period it occurs.

During the first three months of 2015 and 2014, there were minimal amounts of ineffectiveness related to changes in the fair value of interest rate swap agreements. Additionally, there were no amounts excluded from the measure of effectiveness.

***Commodity Risk***

To manage risks associated with future variability in cash flows and price risk attributable to certain commodity purchases, the Company enters into natural gas swap contracts to hedge prices for a designated percentage of its expected natural gas usage. Such contracts are designated as cash flow hedges. The contracts are carried at fair value with changes in fair value recognized in Accumulated Other Comprehensive Loss, and the resulting gain or loss is reclassified into Cost of Sales concurrently with the recognition of the commodity consumed and the ineffective portion of the swap contracts' change in fair value would be recognized immediately in earnings. The Company has hedged 75% and 65% of its expected natural gas usage for the remainder of 2015 and 2016, respectively.

During the first three months of 2015 and 2014, there were minimal amounts of ineffectiveness related to changes in the fair value of natural gas swap contracts. Additionally, there were no amounts excluded from the measure of effectiveness.

***Foreign Currency Risk***

The Company enters into forward exchange contracts to manage risks associated with future variability in cash flows resulting from anticipated foreign currency transactions that may be adversely affected by changes in exchange rates. The contracts are carried at fair value with changes in fair value recognized in Accumulated Other Comprehensive Loss and gains/losses related to these contracts are recognized in Other Income, Net when the anticipated transaction affects income.

At March 31, 2015 , multiple forward exchange contracts existed that expire on various dates through 2015. Those purchased forward exchange contracts outstanding at March 31, 2015 and December 31, 2014 , when aggregated and measured in U.S. dollars at contractual rates at March 31, 2015 and December 31, 2014 had notional amounts totaling \$ 47.1 million and \$ 65.2 million , respectively.

No amounts were reclassified to earnings during the first three months of 2015 or during 2014 in connection with forecasted transactions that were considered probable of not occurring and there was no amount of ineffectiveness related to changes in the fair value of foreign currency forward contracts. Additionally, there were no amounts excluded from the measure of effectiveness.



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***Derivatives not Designated as Hedges***

The Company enters into forward exchange contracts to effectively hedge substantially all of its accounts receivable resulting from sales transactions denominated in foreign currencies in order to manage risks associated with foreign currency transactions adversely affected by changes in exchange rates. At March 31, 2015 and December 31, 2014, multiple foreign currency forward exchange contracts existed, with maturities ranging up to three months. Those foreign currency exchange contracts outstanding at March 31, 2015 and December 31, 2014, when aggregated and measured in U.S. dollars at exchange rates at March 31, 2015 and December 31, 2014, had net notional amounts totaling \$ 48.3 million and \$ 34.5 million, respectively. Unrealized gains and losses resulting from these contracts are recognized in Other Income, Net and approximately offset corresponding recognized but unrealized gains and losses on these accounts receivable.

***Fair Value of Financial Instruments***

The Company's derivative instruments are carried at fair value. The Company has determined that the inputs to the valuation of these derivative instruments are level 2 in the fair value hierarchy. Level 2 inputs are defined as quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. The Company uses valuation techniques based on discounted cash flow analyses, which reflect the terms of the derivatives and use observable market-based inputs, including forward rates, and uses market price quotations obtained from independent derivatives brokers, corroborated with information obtained from independent pricing service providers.

As of March 31, 2015, the Company had a gross derivative liability of \$ 16.9 million and a gross derivative asset of \$ 4.9 million, primarily related to interest rate, foreign currency and commodity contracts. As of March 31, 2015, there has not been any significant impact to the fair value of the Company's derivative liabilities due to its own credit risk. Similarly, there has not been any significant adverse impact to the Company's derivative assets based on evaluation of the Company's counterparties' credit risks.

The fair values of the Company's other financial assets and liabilities at March 31, 2015 and December 31, 2014 approximately equal the carrying values reported on the Consolidated Balance Sheets except for Total Debt. The fair value of the Company's Total Debt (excluding capital leases) was \$ 2,123.8 million and \$ 1,975.6 million as compared to the carrying amounts of \$2,102.8 million and \$ 1,971.2 million as of March 31, 2015 and December 31, 2014, respectively. The fair value of the Company's Total Debt, including the Senior Notes, are based on quoted market prices (Level 2 inputs).

The following is a rollforward of pre-tax Accumulated Other Comprehensive Loss pertaining to derivative instruments:

*In millions*

Balance at December 31, 2014	\$	(12.5)
Reclassification to Earnings		2.9
Current Period Change in Fair Value		(2.1)
Balance at March 31, 2015	\$	(11.7)

At March 31, 2015, the Company expects to reclassify approximately \$ 6.9 million of loss in the next twelve months from Accumulated Other Comprehensive Loss to earnings, contemporaneously with and offsetting changes in the related hedged exposure. The actual amount that will be reclassified to future earnings may vary from this amount as a result of changes in market conditions.

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**NOTE 8 — INCOME TAXES**

During the three months ended March 31, 2015, the Company recognized Income Tax Expense of \$ 33.6 million on Income before Income Taxes and Equity Income of Unconsolidated Entities of \$ 88.4 million. The effective tax rate for the three months ended March 31, 2015 was different than the statutory rate, primarily due to the mix and levels between foreign and domestic earnings, including losses in jurisdictions with full valuation allowances. During the three months ended March 31, 2014, the Company recognized Income Tax Expense of \$ 24.8 million on Income before Income Taxes and Equity Income of Unconsolidated Entities of \$ 59.3 million, respectively. The effective tax rate for the three months ended March 31, 2014 was different than the statutory rate primarily due to the mix and levels between foreign and domestic earnings, including losses in jurisdictions with full valuation allowances, as well as the impact of the write-off of nondeductible goodwill in connection with the sale of the labels business and other discrete items. The Company has approximately \$ 633 million of Net Operating Losses for U.S. federal income tax purposes, which are currently being used and may be used to offset future taxable income.

**NOTE 9 — ENVIRONMENTAL AND LEGAL MATTERS***Environmental Matters*

The Company is subject to a broad range of foreign, federal, state and local environmental, health and safety laws and regulations, including those governing discharges to air, soil and water, the management, treatment and disposal of hazardous substances, solid waste and hazardous wastes, the investigation and remediation of contamination resulting from historical site operations and releases of hazardous substances, and the health and safety of employees. Compliance initiatives could result in significant costs, which could negatively impact the Company's consolidated financial position, results of operations or cash flows. Any failure to comply with environmental or health and safety laws and regulations or any permits and authorizations required thereunder could subject the Company to fines, corrective action or other sanctions.

Some of the Company's current and former facilities are the subject of environmental investigations and remediations resulting from historical operations and the release of hazardous substances or other constituents. Some current and former facilities have a history of industrial usage for which investigation and remediation obligations may be imposed in the future or for which indemnification claims may be asserted against the Company. Also, potential future closures or sales of facilities may necessitate further investigation and may result in future remediation at those facilities.

The Company has established reserves for those facilities or issues where a liability is probable and the costs are reasonably estimable. The Company believes that the amounts accrued for all of its loss contingencies, and the reasonably possible loss beyond the amounts accrued, are not material to the Company's consolidated financial position, results of operations or cash flows. Currently, the Company expects to spend less than \$ 3 million in 2015 to achieve compliance with the National Emission Standards for Hazardous Air Pollutants for units at major sources (known as "Boiler MACT"). The Company cannot estimate with certainty other future corrective compliance, investigation or remediation costs. Some costs relating to historical usage that the Company considers to be reasonably possible of resulting in a liability are not quantifiable at this time. The Company will continue to monitor environmental issues at each of its facilities, as well as regulatory developments, and will revise its accruals, estimates and disclosures relating to past, present and future operations, as additional information is obtained.

*Legal Matters*

The Company is a party to a number of lawsuits arising in the ordinary conduct of its business. Although the timing and outcome of these lawsuits cannot be predicted with certainty, the Company does not believe that disposition of these lawsuits will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

**NOTE 10 — SEGMENT INFORMATION**

The Company reports its results in one reportable segment, paperboard packaging. This segment is evaluated by the chief operating decision maker based primarily on Income from Operations as adjusted for depreciation and amortization. Prior to the sale of the multi-wall bag business on June 30, 2014, the Company reported its results in two reportable segments: paperboard packaging and flexible packaging. These reportable segments are based upon strategic business units with different products. The accounting policies of the reportable segments are the same as those described in GPHC's Form 10-K for the year ended December 31, 2014. Prior year results have been reclassified to include the remaining flexible packaging facility that was not sold and corporate in the paperboard packaging segment.

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Segment information is as follows:

<i>In millions</i>	Three Months Ended March 31,	
	2015	2014
<b>NET SALES:</b>		
Paperboard Packaging	\$ 1,008.2	\$ 964.7
Flexible Packaging	—	108.0
Total	\$ 1,008.2	\$ 1,072.7
<b>INCOME (LOSS) FROM OPERATIONS:</b>		
Paperboard Packaging	\$ 105.3	\$ 87.0
Flexible Packaging	—	(7.3)
Total	\$ 105.3	\$ 79.7
<b>DEPRECIATION AND AMORTIZATION:</b>		
Paperboard Packaging	\$ 68.1	\$ 61.8
Flexible Packaging	—	5.2
Total	\$ 68.1	\$ 67.0

For more information regarding the Company's business segments, see "Note 16 — Business Segment and Geographic Area Information" of the Notes to Consolidated Financial Statements of the Company's 2014 Form 10-K.

**NOTE 11 — EARNINGS PER SHARE**

<i>In millions, except per share data</i>	Three Months Ended March 31,	
	2015	2014
Net Income Attributable to Graphic Packaging Holding Company	\$ 55.1	\$ 35.2
Weighted Average Shares:		
Basic	329.6	327.6
Dilutive Effect of RSUs and Stock Awards	2.3	2.7
Diluted	331.9	330.3
Income Per Share — Basic	\$ 0.17	\$ 0.11
Income Per Share — Diluted	\$ 0.17	\$ 0.11



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**NOTE 12 — EQUITY**

The following is a summary of the changes in total equity for the three months ended March 31, 2015 :

<i>In millions</i>	<b>Total Shareholder's Equity</b>
Balance at December 31, 2014	\$ 1,012.3
Net Income	55.1
Other Comprehensive Loss, Net of Tax	(16.4)
Dividends declared	(16.4)
Repurchase of Common Stock	(4.0)
Compensation Expense Under Share-Based Plans	3.6
Issuance of Common Stock, Net of Stock Withheld for Taxes	(20.1)
Balance at March 31, 2015	\$ 1,014.1

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**NOTE 13 — OTHER COMPREHENSIVE (LOSS) INCOME**

The following represents changes in Accumulated Other Comprehensive (Loss) Income by each component of other comprehensive income for the three months ended March 31, 2015 <sup>(a)</sup>:

<i>In millions</i>	Derivative Instruments	Currency Translation Adjustment	Pension Benefit Plans	Postretirement Benefit Plans	Total
Balance at December 31, 2014	\$ (17.7)	\$ (50.6)	\$ (278.0)	\$ 11.7	\$ (334.6)
Other Comprehensive Income (Loss) before Reclassifications	(1.3)	(20.1)	—	—	(21.4)
Amounts Reclassified from Accumulated Other Comprehensive (Loss) Income <sup>(b)</sup>	1.8	—	3.5	(0.3)	5.0
Net Current-period Other Comprehensive Income (Loss)	0.5	(20.1)	3.5	(0.3)	(16.4)
Balance at March 31, 2015	\$ (17.2)	\$ (70.7)	\$ (274.5)	\$ 11.4	\$ (351.0)

<sup>(a)</sup> All amounts are net-of-tax.

<sup>(b)</sup> See following table for details about these reclassifications.

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The following represents reclassifications out of Accumulated Other Comprehensive Income for the three months ended March 31, 2015 :

<i>In millions</i>		
Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement Where Net Income is Presented
<b>Derivatives Instruments:</b>		
Commodity Contracts	\$ 3.5	Cost of Sales
Foreign Currency Contracts	(1.4)	Other Income, Net
Interest Rate Swap Agreements	0.8	Interest Expense, Net
	2.9	Total before Tax
	(1.1)	Tax Benefit
	<u>\$ 1.8</u>	Net of Tax
<b>Amortization of Defined Benefit Pension Plans:</b>		
Prior Service Costs	\$ 0.2 <sup>(c)</sup>	
Actuarial Losses	5.5 <sup>(c)</sup>	
	5.7	Total before Tax
	(2.2)	Tax Benefit
	<u>\$ 3.5</u>	Net of Tax
<b>Amortization of Postretirement Benefit Plans:</b>		
Prior Service Credits	\$ (0.1) <sup>(c)</sup>	
Actuarial Gains	(0.4) <sup>(c)</sup>	
	(0.5)	Total before Tax
	0.2	Tax Expense
	<u>\$ (0.3)</u>	Net of Tax
<b>Total Reclassifications for the Period</b>	<u>\$ 5.0</u>	

<sup>(c)</sup> These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see “ Note 6 — Pensions and Other Postretirement Benefits” ).

**NOTE 14 — GUARANTOR CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

This disclosure is required because certain subsidiaries are guarantors of GPII's debt securities. These consolidating financial statements reflect GPHC and GPC (collectively the "Parent"); GPII, the Subsidiary Issuer; and the Subsidiary Guarantors, which consist of all material 100% owned subsidiaries of GPII other than its foreign subsidiaries and their domestic holding companies; and the nonguarantor subsidiaries (herein referred to as “Nonguarantor Subsidiaries”). The Nonguarantor Subsidiaries include all of GPII's foreign subsidiaries and their domestic holding companies and the subsidiaries of GFP. Separate complete financial statements of the Subsidiary Guarantors are not presented because the guarantors are jointly and severally, fully and unconditionally liable under the guarantees.



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<i>In millions</i>	Three Months Ended March 31, 2015					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
Net Sales	\$ —	\$ 810.9	\$ 9.3	\$ 248.1	\$ (60.1)	\$ 1,008.2
Cost of Sales	—	658.6	8.4	211.7	(60.1)	818.6
Selling, General and Administrative	—	65.8	2.6	17.0	—	85.4
Other (Income) Expense, Net	—	(3.4)	(0.1)	0.2	—	(3.3)
Restructuring and Other Special Charges	—	1.2	—	1.0	—	2.2
Income (Loss) from Operations	—	88.7	(1.6)	18.2	—	105.3
Interest Expense, Net	—	(16.0)	—	(0.9)	—	(16.9)
Income (Loss) before Income Taxes and Equity Income of Unconsolidated Entities	—	72.7	(1.6)	17.3	—	88.4
Income Tax (Expense) Benefit	—	(27.7)	0.6	(6.5)	—	(33.6)
Income (Loss) before Equity Income of Unconsolidated Entities	—	45.0	(1.0)	10.8	—	54.8
Equity Income of Unconsolidated Entities	—	—	—	0.3	—	0.3
Equity in Net Earnings of Subsidiaries	55.1	10.1	1.7	—	(66.9)	—
Net Income (Loss)	55.1	55.1	0.7	11.1	(66.9)	55.1
Comprehensive Income (Loss) Attributable to Graphic Packaging Holding Company	\$ 38.7	\$ 38.7	\$ (2.6)	\$ (20.5)	\$ (15.6)	\$ 38.7

<i>In millions</i>	Three Months Ended March 31, 2014					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
Net Sales	\$ —	\$ 818.1	\$ 8.5	\$ 292.1	\$ (46.0)	\$ 1,072.7
Cost of Sales	—	659.5	8.0	264.2	(46.0)	885.7
Selling, General and Administrative	—	73.6	0.6	26.7	—	100.9
Other Income, Net	—	(0.7)	(0.1)	(0.6)	—	(1.4)
Restructuring and Other Special Charges	—	0.3	5.9	1.6	—	7.8
Income (Loss) from Operations	—	85.4	(5.9)	0.2	—	79.7
Interest Expense, Net	—	(18.2)	—	(2.2)	—	(20.4)
Income (Loss) before Income Taxes and Equity Income of Unconsolidated Entities	—	67.2	(5.9)	(2.0)	—	59.3
Income Tax (Expense) Benefit	—	(28.0)	2.0	1.2	—	(24.8)
Income (Loss) before Equity Income of Unconsolidated Entities	—	39.2	(3.9)	(0.8)	—	34.5
Equity Income (Loss) of Unconsolidated Entities	—	—	0.6	(0.3)	—	0.3

Equity in Net Earnings of Subsidiaries	34.8	(4.4)	(0.6)	—	(29.8)	—
Net Income (Loss)	34.8	34.8	(3.9)	(1.1)	(29.8)	34.8
Net Income Attributable to Noncontrolling Interests	0.4	0.4	—	—	(0.4)	0.4
Net Income (Loss) Attributable to Graphic Packaging Holding Company	\$ 35.2	\$ 35.2	\$ (3.9)	\$ (1.1)	\$ (30.2)	\$ 35.2
Comprehensive Income (Loss) Attributable to Graphic Packaging Holding Company	\$ 39.2	\$ 39.2	\$ (3.8)	\$ 4.0	\$ (39.4)	\$ 39.2

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<i>In millions</i>	March 31, 2015					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ —	\$ 1.0	\$ 1.2	\$ 41.2	\$ —	\$ 43.4
Receivables, Net	—	261.1	8.5	213.5	—	483.1
Inventories, Net	—	400.0	4.3	159.0	—	563.3
Intercompany	17.6	523.3	—	—	(554.1)	(13.2)
Deferred Income Tax Assets	—	176.6	—	2.8	—	179.4
Other Current Assets	—	24.9	1.0	17.6	—	43.5
Assets Held for Sale	—	—	—	—	—	—
<b>Total Current Assets</b>	<b>17.6</b>	<b>1,386.9</b>	<b>15.0</b>	<b>434.1</b>	<b>(554.1)</b>	<b>1,299.5</b>
Property, Plant and Equipment, Net	—	1,337.1	9.4	215.7	—	1,562.2
Investment in Consolidated Subsidiaries	996.5	—	17.4	—	(1,013.9)	—
Goodwill	—	1,043.1	9.2	124.5	—	1,176.8
Other Assets	—	367.1	5.5	69.0	—	441.6
<b>Total Assets</b>	<b>\$ 1,014.1</b>	<b>\$ 4,134.2</b>	<b>\$ 56.5</b>	<b>\$ 843.3</b>	<b>\$ (1,568.0)</b>	<b>\$ 4,480.1</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Short-Term Debt and Current Portion of Long-Term Debt	\$ —	\$ 26.2	\$ —	\$ 8.8	\$ —	\$ 35.0
Accounts Payable	—	314.9	3.4	117.1	—	435.4
Intercompany	—	—	4.2	770.9	(788.3)	(13.2)
Other Accrued Liabilities	—	155.7	3.1	48.0	—	206.8
<b>Total Current Liabilities</b>	<b>—</b>	<b>496.8</b>	<b>10.7</b>	<b>944.8</b>	<b>(788.3)</b>	<b>664.0</b>
Long-Term Debt	—	1,967.5	—	103.4	—	2,070.9
Deferred Income Tax Liabilities	—	318.9	0.3	26.1	—	345.3
Other Noncurrent Liabilities	—	354.5	—	31.3	—	385.8
<b>EQUITY</b>						
Total Graphic Packaging Holding Company Shareholders' Equity	1,014.1	996.5	45.5	(262.3)	(779.7)	1,014.1
<b>Total Equity</b>	<b>1,014.1</b>	<b>996.5</b>	<b>45.5</b>	<b>(262.3)</b>	<b>(779.7)</b>	<b>1,014.1</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,014.1</b>	<b>\$ 4,134.2</b>	<b>\$ 56.5</b>	<b>\$ 843.3</b>	<b>\$ (1,568.0)</b>	<b>\$ 4,480.1</b>

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<i>In millions</i>	December 31, 2014					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ —	\$ 2.0	\$ 1.8	\$ 77.8	\$ —	\$ 81.6
Receivables, Net	—	233.2	8.6	166.5	—	408.3
Inventories, Net	—	408.5	4.8	108.5	—	521.8
Deferred Income Tax Assets	—	176.9	—	0.3	—	177.2
Intercompany	54.5	337.5	—	—	(392.0)	—
Other Current Assets	—	22.0	1.3	8.7	—	32.0
<b>Total Current Assets</b>	<b>54.5</b>	<b>1,180.1</b>	<b>16.5</b>	<b>361.8</b>	<b>(392.0)</b>	<b>1,220.9</b>
Property, Plant and Equipment, Net	—	1,349.3	10.3	187.3	(0.1)	1,546.8
Investment in Consolidated Subsidiaries	957.8	—	18.7	—	(976.5)	—
Goodwill	—	1,043.1	—	75.0	—	1,118.1
Other Assets	—	372.9	15.4	57.2	—	445.5
<b>Total Assets</b>	<b>\$ 1,012.3</b>	<b>\$ 3,945.4</b>	<b>\$ 60.9</b>	<b>\$ 681.3</b>	<b>\$ (1,368.6)</b>	<b>\$ 4,331.3</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Short-Term Debt and Current Portion of Long-Term Debt	\$ —	\$ 26.3	\$ —	\$ 5.9	\$ —	\$ 32.2
Accounts Payable	—	316.3	2.7	105.9	—	424.9
Intercompany	—	—	7.1	597.4	(604.5)	—
Other Accrued Liabilities	—	175.1	2.7	41.8	—	219.6
<b>Total Current Liabilities</b>	<b>—</b>	<b>517.7</b>	<b>12.5</b>	<b>751.0</b>	<b>(604.5)</b>	<b>676.7</b>
Long-Term Debt	—	1,822.2	—	119.9	—	1,942.1
Deferred Income Tax Liabilities	—	287.3	0.3	21.7	—	309.3
Other Noncurrent Liabilities	—	360.4	—	30.5	—	390.9
Redeemable Noncontrolling Interests	—	—	—	—	—	—
<b>EQUITY</b>						
Total Graphic Packaging Holding Company Shareholders' Equity	1,012.3	957.8	48.1	(241.8)	(764.1)	1,012.3
<b>Total Liabilities and Equity</b>	<b>\$ 1,012.3</b>	<b>\$ 3,945.4</b>	<b>\$ 60.9</b>	<b>\$ 681.3</b>	<b>\$ (1,368.6)</b>	<b>\$ 4,331.3</b>

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

<i>In millions</i>	Three Months Ended March 31, 2015					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Net Income (Loss)	\$ 55.1	\$ 55.1	\$ 0.7	\$ 11.1	\$ (66.9)	\$ 55.1
Non-cash Items Included in Net Income (Loss):						
Depreciation and Amortization		55.4	0.5	12.2	—	68.1
Deferred Income Taxes	—	25.8	(0.7)	4.8	—	29.9
Amount of Postretirement Expense (Less) Greater Than Funding	—	(4.7)	—	(3.4)	—	(8.1)
Equity in Net Earnings of Subsidiaries	(55.1)	(10.1)	(1.7)	—	66.9	—
Loss on the Sale of Assets	—	—	—	—	—	—
Other, Net	—	11.6	—	(0.9)	—	10.7
Changes in Operating Assets and Liabilities	—	(6.6)	0.7	(122.1)	—	(128.0)
Net Cash Provided by (Used in) Operating Activities	—	126.5	(0.5)	(98.3)	—	27.7
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Capital Spending	—	(51.6)	(0.1)	(9.0)	—	(60.7)
Acquisition of Business, Net of Cash Acquired	—	(80.1)	—	(36.5)	—	(116.6)
Cash Acquired in Acquisition	—	—	—	—	—	—
Other, Net	24.1	(0.1)	—	—	(24.1)	(0.1)
Net Cash Provided by (Used in) Investing Activities	24.1	(131.8)	(0.1)	(45.5)	(24.1)	(177.4)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Repurchase of Common Stock	(4.0)	—	—	—	—	(4.0)
Payments on Debt	—	(6.3)	—	—	—	(6.3)
Borrowings under Revolving Credit Facilities	—	276.1	—	120.6	—	396.7
Payments on Revolving Credit Facilities	—	(241.4)	—	(9.9)	—	(251.3)
Repurchase of Common Stock related to Share-Based Payments	(20.1)	—	—	—	—	(20.1)
Other, Net	—	(24.1)	—	—	24.1	—
Net Cash (Used in) Provided by Financing Activities	(24.1)	4.3	—	110.7	24.1	115.0
Effect of Exchange Rate Changes on Cash	—	—	—	(3.5)	—	(3.5)
Net Decrease in Cash and Cash Equivalents	—	(1.0)	(0.6)	(36.6)	—	(38.2)
Cash and Cash Equivalents at Beginning of Period	—	2.0	1.8	77.8	—	81.6
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ —</b>	<b>\$ 1.0</b>	<b>\$ 1.2</b>	<b>\$ 41.2</b>	<b>\$ —</b>	<b>\$ 43.4</b>

**GRAPHIC PACKAGING HOLDING COMPANY**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

<i>In millions</i>	Three Months Ended March 31, 2014					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Net Income (Loss)	\$ 34.8	\$ 34.8	\$ (3.9)	\$ (1.1)	\$ (29.8)	\$ 34.8
Non-cash Items Included in Net Income (Loss):						
Depreciation and Amortization	—	57.5	—	9.5	—	67.0
Deferred Income Taxes	—	25.8	—	(2.6)	—	23.2
Amount of Postretirement Expense Greater (Less) Than Funding	—	0.3	—	0.2	—	0.5
Equity in Net Earnings of Subsidiaries	(34.8)	4.4	0.6	—	29.8	—
Gain on the Sale of Assets	—	—	5.9	—	—	5.9
Other, Net	—	10.8	1.3	1.1	—	13.2
Changes in Operating Assets and Liabilities	—	(41.3)	(74.6)	(14.6)	15.8	(114.7)
Net Cash Provided By (Used in) Operating Activities	—	92.3	(70.7)	(7.5)	15.8	29.9
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Capital Spending	—	(41.2)	—	(18.1)	—	(59.3)
Proceeds Received from the Sale of Assets	—	—	70.7	—	—	70.7
Other, Net	15.8	(0.5)	—	—	(15.8)	(0.5)
Net Cash (Used in) Provided by Investing Activities	15.8	(41.7)	70.7	(18.1)	(15.8)	10.9
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Proceeds from Issuance or Modification of Debt	—	—	—	—	—	—
Retirement of Long-Term Debt	—	—	—	—	—	—
Payments on Debt	—	(15.4)	—	—	—	(15.4)
Borrowings under Revolving Credit Facilities	—	236.6	—	30.7	—	267.3
Payments on Revolving Credit Facilities	—	(273.1)	—	(21.1)	—	(294.2)
Repurchase of Common Stock related to Share-Based Payments	(15.8)	—	—	—	—	(15.8)
Other, Net	—	—	—	(0.5)	—	(0.5)
Net Cash (Used in) Provided by Financing Activities	(15.8)	(51.9)	—	9.1	—	(58.6)
Effect of Exchange Rate Changes on Cash	—	—	—	0.3	—	0.3
Net Decrease in Cash and Cash Equivalents	—	(1.3)	—	(16.2)	—	(17.5)
Cash and Cash Equivalents at Beginning of Period	—	1.3	—	50.9	—	52.2
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 34.7</b>	<b>\$ —</b>	<b>\$ 34.7</b>

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

### INTRODUCTION

This management's discussion and analysis of financial conditions and results of operations is intended to provide investors with an understanding of the Company's past performance, financial condition and prospects. The following will be discussed and analyzed:

- Overview of Business
- Overview of 2015 Results
- Results of Operations
- Financial Condition, Liquidity and Capital Resources
- Critical Accounting Policies
- New Accounting Standards
- Business Outlook

### OVERVIEW OF BUSINESS

The Company's objective is to strengthen its position as a leading provider of paper-based packaging solutions. To achieve this objective, the Company offers customers its paperboard, cartons and packaging machines, either as an integrated solution or separately. Cartons and carriers are designed to protect and contain products. Product offerings include a variety of laminated, coated and printed packaging structures that are produced from the Company's coated unbleached kraft ("CUK") and coated-recycled board ("CRB"), as well as other grades of paperboard that are purchased from third party suppliers. Innovative designs and combinations of paperboard, films, foils, metallization, holographics and embossing are customized to the individual needs of the customers.

The Company is implementing strategies (i) to expand market share in its current markets and to identify and penetrate new markets; (ii) to capitalize on the Company's customer relationships, business competencies, and mills and converting assets; (iii) to develop and market innovative, sustainable products and applications; and (iv) to continue to reduce costs by focusing on operational improvements. The Company's ability to fully implement its strategies and achieve its objectives may be influenced by a variety of factors, many of which are beyond its control, such as inflation of raw material and other costs, which the Company cannot always pass through to its customers, and the effect of overcapacity in the worldwide paperboard packaging industry.

#### *Significant Factors That Impact The Company's Business*

*Impact of Inflation.* The Company's cost of sales consists primarily of energy (including natural gas, fuel oil and electricity), pine pulpwood, chemicals, secondary fibers, purchased paperboard, aluminum foil, ink, plastic films and resins, depreciation expense and labor. Inflation increased costs in the first three months of 2015 by \$4.8 million, compared to the first three months of 2014. The higher costs in 2015 are primarily related to labor and benefits (\$7.8 million), wood (\$2.0 million) and externally purchased board (\$1.6 million), partially offset by lower costs for energy (\$3.3 million), primarily due to the price of natural gas, secondary fiber (\$1.7 million), chemicals (\$0.8 million), freight (\$0.5 million) and other costs (\$0.3 million).

Because the price of natural gas has experienced significant volatility, the Company has entered into contracts designed to manage risks associated with future variability in cash flows caused by changes in the price of natural gas. The Company has entered into natural gas swap contracts to hedge prices for a portion of its expected usage for the remainder of 2015 and 2016. Since negotiated sales contracts and the market largely determine the pricing for its products, the Company is at times limited in its ability to raise prices and pass through to its customers any inflationary or other cost increases that the Company may incur.

*Commitment to Cost Reduction .* In light of increasing margin pressure throughout the packaging industry, the Company has programs in place that are designed to reduce costs, improve productivity and increase profitability. The Company utilizes a global continuous improvement initiative that uses statistical process control to help design and manage many types of activities, including production and maintenance. This includes a Six Sigma process focused on reducing variable and fixed manufacturing and administrative costs. The Company expanded the continuous improvement initiative to include the deployment of Lean Sigma principles into manufacturing and supply chain services. As the Company strengthens the systems approach to continuous improvement, Lean Sigma supports the efforts to build a high performing culture. During the first three months of 2015, the Company achieved approximately \$16 million in incremental cost savings as compared to the first three months of 2014, through its continuous improvement programs and manufacturing initiatives.

The Company's ability to continue to successfully implement its business strategies and to realize anticipated savings and operating efficiencies is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. If the Company cannot successfully implement the strategic cost reductions or other cost savings plans it may not be able to continue to compete successfully against other manufacturers. In addition, any failure to generate the anticipated efficiencies and savings could adversely affect the Company's financial results.

*Competition and Market Factors.* As some products can be packaged in different types of materials, the Company's sales are affected by competition from other manufacturers' CUK board and CRB board and other paper substrates such as solid bleached sulfate and



recycled clay-coated news. Additional substitute products also include plastic, shrink film and corrugated containers. In addition, while the Company has long-term relationships with many of its customers, the underlying contracts may be re-bid or renegotiated from time to time, and the Company may not be successful in renewing on favorable terms or at all. The Company works to maintain market share through efficiency, product innovation and strategic sourcing to its customers; however, pricing and other competitive pressures may occasionally result in the loss of a customer relationship.

In addition, the Company's sales historically are driven by consumer buying habits in the markets its customers serve. Changes in consumer dietary habits and preferences, increases in the costs of living, unemployment rates, access to credit markets, as well as other macroeconomic factors, may significantly negatively affect consumer spending behavior, which could have a material adverse effect on demand for the Company's products. New product introductions and promotional activity by the Company's customers and the Company's introduction of new packaging products also impact its sales. The Company's containerboard business is subject to conditions in the cyclical worldwide commodity paperboard markets, which have a significant impact on containerboard sales.

*Debt Obligations* . The Company had \$2,105.9 million of outstanding debt obligations as of March 31, 2015. This debt has consequences for the Company, as it requires a portion of cash flow from operations to be used for the payment of principal and interest, exposes the Company to the risk of increased interest rates and restricts the Company's ability to obtain additional financing. Covenants in the Company's Credit Agreement and Indentures also restrict, among other things, the disposal of assets, the incurrence of additional indebtedness (including guarantees), payment of dividends, loans or advances, and certain other types of transactions. The Credit Agreement also requires compliance with a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio. The Company's ability to comply in future periods with the financial covenants will depend on its ongoing financial and operating performance, which in turn will be subject to many other factors, many of which are beyond the Company's control. See "Financial Condition, Liquidity and Capital Resources — Liquidity and Capital Resources" for additional information regarding the Company's debt obligations.

The debt and the restrictions under the Credit Agreement and the Indentures could limit the Company's flexibility to respond to changing market conditions and competitive pressures. The outstanding debt obligations and the restrictions may also leave the Company more vulnerable to a downturn in general economic conditions or its business, or unable to carry out capital expenditures that are necessary or important to its growth strategy and productivity improvement programs.

## **OVERVIEW OF FIRST QUARTER 2015 RESULTS**

This management's discussion and analysis contains an analysis of Net Sales, Income from Operations and other information relevant to an understanding of results of operations.

- Net Sales for the three months ended March 31, 2015, decreased by \$64.5 million or 6.0%, to \$1,008.2 million from \$1,072.7 million for the three months ended March 31, 2014 primarily due to the sale of the multi-wall bag and label businesses of \$113.9 million and unfavorable exchange rates of \$29.3 million. This decrease was partially offset by the acquisition of the Benson Group ("Benson") on May 23, 2014 and the North American Acquisitions discussed below.
- Income from Operations for the three months ended March 31, 2015 increased to \$105.3 million or 32.1% from \$79.7 million for the three months ended March 31, 2014. The increase was due to the acquisitions, costs savings due to continuous improvement programs and the unplanned downtime due to power supply interruptions related to severe weather in 2014. These increases were partially offset by unfavorable exchange rates and inflation.
- On February 4, 2015, the Company completed its acquisition of certain assets of Cascades Norampac Division ("Cascades"). Cascades operated three folding carton converting facilities located in Cobourg, Ontario, Mississauga, Ontario and Winnipeg, Manitoba along with a thermo mechanical pulp mill located in Jonquiere, Quebec and a CRB mill located in East Angus, Quebec. On January 2, 2015, the Company acquired Rose City Printing and Packaging Inc. ("Rose City") through the purchase of all of the issued and outstanding stock of its parent company, Rose City Holding Company. Rose City services food and beverage end markets and operates two folding carton converting facilities located in Gresham, OR and Vancouver, WA. The Cascades and Rose City transactions are referred to collectively as the "North American Acquisitions."
- On February 4, 2015, the Company's board of directors authorized a share repurchase program to allow management to purchase up to \$ 250 million of the Company's issued and outstanding shares of common stock through open market purchases, privately negotiated transactions and Rule 10b5-1 plans. The Company repurchased 279,328 shares at an average price of \$14.30 during the quarter ended March 31, 2015 .
- Also on February 4, 2015, the Company's board of directors declared a regular quarterly dividend of \$ 0.05 per share of common stock payable on April 5, 2015 to shareholders of record as of March 15, 2015.

**RESULTS OF OPERATIONS**

	Three Months Ended	
	March 31,	
	2015	2014
Net Sales	\$ 1,008.2	\$ 1,072.7
Income from Operations	\$ 105.3	\$ 79.7
Interest Expense, Net	(16.9)	(20.4)
Income before Taxes and Equity Income of Unconsolidated Entities	\$ 88.4	\$ 59.3
Income Tax Expense	(33.6)	(24.8)
Income before Equity Income of Unconsolidated Entities	\$ 54.8	\$ 34.5
Equity Income of Unconsolidated Entities	0.3	0.3
Net Income	\$ 55.1	\$ 34.8

Prior to the sale of the multi-wall bag business on June 30, 2014, the Company reported its results in two reportable segments: paperboard packaging and flexible packaging. As a result of the sale, the Company reevaluated its reportable segments and effective July 1, 2014, the Company began to report its results in one reportable segment: paperboard packaging. Prior year results have been reclassified to include the remaining flexible packaging facility and corporate in the paperboard packaging segment.

**FIRST QUARTER 2015 COMPARED WITH FIRST QUARTER 2014****Net Sales**

<i>In millions</i>	Three Months Ended March 31,			
	2015	2014	Increase (Decrease)	Percent Change
Paperboard Packaging	\$ 1,008.2	964.7	\$ 43.5	4.5 %
Flexible Packaging	—	108.0	(108.0)	NM (a)
Total	\$ 1,008.2	\$ 1,072.7	\$ (64.5)	(6.0)%

(a) Percentage is not meaningful.

The components of the change in Net Sales by segment are as follows:

<i>In millions</i>	Three Months Ended March 31,							
	2014	Variances					Total	2015
		Price	Volume/Mix	Divestitures	Exchange	Total		
Paperboard Packaging	\$ 964.7	\$ 2.2	\$ 76.2	\$ (5.9)	\$ (29.0)	\$ 43.5	\$ 1,008.2	
Flexible Packaging	108.0	—	—	(108.0)	—	(108.0)	—	
Total	\$ 1,072.7	\$ 2.2	\$ 76.2	\$ (113.9)	\$ (29.0)	\$ (64.5)	\$ 1,008.2	

**Paperboard Packaging**

The Company's Net Sales from paperboard packaging for the three months ended March 31, 2015 increased by \$43.5 million or 4.5% to \$1,008.2 million from \$964.7 million for the same period in 2014. The increase was driven by the Benson and North American acquisitions of approximately \$83 million and slightly higher pricing due to inflationary cost pass throughs. Volume in the global beverage markets increased while volume declined in certain consumer product markets, primarily cereal and frozen food, due to continued market softness. The volume decline was partially offset by new products. Net sales were also negatively impacted by unfavorable exchange rates, primarily in the U.K. and Europe, as well as the divestiture of the label business in 2014.



## Flexible Packaging

The Company's Net Sales from flexible packaging for the three months ended March 31, 2015 decreased by \$ 108.0 million , due to the sale of the multi-wall bag business on June 30, 2014.

## Income (Loss) from Operations

<i>In millions</i>	Three Months Ended March 31,			
	2015	2014	Increase (Decrease)	Percent Change
Paperboard Packaging	\$ 105.3	\$ 87.0	\$ 18.3	21.0%
Flexible Packaging	—	(7.3)	7.3	N.M. <sup>(a)</sup>
<b>Total</b>	<b>\$ 105.3</b>	<b>\$ 79.7</b>	<b>\$ 25.6</b>	<b>32.1%</b>

<sup>(a)</sup> Percentage is not meaningful.

The components of the change in Income (Loss) from Operations by segment are as follows:

<i>In millions</i>	Three Months Ended March 31,									
	2014	Variances							Total	2015
		Price	Volume/Mix	Divestitures	Inflation	Exchange	Other <sup>(b)</sup>			
Paperboard Packaging	\$ 87.0	\$ 2.2	\$ 10.8	\$ (0.6)	\$ (4.8)	\$ (7.8)	\$ 18.5	\$ 18.3	\$ 105.3	
Flexible Packaging	(7.3)	—	—	7.3	—	—	—	7.3	—	
<b>Total</b>	<b>\$ 79.7</b>	<b>\$ 2.2</b>	<b>\$ 10.8</b>	<b>\$ 6.7</b>	<b>\$ (4.8)</b>	<b>\$ (7.8)</b>	<b>\$ 18.5</b>	<b>\$ 25.6</b>	<b>\$ 105.3</b>	

<sup>(b)</sup> Includes the Company's cost reduction initiatives, sale of assets and expenses related to acquisitions and integration activities and shutdown costs.

## Paperboard Packaging

The Company's Income from Operations from paperboard packaging for the three months ended March 31, 2015 increased by \$18.3 million or 21% to \$105.3 million from \$87.0 million for the same period in 2014. This increase was the result of cost savings through continuous improvement programs as well as general and administrative cost savings following the divestitures in 2014, the acquisitions, the higher pricing and the impact of the severe weather and related power outages in 2014. These increases were partially offset by the unfavorable exchange rates and higher inflation. The inflation was primarily related to labor and benefits (\$7.8 million), wood (\$2.0 million) and externally purchased board (\$1.6 million) partially offset by lower costs for energy (\$3.3 million), primarily due to the price of natural gas, secondary fiber (\$1.7 million), chemicals (\$0.8 million) freight (\$0.5 million) and other costs (\$0.3 million).

## Flexible Packaging

The Company's Income from Operations from flexible packaging for the three months ended March 31, 2015 decreased by \$ 7.3 million due to the sale of the multi-wall bag business.

## Interest Expense, Net

Interest Expense, Net was \$ 16.9 million and \$ 20.4 million for the first three months of 2015 and 2014, respectively. Interest Expense, Net decreased due to lower average interest rates on the Company's debt and lower average debt balances. As of March 31, 2015, approximately 41% of the Company's total debt was subject to floating interest rates.

## Income Tax Expense

During the three months months ended March 31, 2015, the Company recognized Income Tax Expense of \$ 33.6 million on Income before Income Taxes and Equity Income of Unconsolidated Entities of \$ 88.4 million . The effective tax rate for the three months ended March 31, 2015 was different than the statutory rate, primarily due to the mix and levels between foreign and domestic earnings, including losses in jurisdictions with full valuation allowances. During the three months ended March 31, 2014, the Company recognized Income Tax Expense of \$ 24.8 million on Income before Income Taxes and Equity Income of Unconsolidated Entities of \$ 59.3 million . The effective tax rate for the three months ended March 31, 2014 was different than the statutory rate primarily due to the mix and levels between foreign and domestic earnings, including losses in jurisdictions with full valuation allowances, as well as the impact of the write-off of nondeductible goodwill in connection with the sale of the labels business and other discrete items. The Company has approximately \$ 633 million of Net Operating Losses ("NOLs") for U.S. federal income tax purposes as of March 31, 2015, which are currently being used and may be used to offset future taxable income.



## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company broadly defines liquidity as its ability to generate sufficient funds from both internal and external sources to meet its obligations and commitments. In addition, liquidity includes the ability to obtain appropriate debt and equity financing and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service commitments.

### Cash Flows

<i>In millions</i>	Three Months Ended	
	March 31,	
	2015	2014
Net Cash Provided by Operating Activities	\$ 27.7	\$ 29.9
Net Cash (Used in) Provided by Investing Activities	\$ (177.4)	\$ 10.9
Net Cash Provided by (Used in) Financing Activities	\$ 115.0	\$ (58.6)

Net cash provided by operating activities for the first three months of 2015 totaled \$27.7 million, compared to net cash provided by operating activities of \$29.9 million for the same period in 2014. The decrease was due primarily to higher pension contributions of approximately \$12 million during the first three months of 2015 compared with the same period of the prior year, partially offset by improved business operations, and lower average interest rates and debt balances on the Company's debt. Pension contributions for the first three months of 2015 and 2014 were \$12.8 million and \$0.8 million, respectively.

Net cash used in investing activities for the first three months of 2015 totaled \$177.4 million, compared to net cash provided by investing activities of \$10.9 million for the same period in 2014. The year over year change was primarily due to the North American Acquisitions in the current year and the proceeds received from the sale of the labels business in the prior year.

Net cash provided by financing activities for the first three months of 2015 totaled \$115.0 million, compared to net cash used in financing activities of \$58.6 million for the same period in 2014. Current year activities included net borrowings under revolving credit facilities of \$145.5 million primarily for the North American Acquisitions, and payments on debt of \$6.3 million. The Company repurchased \$4.0 million of its common stock and withheld \$20.1 million of restricted stock units to satisfy tax withholding payments related to the payout of restricted stock units. In the prior year, the Company had net payments under revolving credit facilities of \$26.9 million and payments on debt of \$15.4 million. Additionally, in the prior year the Company withheld \$15.8 million of restricted stock units to satisfy tax withholding payments related to the payout of restricted stock units.

### Liquidity and Capital Resources

The Company's liquidity needs arise primarily from debt service on its indebtedness and from the funding of its capital expenditures, ongoing operating costs and working capital. Principal and interest payments under the term loan facility and the revolving credit facilities, together with principal and interest payments on the Company's 4.75% Senior Notes due 2021 and 4.875% Senior Notes due 2022 (the "Notes"), represent liquidity requirements for the Company. Based upon current levels of operations, anticipated cost savings and expectations as to future growth, the Company believes that cash generated from operations, together with amounts available under its revolving credit facilities and other available financing sources, will be adequate to permit the Company to meet its debt service obligations, necessary capital expenditure program requirements and ongoing operating costs and working capital needs, although no assurance can be given in this regard. The Company's future financial and operating performance, ability to service or refinance its debt and ability to comply with the covenants and restrictions contained in its debt agreements (see "Covenant Restrictions" below) will be subject to future economic conditions, including conditions in the credit markets, and to financial, business and other factors, many of which are beyond the Company's control, and will be substantially dependent on the selling prices and demand for the Company's products, raw material and energy costs, and the Company's ability to successfully implement its overall business and profitability strategies.

The Company has entered into an agreement for the purchasing and servicing of receivables (the "AR Sales Agreement"), to sell, on a revolving basis, certain trade accounts receivable balances to a third party financial institution. Transfers under this agreement meet the requirements to be accounted for as sales in accordance with the *Transfers and Servicing* topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification"). During the first quarter 2015, the Company sold and derecognized approximately \$173 million of receivables, of which \$142 million has been collected on behalf of the financial institution, \$15 million has been funded by the financial institution, resulting in a \$48 million receivable from the financial institution as of March 31, 2015. Cash proceeds related to the sales are included in cash from operating activities in the Condensed Consolidated Statements of Cash Flows in the Changes in Operating Assets and Liabilities line item. The loss on sale is not material and is included in Other Income, Net line item in the Condensed Consolidated Statement of Operations.

The Company has also entered into various factoring and supply chain financing arrangements, principally at the request of customers, which also qualify for sale accounting in accordance with the *Transfers and Servicing* topic of the FASB Codification. For the three months ended March 31, 2015 and 2014, the Company sold receivables of approximately \$81 million and \$75 million from the factoring arrangements, respectively.

Amounts transferred subject to continuing involvement, which consist principally of collection services, at March 31, 2015 and December 31, 2014, was approximately \$140 million and \$127 million, respectively.



## **Covenant Restrictions**

The Credit Agreement and the Indentures limit the Company's ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indentures, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, prepay other indebtedness, repurchase shares, pay dividends and make other restricted payments, create liens, make equity or debt investments, make acquisitions, modify terms of the indentures under which the Notes are issued, engage in mergers or consolidations, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Such restrictions, together with disruptions in the credit markets, could limit the Company's ability to respond to changing market conditions, fund its capital spending program, provide for unexpected capital investments or take advantage of business opportunities.

Under the terms of the Credit Agreement, the Company must comply with a maximum Consolidated Total Leverage Ratio covenant and a minimum Consolidated Interest Expense Ratio covenant. The Second Amended and Restated Credit Agreement, which contains the definitions of these covenants, was filed as an exhibit to the Company's Form 8-K filed on October 7, 2014.

The Company must maintain a maximum Consolidated Total Leverage Ratio of less than 4.25 to 1.00. At March 31, 2015, the Company was in compliance with the Consolidated Total Leverage Ratio covenant in the Credit Agreement and the ratio was 2.70 to 1.00.

The Company must also comply with a minimum Consolidated Interest Expense Ratio of 3.00 to 1.00. At March 31, 2015, the Company was in compliance with the minimum Consolidated Interest Expense Ratio covenant in the Credit Agreement and the ratio was 10.49 to 1.00.

As of March 31, 2015, the Company's credit was BB+ by Standard & Poor's and had improved to Ba1 by Moody's Investor Services. Standard & Poor's and Moody's Investor Services' ratings on the Company included a stable outlook.

## **Capital Investment**

The Company's capital investment in the first three months of 2015 was \$60.7 million compared to \$ 59.3 million in the first three months of 2014. The capital investments were primarily due to planned asset upgrades at the U.S.- based mills and continued investments made as part of the European integration.

## **Environmental Matters**

Some of the Company's current and former facilities are the subject of environmental investigations and remediations resulting from historical operations and the release of hazardous substances or other constituents. Some current and former facilities have a history of industrial usage for which investigation and remediation obligations may be imposed in the future or for which indemnification claims may be asserted against the Company. Also, potential future closures or sales of facilities may necessitate further investigation and may result in future remediation at those facilities. The Company has established reserves for those facilities or issues where liability is probable and the costs are reasonably estimable.

For further discussion of the Company's environmental matters, see Note 9 in Part I, Item 1, Notes to Condensed Consolidated Financial Statements.

## **CRITICAL ACCOUNTING POLICIES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Actual results could differ from these estimates, and changes in these estimates are recorded when known. The critical accounting policies used by management in the preparation of the Company's condensed consolidated financial statements are those that are important both to the presentation of the Company's financial condition and results of operations and require significant judgments by management with regard to estimates used.

The Company's most critical accounting policies which require significant judgment or involve complex estimations are described in GPHC's Form 10-K for the year ended December 31, 2014.

## **NEW ACCOUNTING STANDARDS**

For a discussion of recent accounting pronouncements impacting the Company, see Note 1 in Part I, Item 1, Notes to Condensed Consolidated Financial Statements.

## **BUSINESS OUTLOOK**

Total capital investment for 2015 is expected to be between \$220 million and \$230 million and is expected to relate principally to the Company's process capability improvements (approximately \$195 million), acquiring capital spares (approximately \$20 million), and producing packaging machinery (approximately \$10 million).

The Company also expects the following in 2015:

- Depreciation and amortization between \$275 million and \$285 million.
- Interest expense of \$70 million to \$80 million, including approximately \$4 million to \$6 million of non-cash interest expense associated with amortization of debt issuance costs.
- Cash of \$350 million to \$375 million available for net debt reduction, dividends, and share repurchases, excluding mergers and acquisitions and capital market activity.
- Pension plan contributions of \$40 million to \$60 million.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

For a discussion of certain market risks related to the Company, see Part II, “ *Item 7A, Quantitative and Qualitative Disclosure about Market Risk* ”, in GPHC’s Form 10-K for the year ended December 31, 2014 . There have been no significant developments with respect to derivatives or exposure to market risk during the first three months of 2015. For a discussion of the Company’s Financial Instruments, Derivatives and Hedging Activities, see GPHC’s Form 10-K for the year ended December 31, 2014 and “ *Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources* .”

### **ITEM 4. CONTROLS AND PROCEDURES**

#### *Disclosure Controls and Procedures*

The Company’s management has carried out an evaluation, with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as amended. Based upon such evaluation, management has concluded that the Company’s disclosure controls and procedures were effective as of March 31, 2015 .

#### *Changes in Internal Control over Financial Reporting*

There was no change in the Company’s internal control over financial reporting that occurred during the fiscal quarter ended March 31, 2015 that has materially affected, or is likely to materially affect, the Company’s internal control over financial reporting.

**PART II — OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

The Company is a party to a number of lawsuits arising in the ordinary conduct of its business. Although the timing and outcome of these lawsuits cannot be predicted with certainty, the Company does not believe that disposition of these lawsuits will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. For more information see "Note 9 - Environmental and Legal Matters" in the Notes to Condensed Consolidated Financial Statements.

**ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors previously disclosed in GPHC's Form 10-K for the year ended December 31, 2014.

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

The Company purchases shares of its common stock from time to time pursuant to the share repurchase program announced on February 4, 2015, which allows management to purchase up to \$250 million of the Company's issued and outstanding common stock.

During the first quarter of 2015, the Company purchased shares of its common stock through a broker in the open market as follows:

**Issuer Purchases of Equity Securities**

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Program (a)
March 1, 2015 through March 31, 2015	279,328	\$ 14.30	279,328	16,919,230
<b>Total</b>	<b>279,328</b>	<b>\$ 14.30</b>	<b>279,328</b>	<b>16,919,230</b>

<sup>(a)</sup> Based on the closing price of \$14.54 on March 31, 2015 and the remaining \$246 million allowed under the program to be used to repurchase common stock.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
10.1	Graphic Packaging Retirement Plan, as amended and restated effective January 1, 2015.
10.2	Riverwood International Employees Retirement Plan, as amended and restated effective January 1, 2015.
10.3	Letter Agreement among Graphic Packaging Holding Company, Graphic Packaging International, Inc. and David W. Scheible dated March 9, 2015.
31.1	Certification required by Rule 13a-14(a).
31.2	Certification required by Rule 13a-14(a).
32.1	Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**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.

GRAPHIC PACKAGING HOLDING COMPANY  
(Registrant)

<u>/s/ STEPHEN R. SCHERGER</u> Stephen R. Scherger	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	April 23, 2015
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<u>/s/ DEBORAH R. FRANK</u> Deborah R. Frank	Vice President and Chief Accounting Officer (Principal Accounting Officer)	April 23, 2015
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# **GRAPHIC PACKAGING RETIREMENT PLAN**

(As Amended and Restated Effective January 1, 2015)

## **CORE DOCUMENT**

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#### **CERTAIN HISTORICAL PROVISIONS**

## **GRAPHIC PACKAGING RETIREMENT PLAN**

### **PREAMBLE**

The Plan as amended and restated herein is generally effective as of January 1, 2015, except as otherwise provided. Any Member of the Plan who is credited with at least one Hour of Service after the effective date of this amendment and restatement shall be subject to the provisions of the Plan as so amended and restated. Any Member of the Plan who terminated employment prior to the effective date of this amendment and restatement shall be subject to the provisions of this Plan as in effect immediately prior to such Member's termination of employment, except as otherwise specified in the Plan, adopting resolutions, or required by law. The Plan and Trust are intended to comply with the provisions of the Code and ERISA.

Notwithstanding anything contained in the Plan to the contrary, except with respect to provisions relating to (i) the Plan's definition of "Spouse," (ii) Section 436 of the Code, and (iii) the operation of the Retirement Committee, this amendment and restatement of the Plan is intended only to incorporate prior amendments to the Plan for the purpose of obtaining a determination letter from the Internal Revenue Service; it is not intended, nor shall it be construed, to increase or decrease any benefits accrued under the Plan prior to the Effective Date, except those provided in prior amendments to the Plan.

### **Article 1 . DEFINITIONS**

**1.1** *Accrued Benefit* means the benefit to which a Member is entitled under the Plan, as computed in accordance with the provisions of the applicable Appendix as of the applicable date of calculation.

**1.2** *Affiliated Employer* means any company which is (a) a member of a controlled group of corporations (as defined in Section 414(b) of the Code), which also includes the Employer as a member of such controlled group of corporations; (b) any trade or business under common control (as defined in Section 414(c) of the Code) with the Employer; (c) any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Employer; and (d) any other entity required to be aggregated with the Employer pursuant to regulations under Section 414(o) of the Code. Notwithstanding the foregoing sentence, for purposes of Section 1.19, "Leased Employee," the definitions in Sections 414(b) and (c) of the Code shall be modified as provided in Section 415(h) of the Code.

**1.3** *Annuity Starting Date* means, unless otherwise specified in an Appendix, the first day of the first period for which an amount is paid as an annuity or any other form. However, the Annuity Starting Date for a Member retired on a disability Pension continuing until his Normal Retirement Date shall be his Normal Retirement Date.

**1.4** *Appendix* means the separate provisions applicable to the various groups of Employees covered by the Plan, as

detailed below:

- (a) “Appendix 1” means the provisions of the Plan contained in Appendix 1, which covers non-union Employees.
- (b) “Appendix 2” means the provisions of the Plan contained in Appendix 2, which covers Employees employed at the Kalamazoo Board Mill or the Kalamazoo Carton Plant and represented by the union identified in Appendix 2.
- (c) “Appendix 3” means the provisions of the Plan contained in Appendix 3, which covers Employees employed at the Menasha, Wisconsin Carton Plant or the Wausau, Wisconsin Carton Plant and represented by the union identified in Appendix 3.
- (d) “Appendix 4” means the provisions of the Plan contained in Appendix 4, which covers Employees employed at the Charlotte, North Carolina Plant and represented by the union identified in Appendix 4.
- (e) “Appendix 5” means the provisions of the Plan contained in Appendix 5, which covers Employees employed at the Gordonsville, Tennessee Plant and represented by the union identified in Appendix 5.
- (f) “Appendix 6” means the provisions of the Plan contained in Appendix 6, which covered Employees employed at the Garden Grove, California Carton Plant who were represented by the union identified in Appendix 6. The Garden Grove, California Carton Plant was closed effective April 21, 2004 and therefore there are no longer any active employees covered by Appendix 6.
- (g) “Appendix 7” means the provisions of the Plan contained in Appendix 7, which covered Employees employed at the Perrysburg, Ohio Facility who were represented by the union identified in Appendix 7. The Perrysburg, Ohio Facility was closed effective July 1, 2000 and therefore there are no longer any active employees covered by Appendix 7.
- (h) “Appendix 8” means the provisions of the Plan contained in Appendix 8, which covers Employees employed at the North Portland, Oregon Facility and represented by the union identified in Appendix 8.
- (i) “Appendix 9” means the provisions of the Plan contained in Appendix 9, which covers Employees employed at the Menasha, Wisconsin Plant, the Wausau, Wisconsin Plant, or the Newnan, Georgia Plant and are represented by the union identified in Appendix 9. The Newnan, Georgia Plant was closed in July, 2002 and therefore there are no longer any active employees covered by Appendix 9 at that location.
- (j) “Appendix 10” means the provisions of the Plan contained in Appendix 10, which covers Employees who formerly participated in the Universal Packaging Corporation Pension Plan. Appendix 10 applies solely to benefits accrued under the Universal Packaging Corporation Pension Plan prior to January 1, 2000. Employees covered under the provisions of Appendix 10 accrue benefits for service rendered on and after January 1, 2000 under the provisions of Appendix 1.

**1.5** *Beneficiary* means the person designated by the Member on the form provided by and filed with the Retirement Committee to receive any benefit that becomes payable upon the Member’s death in accordance with the provisions of Section 2.4.

**1.6** *Board of Directors* means on and after March 10, 2008, the Board of Directors of Graphic Packaging Holding Company.

**1.6A** *Charter* means the Charter of the Retirement Committee of Graphic Packaging International, Inc., as amended from time to time or such other charter or operating procedures adopted by the Board of Directors which defines the scope of the Retirement Committee’s authorities and responsibilities with respect to the Plan.

**1.7** *Code* means the Internal Revenue Code of 1986, as amended and the regulations and rulings in effect thereunder.

**1.8** *Core Document* means the provisions of the Plan, which are contained in this Section of the Plan and which, together with the separate Appendices, comprise the Plan.

**1.9** *Effective Date* means January 1, 2015, the date that this amendment and restatement of the Plan generally will be effective, except as otherwise specified herein. The original effective date of the Plan was December 28, 1992.

**1.10** *Eligible Employee* means any Employee who is eligible to participate in the Plan under the terms of the applicable Appendix. An Employee is deemed to be an Eligible Employee solely with respect to the benefits provided under the applicable Appendix.

**1.11** *Employee* means any individual who provides services to the Employer as a common law employee and whose remuneration is subject to the withholding of federal income tax pursuant to Section 3401 of the Code. Notwithstanding the preceding sentence, the term “Employee” shall exclude:

- (a) any individual whose employment is subject to a collective bargaining agreement between the Employer and a union that is not listed in an attached Appendix,
- (b) any individual who is first employed by the Employer prior to January 1, 2004 in employment not subject to a collective bargaining agreement listed in the Appendices and who is not paid from the payroll processed from the Ceridian Corporation as of August 8, 2003 or the date when first employed by the Employer, if later,
- (c) any individual who is first employed by the Employer on or after January 1, 2004 in employment not subject to a collective bargaining agreement listed in the Appendices unless such individual is assigned when first employed by the Employer to:
  - (i) one of the following plant locations: Golden, CO Carton; Centralia, IL Laminations; Centralia, IL Carton; Lawrenceburg, TN Carton; North Portland, OR Carton; Tuscaloosa, AL Laminations; Wausau, WI Carton; Bow, NH Carton; Charlotte, NC Carton; Fort Smith, AR Carton; Gordonsville, TN Carton; Kalamazoo, MI Carton; Kalamazoo, MI Board Mill; Kendallville, IN Carton; Lumberton, NC Carton; Menasha, WI Carton; Mitchell, SD Carton; Richmond, VA Carton; Garden Grove, CA Carton; or
  - (ii) either of the following divisions, but not a specified plant location: Performance Packaging Division and Universal Packaging Division;
- (d) any individual (i) who provides services to the Employer under an agreement, contract, or any other arrangement pursuant to which the individual is initially classified as an independent contractor or (ii) whose remuneration for services has not been treated initially as subject to the withholding of federal income tax pursuant to Section 3401 of the Code even if the individual described in (i) or (ii) is subsequently reclassified as a common law employee as a result of a final decree of a court of competent jurisdiction or the settlement of an administrative or judicial proceeding,
- (e) any Leased Employees, except solely for the purposes of applying the nondiscrimination requirements of Section 414(n)(3) of the Code, Employee shall include leased employees within the meaning of Section 414(n)(2) of the Code. Notwithstanding the foregoing, if such leased employees constitute less than twenty percent of the Employer’s or Affiliated Employer’s non-highly compensated workforce within the meaning of Section 414(n)(5)(C)(ii) of the Code, Employee shall not include those leased employees covered by a plan described in Section 414(n)(5) of the Code,
- (f) any individual covered by any other private qualified defined benefit retirement plan contributed to by an Affiliated Employer for the period of such coverage,
- (g) a non-resident alien who either (i) receives no earned income (within the meaning of Section 911(d)(2) of the Code) from the Employer or any Affiliated Employer that constitutes income from sources within the

United States (within the meaning of Section 861(a)(3) of the Code) or (ii) receives earned income from the Employer or an Affiliated Employer that constitutes income from sources within the United States, but such income is exempt from United States income tax by an income tax treaty or convention,

- (h) any individual covered by the ACX Technologies, Inc. Retirement Plan for the period such coverage is in effect, and
- (i) any individual employed by the Employer or an Affiliated Employer for the period prior to the adoption of the Plan by the Employer or Affiliated Employer, unless specifically provided otherwise in the Plan.

The term “employee” as used in this Plan means any individual who is employed by the Employer or an Affiliated Employer as a common law employee of the Employer or an Affiliated Employer, regardless of whether the individual is an “Employee” and any Leased Employee.

Each Appendix shall indicate the Eligible Employees to which it applies.

**1.12 *Employer*** means Graphic Packaging International, Inc. and any successor by merger, purchase or otherwise with respect to its employees, or any other company participating in the Plan as provided in Section 8.3 with respect to its employees.

**1.13 *Equivalent Actuarial Value*** means equivalent value when determined on the basis of the mortality table prescribed by Revenue Ruling 2001-62 and an interest rate of five percent per year, compounded annually, except as otherwise specified in this Core Document or an applicable Appendix.

**1.14 *ERISA*** means the Employee Retirement Income Security Act of 1974, as amended.

**1.15 *Fund(s)*** means the funds of the Plan maintained by the Trustee in accordance with the terms of the Trust Agreement.

**1.16 *Hour of Service*** means each hour of service as defined in the applicable Appendix.

**1.17 *IRS Interest Rate*** means, with respect to determining the amount of a benefit with an Annuity Starting Date:

- (a) on and after January 1, 2007 and prior to January 1, 2008, the interest rate prescribed under Section 417(e)(3)(A)(ii)(II) of the Code for the second full calendar month preceding the applicable Stability Period;
- (b) on and after January 1, 2008 and prior to January 1, 2010, the interest rate prescribed under Section 417(e)(3)(C) of the Code for the second full calendar month preceding the applicable Stability Period; and
- (c) on and after January 1, 2010, the interest rate prescribed under Section 417(e)(3)(C) of the Code for the fifth full calendar month preceding the applicable Stability Period.

**1.18 *IRS Mortality Table*** means, with respect to determining the amount of a benefit with an Annuity Starting Date:

- (a) prior to December 31, 2002, the mortality table prescribed under Section 417(e)(3)(A)(ii)(I) of the Code as in effect on the first day of the applicable Stability Period;
- (b) on and after December 31, 2002 and prior to January 1, 2008, the mortality table prescribed by Revenue Ruling 2001-62 as in effect on the first day of the applicable Stability Period; and
- (c) on and after January 1, 2008, the mortality table prescribed under Section 417(e)(3)(B) of the Code as in effect on the first day of the applicable Stability Period.

**1.19 *Leased Employee*** means any person (other than a common law employee of the Employer or an Affiliated Employer) who performs services for the Employer or an Affiliated Employer provided all of the following

circumstances exist:

- (a) such services are provided pursuant to an agreement between an organization or person (the “leasing organization”) and the Employer or Affiliated Employer,
- (b) such services have been performed for the Employer or an Affiliated Employer (or for the Employer and related persons determined in accordance with Section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year, and
- (c) such services are performed under the primary direction or control of the Employer or Affiliated Employer.

**1.20** *Member* means any person included in the membership of the Plan, as provided in the applicable Appendix.

**1.21** *Normal Retirement Date* means the date identified in the applicable Appendix.

**1.22** *Pension* means the annual or monthly amount payable to a Member or his Beneficiary, determined under the benefit formula specified in the applicable Appendix.

**1.23** *Plan Sponsor* means Graphic Packaging International, Inc. or any successor by merger, purchase or otherwise.

**1.24** *Plan Year* means the calendar year.

**1.25** *Required Beginning Date* means April 1 of the calendar year following the later of (a) the calendar year in which the Member attains age 70½ or (b) the calendar year in which the Member retires; provided, however, that the Required Beginning Date for a Member who is a five percent owner (as defined in Section 1.401(a)(9)-2, Q&A-2(c) of the U. S. Treasury Department regulations) is April 1 of the calendar year following the calendar year in which the Member attains age 70½.

**1.26** *Retirement Committee* means the committee which is maintained and governed in accordance with the Charter to administer and supervise the Plan as provided in Article 5. The Retirement Committee shall be a “named fiduciary” within the meaning of Section 402(a) of ERISA and shall carry out the duties of the “plan administrator” of the Plan as imposed by ERISA.

**1.27** *Spousal Consent* means written consent given by a Member’s Spouse to an election made by the Member which specifies the form of Pension and Beneficiary designated by the Member. Spousal Consent shall be duly witnessed by a notary public or Plan representative, and shall acknowledge the effect on the Spouse of the Member’s election. Once given, Spousal Consent may not be revoked after the Annuity Starting Date. The requirement for Spousal Consent may be waived by the Retirement Committee if it is established to its satisfaction that there is no Spouse, or that the Spouse cannot be located, or because of such other circumstances as may be established by applicable law. Spousal Consent shall be applicable only to the particular Spouse who provides such consent.

**1.28** *Spouse* means, effective June 26, 2013, with respect to a Member, the person who is treated as married to such Member under the laws of the U.S. jurisdiction or foreign jurisdiction that sanctioned such marriage. The determination of a Member’s Spouse will be made as of the date of such Member’s death. In addition, a Member’s former Spouse will be treated as his Spouse to the extent provided under a qualified domestic relations order, as defined in Code Section 414 (p).

**1.29** *Stability Period* means the Plan Year in which occurs the Annuity Starting Date for the distribution.

**1.30** *Statutory Compensation* means compensation from the Employer or any Affiliated Employer as defined in U.S. Treasury Department regulation section 1.415(c)-2(d)(4) ( *i.e.*, information required to be reported under Sections 6041, 6051 and 6052 of the Code (“W-2 Pay”) plus amounts that would be included in wages but for an election under Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code). For Plan Years beginning on or after July 1, 2007, the preceding definition of compensation shall be modified as required under the provisions of U.S. Treasury Department regulation section 1.415(c)-2(e) and shall include all amounts permitted to be recognized under the

provisions of U.S. Treasury Department regulation section 1.415(c)-2(e)(2) and (3) and, effective on and after January 1, 2009, U.S. Treasury regulation section 1.415(c)-2(e)(4). Also, effective for Plan Years beginning on and after January 1, 2009, Statutory Compensation shall include differential wage payments (as defined in Section 3401(h)(2) of the Code) paid to an individual by the Employer, to the extent not otherwise included in this definition of Statutory Compensation. For purposes of applying the top-heavy provisions under Section 3.3 and effective for Plan Years beginning on and after July 1, 2007, for purposes of applying the maximum benefit limitations under Section 3.2, Statutory Compensation shall not exceed the limitation on compensation under Section 401(a)(17) of the Code.

**1.31** *Trust Agreement* means the agreement between the Plan Sponsor and the Trustee establishing the trust, and all amendments thereto.

**1.32** *Trustee* means the trustee holding the Funds of the Plan as provided in Article 6.

**1.33** *Vesting Service* means the Employee's period of service recognized as Vesting Service under the provisions of the applicable Appendix.

## ARTICLE 2 . BENEFIT AND PAYMENT PROVISIONS

### 2.1 *Participation*

An Employee shall become a Member of the Plan in accordance with the terms of the applicable Appendix.

### 2.2 *Benefit Provisions*

The benefits provided under the Plan are set forth in the applicable Appendix.

### 2.3 *Election of an Optional Form of Pension*

A Member's election of an optional form of payment under an Appendix shall be subject to the following provisions:

(a) Election of Optional Forms.

(i) Election. During the election period specified in paragraph (c), a Member may elect to convert the Pension otherwise payable to him into an optional Pension of Equivalent Actuarial Value, as provided in one of the options specified in the applicable Appendix.

(ii) Spousal Consent. A married Member's election of any option shall only be effective if Spousal Consent to the election is received by the Retirement Committee, unless:

(A) the option provides for monthly payments to his Spouse for life after the Member's death, in an amount equal to at least 50%, but not more than 100%, of the monthly amount payable under the option to the Member, and

(B) the option is of Equivalent Actuarial Value to the Qualified Joint and Survivor Annuity (as defined in the applicable Appendix).

(b) Notice. The Retirement Committee shall furnish to each Member a written notice explaining in nontechnical language the terms and conditions of the Pension payable to the Member in the optional forms described in the applicable Appendix. Such explanation shall include a general description of the eligibility conditions for, and the material features and relative values of, the optional forms of Pensions under the Plan, any rights the Member may have to defer commencement of his Pension, the consequences of the Member's failure to defer, the requirement for Spousal Consent as provided in paragraph (a)(ii), and the right of the Member to make, and to revoke, elections under this Section. The

notice shall be provided not less than 30 days and no more than 90 days before the Member's Annuity Starting Date, provided, however, the notice may be provided after the Annuity Starting Date with respect to a Member who is entitled to a Pension under Appendices 2 through 9, or with respect to a Member who is entitled to a Pension payable under the provisions of Appendix 1 or 10 if the written notice as described above was not provided on a timely basis (i) due to an administrative error as determined by the Retirement Committee on a basis uniformly applicable to all Members similarly situated, or (ii) due to an involuntary termination of employment.

(c) Form and Timing of Election. An election of an optional form shall be made on a form provided by the Retirement Committee. The timing of such election shall be subject to the following:

(i) General Rule. Except as otherwise provided in this paragraph (c), a Member's election of an optional form may be made at any time during the period beginning on the date the Member receives the notice described in paragraph (b) and ending on the Member's Annuity Starting Date. Notwithstanding the foregoing, an election received after the Annuity Starting Date shall be deemed to have been made within the election period if:

- (A) the notice described in paragraph (b) is provided to the Member at least 30 days before the Annuity Starting Date;
- (B) distributions commence not later than 90 days after the date such notice is provided to the Member; and
- (C) the Member's election is made before the date distributions commence.

A distribution shall not be deemed to violate the requirement of subparagraph (B) merely because, due solely to administrative delay, it commences more than 90 days after the date notice is provided to the Member.

A Member's Annuity Starting Date may not occur sooner than 30 days after receipt of the notice, except as permitted under subparagraph (ii).

(ii) Waiver of 30-Day Period. A Member may, after having received the notice described in paragraph (b), affirmatively elect to have his Pension commence sooner than 30 days following his receipt of the notice, provided all of the following requirements are met:

- (A) the Retirement Committee clearly informs the Member that he has a period of at least 30 days after receiving the notice to decide when to have his benefits begin, and, if applicable, to choose a particular optional form of payment;
- (B) after receiving the notice, the Member affirmatively elects a date for his Pension to begin and, if applicable, an optional form of payment;
- (C) the Member is permitted to revoke his election until the later of his Annuity Starting Date or at any time prior to the commencement of benefit payments;
- (D) payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay); and
- (E) the Member's Annuity Starting Date is after the date the notice is provided, except as provided in subparagraph (iii).

- (iii) Retroactive Annuity Starting Date. If a Member is eligible (in accordance with the provisions of the last sentence of paragraph (b) above) to elect, and does elect, an Annuity Starting Date that precedes the date he received the notice (a "retroactive Annuity Starting Date"), such election shall be subject to the following requirements:
- (A) With respect to an election made by a Member who is entitled to a Pension payable under the provisions of Appendix 1 or 10 and who is involuntarily terminated by the Employer, the retroactive Annuity Starting Date is within the 120-day period following the Member's termination of employment with the Employer and all Affiliated Employers.
  - (B) The Member's benefit, including any interest adjustment, must satisfy the provisions of Section 415 of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if the form of payment is not subject to the provisions of Section 417(e)(3) of the Code and payments commence within 12 months of the Member's retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date.
  - (C) If payment is made in the form of an annuity that is not subject to the provisions of Section 417(e)(3) of the Code, a payment equal in amount to the sum of the monthly payments that the Member would have received during the period commencing on his retroactive Annuity Starting Date and ending with the month preceding his actual commencement date, plus interest at the rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually, shall be paid to the Member on his actual commencement date.
  - (D) Spousal Consent to the retroactive Annuity Starting Date is required for such election to be effective unless:
    - (I) the amount of the survivor annuity payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member is no less than the amount the Spouse would have received under the Qualified Joint and Survivor Annuity if the date payments commence were substituted for the retroactive Annuity Starting Date; or
    - (II) the Member's Spouse on his retroactive Annuity Starting Date is not his Spouse on his actual commencement date and is not treated as his Spouse under a qualified domestic relations order.
  - (E) If the Member elects payment in a form of payment that is subject to the provisions of Section 417(e)(3) of the Code:
    - (I) the monthly amount shall not be less than the amount that would have been paid in the same form on the retroactive Annuity Starting Date if the benefit amount had been calculated using the IRS Interest Rate and the IRS Mortality Table in effect on the actual commencement date; and
    - (II) interest shall be credited in the same manner as described under clause (C) above.
  - (F) The provisions of subparagraphs (i) and (ii) above shall apply by substituting the actual commencement date for the Annuity Starting Date.
  - (G) Payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay)."

- (d) Revocation of Election . An election of an option under the applicable Appendix may be revoked on a form provided by the Retirement Committee, and subsequent elections and revocations may be made at any time during the election period described above. An election of an optional benefit shall be effective on the Member's Annuity Starting Date and may not be modified after his Annuity Starting Date unless otherwise provided in paragraph (c) above. A revocation of any election shall be effective when the completed form is timely filed with the Retirement Committee. If a Member who has elected an optional benefit dies before his Annuity Starting Date (or before the date the election of the option becomes effective under paragraph (c) above, if later), the election shall be revoked. If the Beneficiary designated under an option dies before the Member's Annuity Starting Date (or before the date the election of the option becomes effective under paragraph (c) above, if later), the election shall be revoked.

## **2.4 Beneficiary Designations**

- (a) Designation . Each Member may designate a primary beneficiary and a contingent beneficiary to receive a death benefit that may become payable under this Plan other than a death benefit payable only to a surviving Spouse. A designation of anyone other than the Spouse as the sole Beneficiary shall not be effective unless the Spouse consents in a writing that is witnessed by a notary public or Plan representative. Beneficiary designations shall be made on forms furnished by the Retirement Committee and shall become effective only when filed with the Retirement Committee. Except as otherwise provided in the applicable Appendix, if the Member survives all primary and contingent Beneficiaries or if the Member dies without a valid beneficiary designation, any death benefits shall be paid to his surviving Spouse, or if none, to his estate.
- (b) Proof of Death . A copy of the Member's death certificate shall be sufficient proof of death for purposes of this Plan, and the Retirement Committee shall be fully protected in relying thereon. In the absence of a death certificate, the Retirement Committee may rely on such other evidence of death as it deems necessary or appropriate.
- (c) 120-Hour Survival Requirement . A Beneficiary who does not survive the Member by at least 120 hours shall be deemed to have predeceased the Member. Any benefit payable to such Beneficiary shall be paid to the next designated Beneficiary, or if there is no Beneficiary shall be paid pursuant to paragraph (a) above.

## **2.5 Pension Payout Rules**

- (a) Commencement of Payment . Except as otherwise provided in the applicable Appendix, payment of a Member's Pension shall begin as soon as administratively practicable following the later of (i) the Member's 65th birthday, or (ii) the date he terminates service with the Employer and all Affiliated Employers (but not more than 60 days after the close of the Plan Year in which the later of (i) or (ii) occurs).
- (b) Mandatory Distribution Under Section 401(a)(9) of the Code . Notwithstanding any provisions of the Plan to the contrary, a Member's Pension shall commence no later than his Required Beginning Date.

## **2.6 Distribution Limitation**

Notwithstanding any other provisions of the Plan, all distributions from the Plan shall conform to the regulations issued under Section 401(a)(9) of the Code, including the incidental death benefit provisions of Section 401(a)(9) of the Code. Further, such regulations shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code. If a Member dies after Pension payments have commenced, any payments continuing on to his Spouse or Beneficiary shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death. With respect to distributions under the Plan made on or after January 1, 2001 ("New Reg Effective Date") for calendar years beginning on or after January 1, 2001 and prior to January 1, 2006, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the regulations under Section 401(a)(9) of the Code that were proposed on January 17, 2001 (the "2001 Proposed

Regulations”), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a Member for 2001 prior to the New Reg Effective Date are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such Member for 2001 on or after such date. If the total amount of required minimum distributions made to a Member for 2001 prior to the New Reg Effective Date are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations.

With respect to Pensions commencing on or after January 1, 2006, the following rules shall apply:

- (a) Any additional benefits accruing to a Member in a calendar year after the first distribution calendar year will be distributed beginning as of the first payment interval ending in the calendar year immediately following the calendar year in which such amounts accrue.
- (b) If a Member’s Pension is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a non-Spouse Beneficiary, annuity payments to be made on or after the Member’s Required Beginning Date to the Beneficiary after the Member’s death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of Section 1.401(a)(9)-6 of the U.S. Treasury Department regulations. If the Annuity Starting Date occurs in a calendar year which precedes the calendar year in which the Member reaches age 70, in determining the applicable percentage, the Member/Beneficiary’s age difference is reduced by the number of years that the Member is younger than age 70 on the Member’s birthday in the calendar year that contains the Annuity Starting Date.
- (c) If the Member’s Pension is being distributed in the form of a period certain and life annuity option, the period certain may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations plus the excess of 70 over the age of the Member as of the Member’s birthday in the year that contains the Annuity Starting Date.
- (d) For purposes of this Section, the following definitions shall apply:
  - (i) “Beneficiary” means an individual other than the Member’s Spouse who is designated to receive survivor benefits under a joint and survivor annuity or a period certain annuity as an optional form of payment. Such Beneficiary shall constitute the designated beneficiary as such term is used under Section 401(a)(9) of the Code and Section 1.401(a)(9)-1, Q&A-4, of the U. S. Treasury Department regulations.
  - (ii) “Distribution calendar year” means a calendar year for which a minimum distribution is required. For distributions beginning before a Member’s death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member’s Required Beginning Date.
  - (iii) “Life expectancy” is life expectancy as computed using the Single Life Table in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations.

## **2.7 Suspension of Benefits**

- (a) Suspension. Subject to the provisions of the applicable Appendix, a Member’s benefits shall, for purposes of this Section, be deemed to have been suspended for any month in which the Member remains

employed after reaching his Normal Retirement Date and before reaching his Required Beginning Date.

Upon subsequent retirement, the late retirement benefit payable with respect to any Member whose benefit has been suspended following his attainment of his Normal Retirement Date shall be an immediate benefit beginning as of the first day of the month following the Member's late retirement date (unless the Member elects a later commencement date) and shall be equal to the greater of (i) the amount determined in accordance with the provisions of the applicable Appendix as of his late retirement date, or (ii) an amount which is of Equivalent Actuarial Value to the benefit to which the Member would have been entitled under the provisions of the applicable Appendix if he had retired on his Normal Retirement Date, recomputed as of the first day of each subsequent Plan Year (and as of his actual late retirement date) as if each such date were the Member's late retirement date. The resulting retirement benefit shall then be reduced by the Equivalent Actuarial Value of any payments made with respect to the Member's retirement benefit after his Normal Retirement Date. In the event the Member elects to defer payment beyond his late retirement date (but in no event later than his Required Beginning Date), the Member's benefit shall be of Equivalent Actuarial Value to the benefit otherwise payable as of his late retirement date.

Benefits of a Member in pay status shall be suspended if the Member is re-employed by the Employer or an Affiliated Employer but only for those calendar months in which he completes at least 40 Hours of Service as an Eligible Employee. Upon his subsequent retirement, his eligibility for a benefit and the amount of the benefit shall be determined and calculated as if he were then first retired. In no event shall such benefit be less than the benefit received by the Member upon his original retirement. The benefit, as so determined, shall be reduced actuarially for the amount of any benefits paid prior to his Normal Retirement Date by reason of the previous retirement. If any payment that could have been suspended under this Section is paid to the Member, subsequent benefit payments shall be offset by that amount; provided however, that except for any offset applied to the initial payment upon resumption of benefit payments, the offset will be spread over subsequent payments so that no single monthly benefit payment is reduced by more than 25%.

- (b) Amount Suspended. The amount suspended shall be an amount equal to the monthly benefit payment that would have otherwise been payable, but not more than would have been payable as a single life annuity.
- (c) Resumption of Payment. If benefit payments have been suspended, then, unless a Member elects a later commencement date pursuant to the provisions of the applicable Appendix, payments shall resume no later than the first day of the third calendar month in which the Employee ceases to be employed or, if earlier, the Employee's Required Beginning Date. The initial payment upon resumption shall include (i) the payment scheduled to be made in the calendar month when payments resume and (ii) any amounts withheld during the period between the cessation of employment and the resumption of payments, less any offset provided under paragraph (a) above.
- (d) Exception; Waiver of Participation. A retired Member who is re-employed as an Eligible Employee may elect to waive participation in the Plan with the consent of his Spouse. All such waivers shall be in writing on a form furnished by the Retirement Committee, and all spousal consents shall satisfy the requirements of Section 2.3(a)(ii). Such a Member shall continue to receive his benefit payments and shall accrue no additional benefits under the Plan. A Member who has waived participation may later elect to participate if he then satisfies the requirements for participation by filing a written notice with the Retirement Committee. His benefit shall then be suspended under this Section for each subsequent calendar month in which he completes at least 40 Hours of Service as an Eligible Employee.

## **2.8 Direct Rollovers**

- (a) Elective Rollovers. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner

prescribed by the Retirement Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

- (b) Mandatory Rollovers. Notwithstanding any provision of the Plan to the contrary, effective March 28, 2005 if the present value of the Member's Accrued Benefit amounts to at least \$1,000 but not more than \$5,000, and if the Member fails to make an affirmative election to either receive the lump sum payment in cash or have it directly rolled over to an eligible retirement plan pursuant to the provisions of paragraph (a) within such election period as shall be prescribed by the Retirement Committee, the Retirement Committee shall direct the Trustee to transfer such lump sum payment to an individual retirement plan (within the meaning of Section 7701(a)(37) of the Code) ("IRA") selected by the Retirement Committee. The IRA shall be maintained for the exclusive benefit of the Member on whose behalf such transfer is made. The transfer shall occur as soon as practicable following the end of the election period. The funds in the IRA shall be invested in an investment product designed to preserve principal and provide a reasonable rate of return, whether or not such return is guaranteed, consistent with liquidity, as determined from time to time by the Retirement Committee. In implementing the provisions of this paragraph, the Retirement Committee shall:
- (i) enter into a written agreement with each IRA provider setting forth the terms and conditions applicable to the establishment and maintenance of the IRAs in conformity with applicable law;
  - (ii) furnish Members with notice of the Plan's automatic rollover provisions, including, but not limited to, a description of the nature of the investment product in which the assets of the IRA will be invested and how the fees and expenses attendant to the IRA will be allocated, and a statement that a Member may roll over the assets of the IRA to another eligible retirement plan. Such notice shall be provided to Members in such time and form as shall be prescribed by the Retirement Committee in accordance with applicable law; and
  - (iii) fulfill such other requirements of the safe harbor contained in Department of Labor Regulation Section 2550.404a-2 and, if applicable, the conditions of Department of Labor Prohibited Transaction Class Exemption 2004-16.
- (c) Definitions. The following definitions apply to the terms used in this Section:
- (i) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:
    - (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more;
    - (B) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;
    - (C) any after-tax amount unless such amount is rolled over or transferred ( *i.e.*, directly rolled) to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or, effective on or after January 1, 2008, a Roth individual retirement account described in Section 408A(b) of the Code; or transferred ( *i.e.*, directly rolled over) to:
      - (1) a qualified defined contribution plan described in Section 401(a) of the Code;
      - (2) effective on and after January 1, 2007, any qualified plan described in Section 401(a) of the Code; or

(3) effective on and after January 1, 2007, an annuity plan described in Section 403(b) of the Code,

provided that a plan described in subparagraph (1), (2) or (3) agrees to separately account for such after-tax amount and earnings thereon.

(ii) “Eligible retirement plan” means any of the following types of plans that accept the distributee’s eligible rollover distribution:

(A) a qualified plan described in Section 401(a) of the Code;

(B) an annuity plan described in Section 403(a) of the Code;

(C) an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively;

(D) effective January 1, 2002, an annuity contract described in Section 403(b) of the Code;

(E) effective January 1, 2002, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; and

(F) effective January 1, 2008, a Roth IRA described in Section 408A of the Code.

(iii) “Distributee” means an employee or former employee. In addition, solely for purposes of paragraph (a) above, the employee’s or former employee’s surviving Spouse and the employee’s or former employee’s Spouse or former Spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code are distributees with regard to the interest of the Spouse or former Spouse.

(iv) “Direct rollover” means a payment by the Plan to the eligible retirement plan specified by the distributee.

(d) Non-Spouse Beneficiary Rollover. Notwithstanding any provision of this Section to the contrary, effective as of January 1, 2010, the non-Spouse Beneficiary of a deceased Member may elect, at the time and in the manner prescribed by the Retirement Committee, to directly roll over any portion of a distribution that would constitute an eligible rollover distribution if it were made to a Member, Spouse or alternate payee, provided such direct rollover is made to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or a Roth IRA described in Section 408A of the Code (collectively, “IRA”) that is established on behalf of the non-Spouse Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Sections 402(c)(11) and 408(d)(3)(C)(ii) of the Code. Distributions under this paragraph that would have been eligible rollover distributions if made to a Member, surviving spouse or alternate payee will be treated as eligible rollover distributions for all purposes under the Code, regardless of whether the non-spouse Beneficiary elects to directly roll over such distribution.

## **2.9 Special Commencement Right During 2014**

Notwithstanding anything in (i) Section 2.3, or (ii) Article 5 or Article 6 of the applicable Appendix to the contrary, certain Members may elect to commence their Pension with an Annuity Starting Date on the Special Annuity Starting Date (as defined below), in accordance with this Section.

(a) Definitions. For purposes of this Section, each of the following terms when capitalized has the respective meaning set forth below:

- (i) Eligible Participant . An “Eligible Participant” is a vested Member who meets all of the following requirements:
    - (A) The Member had a termination of employment with the Employer and all Affiliated Employers with a vested Pension prior to April 1, 2014 and has not been reemployed by the Employer or an Affiliated Employer on or before the Special Annuity Starting Date;
    - (B) The Member is not receiving benefits under a long-term disability plan of the Employer or an Affiliated Employer;
    - (C) The Member has not attained his or her Normal Retirement Date on or before the Special Annuity Starting Date;
    - (D) The Member has not commenced his or her benefit as of an Annuity Starting Date prior to the Special Annuity Starting Date;
    - (E) No portion of the Member’s Accrued Benefit is subject to a qualified domestic relations order or other lien that is in effect or pending as of the Special Annuity Starting Date;
    - (F) As of the Special Annuity Starting Date, the Member had not deceased; and
    - (G) The Equivalent Actuarial Value of the Member’s Accrued Benefit determined as of November 1, 2014 is no greater than \$50,000.
  - (ii) Special Annuity Starting Date . The “Special Annuity Starting Date” means November 1, 2014.
  - (iii) Window Election Period . The “Window Election Period” means the period beginning on August 18, 2014 and ending on October 3, 2014.
- (b) Payment Options for Eligible Participants . The following provisions apply to Eligible Participants who commence their Plan benefits under this Section:
- (i) Retirement-Eligible Participant . An Eligible Participant who, as of the Special Annuity Starting Date, is eligible to commence an early retirement Pension under Section 5.3 of the applicable Appendix or a vested Pension under Section 5.5 of the applicable Appendix as of the Special Annuity Starting Date, may elect to receive his or her Pension benefit in the form of a lump-sum payment pursuant to this Section or in any form of benefit otherwise available to the Eligible Participant under Section 6.2 of the applicable Appendix.
  - (ii) Non-Retirement-Eligible Participant . An Eligible Participant who, as of the Special Annuity Starting Date, is otherwise not eligible to commence his benefit as of the Special Annuity Starting Date, may elect to receive his or her Pension benefit in the form of a:
    - (A) lump-sum payment pursuant to this Section,
    - (B) single life annuity under Section 6.2(a) of the applicable Appendix,
    - (C) if the Eligible Participant is married on the Special Annuity Starting Date, a Qualified Joint and Survivor Annuity, or
    - (D) if the Eligible Participant is married on the Special Annuity Starting Date, a 75% joint and survivor annuity under Section 6.2(c) of the applicable Appendix with the Eligible Participant’s Spouse as his Beneficiary.
  - (iii) Spousal Consent Requirements . An Eligible Participant’s election to waive the normal form of

benefit under Section 6.1(b) of the applicable Appendix is subject to the spousal consent requirements of Section 2.3(a)(ii).

(c) Calculation of Benefits.

(i) Retirement-Eligible Participant. With respect to an Eligible Participant described in subsection (b)(i) hereof, the benefit payable under this Section shall be calculated under the provisions of the Plan that generally apply to the calculation of such benefit, but disregarding any limitation on the amount of lump sums otherwise payable under the terms of the Plan.

(ii) Non-Retirement-Eligible Participant. With respect to an Eligible Participant described in subsection (b)(ii) hereof, the benefit payable under this Section shall be of Equivalent Actuarial Value to the Eligible Participant's Accrued Benefit using the actuarial assumptions for calculating lump sums.

(d) Election Procedures. An Eligible Participant's election to commence benefits under this Section must be made in accordance with procedures established by the Retirement Committee. An Eligible Participant's election to receive payment under this Section must be postmarked no later than the last day of the Window Election Period, unless a later date is required by law due to a delay in the delivery of the election notice to the Eligible Participant. An Eligible Participant who does not notify the Retirement Committee of a change in his or her address by the date established by the Retirement Committee in order for the Eligible Participant to commence a benefit with an Annuity Starting Date on the Special Annuity Starting Date, shall not be eligible to commence his benefit under this Section. An Eligible Participant who does not submit a completed election form (including any applicable spousal consent) in accordance with this subsection (d) may commence benefits only at the time and in the form determined under the Plan without regard to this Section.

### ARTICLE 3 . GOVERNMENTAL RESTRICTIONS

#### 3.1 *Maximum Annual Compensation Limitation*

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the compensation taken into account for the appropriate time period shall not exceed the compensation limit in effect for the calendar year in which the time period begins. For Plan Years beginning before January 1, 1994, the compensation limit is \$200,000, as adjusted by the Secretary of the Treasury for cost-of-living increases. For Plan Years beginning on or after January 1, 1994 and before January 1, 2002, the annual compensation limit is \$150,000, as adjusted by the Secretary of the Treasury for cost-of-living increases. For Plan Years beginning on and after January 1, 2002, the compensation limit is \$200,000, as adjusted by the Secretary of the Treasury for cost-of-living increases. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. Any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the annual compensation limit set forth in this provision. If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current Plan Year, the compensation for that prior determination period is subject to the annual compensation limit in effect for that prior determination period. For purposes of determining benefit accruals in a Plan Year beginning on or after January 1, 1994, but prior to January 1, 2002, compensation for any determination periods beginning prior to the first Plan Year beginning on or after January 1, 1994 shall be limited to the annual compensation limit of \$150,000. For purposes of determining benefit accruals in Plan Years beginning on or after January 1, 2002, compensation for any determination periods beginning prior to January 1, 2002 shall be limited to the annual compensation limit of \$200,000.

Unless otherwise provided under the Plan, each Code Section 401(a)(17) employee's accrued benefit under this

Plan will be the greater of the accrued benefit determined for the employee under (a) or (b) below:

- (a) the employee's accrued benefit determined with respect to the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to the employee's total years of service taken into account under the Plan for the purposes of benefit accruals, or
- (b) the sum of:
  - (i) the employee's accrued benefit as of the last day of the last Plan Year beginning before January 1, 1994, frozen in accordance with Treasury Regulations Section 1.401(a)(4)-13, and
  - (ii) the employee's accrued benefit determined under the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to the employee's years of service credited to the employee for Plan Years beginning on or after January 1, 1994, for purposes of benefit accruals.

A "Code Section 401(a)(17) employee" means an employee whose current accrued benefits as of a date on or after the first day of the first Plan Year beginning on or after January 1, 1994, is based on compensation for a year beginning prior to the first day of the first Plan Year beginning on or after January 1, 1994, that exceeded \$150,000.

### **3.2 Code Section 415 Limitations—Maximum Annual Pension**

- (a) Maximum Pension. Notwithstanding any provisions of the Plan to the contrary, the benefits accrued by and payable to or on behalf of a Member under the Plan shall be subject to the maximum limitations set forth in Section 415 of the Code and any regulations or rulings issued thereunder. The increased limitations of Section 415(b) of the Code effective on and after January 1, 2002 shall apply to all current and former Members (with benefits limited by Section 415(b) of the Code) who have an Accrued Benefit under the Plan immediately prior to January 1, 2002 (other than an Accrued Benefit resulting from a benefit increase solely as a result of the increases in limitations under Section 415(b) of the Code) and whose Annuity Starting Date occurs on or after January 1, 2002.
- (b) Adjustment of Benefit and Maximum Dollar Limitation. If the benefit payable under the Plan would (but for this Section) exceed the limitations of Section 415 of the Code by reason of a benefit payable under another defined benefit plan aggregated with this Plan under Section 415(f) of the Code, the benefit under this Plan shall be reduced only after all reductions have been made under such other plan. As of January 1 of each calendar year beginning on or after January 1, 2002, the maximum dollar limitation shall be adjusted as indexed. Such adjustment of the maximum dollar limitation shall not apply to retired Members.
- (c) Limitation Year. For purposes of this Section, the limitation year shall be the calendar year.
- (d) Definition of Compensation. The term "compensation" for purposes of applying the applicable limitations under Section 415 of the Code with respect to any Member shall mean Statutory Compensation.

### **3.3 Top-Heavy Provisions**

- (a) Definitions. The following definitions apply to the terms used in this Section:
  - (i) "Applicable Determination Date" means the last day of the preceding Plan Year;
  - (ii) "Applicable Valuation Date" means the date within the preceding Plan Year as of which annual Plan costs are or would be computed for minimum funding purposes;
  - (iii) "Average Statutory Compensation" means the average annual Statutory Compensation of a

Member for the five consecutive years of his Vesting Service after December 31, 1983 during which he received the greatest aggregate remuneration from the Employer or an Affiliated Employer, excluding any Statutory Compensation for service after the last Plan Year with respect to which the Plan is top-heavy;

- (iv) “Key Employee” means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the applicable determination date was an officer of the Employer or an Affiliated Employer having Statutory Compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner (as defined in Section 416(i)(1)(B)(i) of the Code) of the Employer or an Affiliated Employer, or a 1-percent owner (as defined in Section 416(i)(1)(B)(ii) of the Code) of the Employer or an Affiliated Employer having Statutory Compensation greater than \$150,000 (the determination of who is a key employee shall be made in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder);
- (v) “Non-Key Employee” means any employee who is not a Key Employee;
- (vi) “Permissive Aggregation Group” means each plan in the Required Aggregation Group and any other qualified plan(s) of the Employer or an Affiliated Employer in which all members are non-key employees, if the resulting aggregation group continues to meet the requirements of Sections 401(a)(4) and 410 of the Code;
- (vii) “Required Aggregation Group” means each other qualified plan of the Employer or an Affiliated Employer (including plans that terminated within the five-year period ending on the determination date) in which there are members who are key employees or which enables the Plan to meet the requirements of Section 401(a)(4) or 410 of the Code; and
- (viii) “Top-Heavy Ratio” means the ratio of (A) the present value of the cumulative Accrued Benefits under the Plan for key employees to (B) the present value of the cumulative Accrued Benefits under the Plan for all key employees and non-key employees; provided, however, that if an individual has not performed services for the Employer or any Affiliated Employer at any time during the one-year period ending on the applicable determination date, any accrued benefit for such individual (and the account of such individual) shall not be taken into account; and provided further, that the present values of Accrued Benefits under the Plan for an employee as of the applicable determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the one-year period (five-year period in the case of a distribution made for a reason other than severance from employment, death, or disability) ending on the applicable determination date and any distributions made with respect to the employee under a terminated plan which, had it not been terminated, would have been in the required aggregation group.

(b) Determination of Top Heavy Status.

- (i) The Plan shall be “top-heavy” if, as of the Applicable Determination Date, the Top-Heavy Ratio exceeds 60 percent. The Top-Heavy Ratio shall be determined as of the Applicable Valuation Date in accordance with Sections 416(g)(3) and (4)(B) of the Code on the basis of the interest rate and mortality table used in the actuarial valuation for the Plan for the applicable Plan Year.
- (ii) For purposes of determining whether the Plan is top-heavy, the present value of accrued benefits under the Plan will be combined with the present value of accrued benefits or account balances under each other plan in the Required Aggregation Group. In the Employer’s discretion, accrued benefits or account balances under each plan in the Required Aggregation Group may be combined with the present value of accrued benefits or account balances under any other qualified

plan(s) in the Permissive Aggregation Group.

- (iii) The accrued benefit of a Non-Key Employee under the Plan or any other defined benefit plan in the aggregation group shall be:
  - (A) determined under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Employer or an Affiliated Employer, or
  - (B) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule described in Section 411(b)(1)(C) of the Code.

(c) Consequences of Being Top Heavy . The following provisions shall be applicable to Members of Appendix 1 for any calendar year with respect to which the Plan is top-heavy:

- (i) In lieu of the vesting requirements specified in Appendix 1, a Member shall be vested in, and have a nonforfeitable right to, a percentage of his Accrued Benefit determined in accordance with the provisions of Appendix 1 and subparagraph (ii) below, as set forth in the following vesting schedule:

<b>Years of Vesting Service</b>	<b>Percentage Vested</b>
Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 or more years	100%

- (ii) The Accrued Benefit of a Member under Appendix 1 who is a Non-Key Employee shall not be less than two percent of his Average Statutory Compensation multiplied by the number of years of his Vesting Service, during the calendar years for which the Plan is top-heavy, but not in excess of 10. For purposes of the preceding sentence, years of Vesting Service shall be disregarded to the extent that such years of Vesting Service occur during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no key employee or former key employee. Such minimum benefit shall be payable at a Member's Normal Retirement Date. If payments commence at a time other than the Member's Normal Retirement Date, the minimum Accrued Benefit shall be of Equivalent Actuarial Value to such minimum benefit.

(d) Cessation of Top Heavy Status . If the Plan is top-heavy with respect to a Plan Year and ceases to be top-heavy for a subsequent Plan Year, the following provisions shall be applicable:

- (i) The Accrued Benefit in any such subsequent Plan Year shall not be less than the minimum Accrued Benefit provided in subparagraph (c)(ii) above, computed as of the end of the most recent Plan Year for which the Plan was top-heavy.
- (ii) If a Member has completed three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting schedule set forth in subparagraph (c)(i) above shall continue to be applicable.
- (iii) If a Member has completed less than three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting provisions of subparagraph (c)(i) above shall continue to be applicable to the portion of his Accrued Benefit determined as of the last day of the Plan Year in which the Plan was top-heavy, and Section 5.5 of Appendix 1 shall again be applicable with respect to the remaining portion of his Accrued Benefit;

provided, however, that in no event shall the vested percentage of such remaining portion be less than the percentage determined under subparagraph (c)(i) above as of the last day of the most recent Plan Year for which the Plan was top-heavy.

### **3.4 *Limitation on Highly Compensated Employees and on High-25 Employees***

- (a) When This Section Applies. The provisions of this Section shall apply:
- (i) in the event the Plan is terminated, to any Member who is a Highly Compensated Employee or Highly Compensated Former Employee, and
  - (ii) in any other event, to any Member who is one of the 25 Highly Compensated Employees or Highly Compensated Former Employees of the Employer or an Affiliated Employer with the greatest Statutory Compensation in any Plan Year.

The amount of the annual payments to any one of the Members to whom this Section applies shall not be greater than the amount that would be paid on behalf of the Member under a single life annuity that is of Equivalent Actuarial Value to the sum of the Member's accrued benefit and the Member's other benefits under the Plan.

- (b) When This Section Does Not Apply. The provisions of this Section shall not apply if:
- (i) after taking into account payment of all benefits payable to or on behalf of the Member to whom this Section applies, the value of Plan assets equals or exceeds 110 per cent of the value of current liabilities (as that term is defined in Section 412(l)(7) of the Code) of the Plan,
  - (ii) after taking into account the value of all benefits payable to or on behalf of the Member to whom this Section applies is less than one per cent of the value of current liabilities of the Plan, or
  - (iii) the value of the benefits payable to or on behalf of the Member to whom this Section applies does not exceed the amount described in Section 411(a)(11)(A) of the Code.
- (c) Repayment of Lump Sum Distributions. To the extent permitted by law, if any Member to whom subparagraph (a)(ii) applies elects to receive a lump sum payment in lieu of his Pension and this Section is applicable, the Member shall be entitled to receive his benefit in full. However, the Member must agree to repay to the Plan any portion of the lump sum payment which would otherwise be restricted and must provide adequate security to guarantee that repayment in accordance with rules established by the Internal Revenue Service.
- (d) Termination of Plan. Notwithstanding the above, in the event the Plan is terminated, the restrictions of this Section shall not be applicable if the benefits payable to any Highly Compensated Employee and any Highly Compensated Former Employee is limited to a benefit that is nondiscriminatory under Section 401 (a)(4) of the Code.
- (e) Definitions. For purposes this Section, the following terms shall have the following meanings:
- (i) "Highly Compensated Employee" means for a Plan Year any employee of the Employer or an Affiliated Employer (whether or not eligible for membership in the Plan) who:
    - (A) was a 5-percent owner (as defined in Section 416(i) of the Code) for such Plan Year or the prior Plan Year; or
    - (B) for the preceding Plan Year received Statutory Compensation in excess of \$80,000, and was among the highest 20 percent of employees for the preceding Plan Year when ranked by Statutory Compensation paid for that year excluding, for purposes of determining the

number of such employees, such employees as the Retirement Committee may determine on a consistent basis pursuant to Section 414(q) of the Code. The \$80,000 dollar amount in the preceding sentence shall be adjusted from time to time for cost of living in accordance with Section 414(q) of the Code.

Notwithstanding the foregoing, employees who are nonresident aliens and who receive no earned income from the Employer or an Affiliated Employer which constitutes income from sources within the United States shall be disregarded for all purposes of this Section.

The Employer's top-paid election as described above, shall be used consistently in determining Highly Compensated Employees for determination years of all employee benefit plans of the Employer and Affiliated Employers for which Section 414(q) of the Code applies (other than a multiemployer plan) that begin with or within the same calendar year, until such election is changed by Plan amendment in accordance with IRS requirements. The \$80,000 dollar amount in the preceding sentence shall be adjusted from time to time for cost of living in accordance with Section 414(q) of the Code.

The provisions of this Section shall be further subject to such additional requirements as shall be described in Section 414(q) of the Code and its applicable regulations, which shall override any aspects of this Section inconsistent therewith.

- (ii) "Highly Compensated Former Employee" means for a Plan Year any former employee of the Employer or an Affiliated Employer who had terminated employment prior to the Plan Year and who was a Highly Compensated Employee for either the year of termination or any Plan Year ending on or after the employee's 55th birthday.
- (f) When This Section is Ineffective . If it should subsequently be determined by statute, court decision acquiesced in by the Commissioner of the Internal Revenue Service, or ruling by the Commissioner of the Internal Revenue Service, that the provisions of this Section are no longer necessary to qualify the Plan under the Code, this Section shall be ineffective without the necessity of further amendment to the Plan.

## **ARTICLE 4 . CONTRIBUTIONS**

### **4.1 *Employer Contributions***

It is the intention of the Employer to continue the Plan, make the contributions that are necessary to maintain the Plan on a sound actuarial basis, and meet the minimum funding standards prescribed by law. However, subject to the provisions of Article 8, the Employer may discontinue its contributions for any reason at any time. Any forfeitures shall be used to reduce the Employer's contributions otherwise payable.

### **4.2 *Return of Contributions***

- (a) Employer contributions to the Plan are conditioned upon their deductibility under Section 404 of the Code. If all or part of the Employer's deductions for contributions to the Plan are disallowed by the Internal Revenue Service, the portion of the contributions to which that disallowance applies shall be returned to the Employer without interest, but reduced by any investment loss attributable to those contributions. The return shall be made within one year after the date of the disallowance of deduction.
- (b) The Employer may recover without interest the amount of its contributions to the Plan made on account of a mistake-of-fact, reduced by any investment loss attributable to those contributions, provided recovery is made within one year after the date of those contributions.

### **4.3 *Member Contributions***

No contributions shall be accepted from any Member.

## ARTICLE 5 . ADMINISTRATION OF PLAN

### 5.1 *Adoption of Charter*

The Board of Directors may adopt a Charter which sets forth procedures regarding the governance and maintenance of the Retirement Committee and, to the extent not inconsistent with the Plan, the rights, duties, and responsibilities of the Retirement Committee with respect to the Plan.

### 5.2 *Administration of Retirement Committee*

The Retirement Committee will have all rights, duties and responsibilities as provided in the Charter and the Plan, and will be governed and maintained in accordance with the Charter.

### 5.3 *Authority of Retirement Committee*

Subject to the limitations of the Plan, the Retirement Committee shall establish rules for the administration of the Plan and the transaction of its business. All actions of the Retirement Committee shall be in accordance with the Charter. The Retirement Committee, in addition to such duties and powers as provided in the Charter, shall maintain accounts reflecting the financial transactions of the Plan, and shall recommend, implement and monitor investment policy guidelines and objectives as approved by the Board of Directors. The Retirement Committee shall submit a report periodically to the Board of Directors giving the status of the Fund regarding the satisfaction of the investment objectives.

The Retirement Committee shall have discretionary authority to determine eligibility for benefits and to construe the terms of the Plan, which shall include, but not be limited to, determination of:

- (a) an individual's eligibility for Plan participation,
- (b) the right to and amount of any benefit payable under the Plan, and
- (c) the date on which any individual ceases to be a Member.

The Retirement Committee shall have discretionary authority to decide disputed claims in accordance with its interpretation of the terms of the Plan. The determination of the Retirement Committee as to any disputed question or claim shall be conclusive and final.

### 5.4 *Prudent Conduct*

The members of the Retirement Committee shall use that degree of care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of a similar situation.

### 5.5 *Actuary*

The Retirement Committee shall maintain such data as may be necessary for actuarial valuations of the liabilities of the Plan. At the request of the Board of Directors, the Retirement Committee shall submit a report each year to the Board of Directors, giving a brief account of the operation of the Plan during the past year, and a copy of that report shall be filed in the office of the Plan, where it shall be open to inspection by any Member of the Plan. As an aid to the Retirement Committee in fixing the rate of contributions payable to the Plan, the actuary designated by the Retirement Committee shall prepare annual actuarial valuations of the contingent assets and liabilities of the Plan, and shall submit to the Retirement Committee the recommended Employer contribution.

### 5.6 *Service in More Than One Fiduciary Capacity*

Any individual, entity or group of persons may serve in more than one fiduciary capacity with respect to the Plan and/or the Funds of the Plan.

## **5.7 *Limitation of Liability***

The Employer, the Board of Directors, the members of the Retirement Committee, and any officer, employee or agent of the Employer shall not incur any liability individually or on behalf of any other individuals, or on behalf of the Employer for any act, or failure to act, made in good faith in relation to the Plan or the Funds of the Plan. However, this limitation shall not act to relieve any such individual or the Employer from a responsibility or liability for any breach of fiduciary responsibility, obligation or duty under Part 4, Title I of ERISA.

## **5.8 *Indemnification***

The Employer, the members of the Retirement Committee, the Board of Directors, and the officers, employees and agents of the Employer shall be indemnified against any and all liabilities arising by reason of any act, or failure to act, in relation to the Plan or the Funds of the Plan, including, without limitation, expenses reasonably incurred in the defense of any claim relating to the Plan or the Funds of the Plan, and any and all amounts paid in any compromise or settlement relating to the Plan or the Funds of the Plan, except for actions or failures to act made in bad faith. The foregoing indemnification shall be made from the Funds of the Plan to the extent of those Funds and to the extent permitted under applicable law; otherwise, from the assets of the Employer.

## **5.9 *Expenses of Administration***

All expenses that arise in connection with the administration of the Plan, including but not limited to, the compensation of the Trustee, administrative expenses and proper charges and disbursements of the Trustee and compensation and other expenses and charges of any actuary, counsel, accountant, specialist, or other person who has been retained by the Employer or the Retirement Committee in connection with the administration thereof, shall be paid from the Funds of the Plan held by the Trustee under the trust agreement or insurance or annuity contract adopted for use in implementing the Plan to the extent not paid by the Employer.

# **ARTICLE 6 . MANAGEMENT OF FUNDS**

## **6.1 *Trustee***

All the Funds of the Plan shall be held by a Trustee, or Trustees, appointed from time to time by the Retirement Committee under a Trust Agreement adopted, or as amended, by the Retirement Committee for use in providing the benefits of the Plan and paying its expenses not paid directly by the Employer. The Employer shall have no liability for the payment of benefits under the Plan or for the administration of the Funds paid over to the Trustee or Trustees.

## **6.2 *Exclusive Benefit Rule***

Except as otherwise provided in the Plan, no part of the corpus or income of the Funds of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Members and other persons entitled to benefits under the Plan, before the satisfaction of all liabilities with respect to them. No person shall have any interest in, or right to, any part of the earnings of the Funds of the Plan, or any interest in, or right to, any part of the assets held under the Plan, except as and to the extent expressly provided in the Plan.

## **6.3 *Appointment of Investment Manager***

Except as provided in this Section, the Trustee shall have the power and authority to manage and invest the assets of the trust. The Retirement Committee may, at its discretion, appoint one or more investment managers (within the meaning of Section 3(38) of ERISA) to manage (including the power to acquire and dispose of) all or part of the assets of the Plan, as the Retirement Committee shall designate. In that event, authority over and responsibility for the management of the assets so designated shall be the sole responsibility of that investment manager and shall relieve the Trustee of any responsibility therefor.

# **ARTICLE 7 . GENERAL PROVISIONS**

## **7.1 *Nonalienation and Qualified Domestic Relations Orders***

- (a) Except as required by any applicable law or paragraphs (b) and (c) below, no benefit under the Plan shall in any manner be anticipated, assigned or alienated, and any attempt to do so shall be void. However, payment shall be made in accordance with the provisions of any judgment, decree, or order which meets the following conditions:
- (i) creates for, or assigns to, an alternate payee the right to receive all or a portion of the Member's benefits under the Plan for the purpose of providing child support, alimony payments or marital property rights to that alternate payee;
  - (ii) is made pursuant to a state domestic relations law;
  - (iii) does not require the Plan to provide any type of benefit, or any option, not otherwise provided under the Plan; and
  - (iv) otherwise meets the requirements of Section 206(d) of ERISA, as amended, as a "qualified domestic relations order (QDRO)," as determined by the Retirement Committee.

In determining the benefit payable to the alternate payee, the portion of the Member's benefit payable to the alternate payee at the date that benefits are scheduled to commence under the QDRO shall be actuarially adjusted to reflect the difference in ages between the Member and the alternate payee. The actuarial adjustment for this purpose, as well as for the purpose of determining the Equivalent Actuarial Value of a benefit commencing prior to the Member's Normal Retirement Date, if applicable, shall be based on the interest rate and mortality table specified in the applicable Appendix for purposes of converting a life annuity to an optional form of annuity (other than a level income option) under the terms of the Plan in effect on the alternate payee's Annuity Starting Date. Notwithstanding anything herein to the contrary, if the present value of any series of payments meeting the criteria set forth in clauses (i) through (iv) above amounts to \$5,000 or less, a lump sum payment of Equivalent Actuarial Value, shall be made in lieu of the series of payments. Such Equivalent Actuarial Value shall be determined on the basis of the IRS Interest Rate and the IRS Mortality Table.

For purposes of the Plan, an "alternate payee" means a spouse, former spouse, child or dependent of a Member who is entitled, pursuant to a qualified domestic relations order and the provisions of this paragraph (a), to receive a payment of all or a portion of a Member's Accrued Benefit under the Plan.

- (b) A Member's Pension under the Plan shall be offset by the amount the Member is required to pay to the Plan under the circumstances set forth in Section 401(a)(13)(C) of the Code.
- (c) A Member's Pension under the Plan shall be distributed as required because of the enforcement of a federal tax levy made pursuant to Section 6331 of the Code or the collection by the United States on a judgment resulting from an unpaid tax assessment.

## **7.2 *Conditions of Employment Not Affected by Plan***

The establishment of the Plan shall not confer upon any Employee or other person any legal rights to a continuation of employment, nor shall it interfere with the rights of the Employer to discharge any Employee or to treat him without regard to the effect which that treatment might have upon him as a Member or potential Member of the Plan.

## **7.3 *Facility of Payment***

If the Retirement Committee shall find that a Member or other person entitled to a benefit is unable to care for his affairs because of illness or accident, or because he is a minor, the Retirement Committee may direct that any benefit due him (unless claim shall have been made for the benefit by a duly appointed legal representative) be paid to his Spouse, child, parent or other blood relative, or to a person with whom he resides. Any payment so

made shall be a complete discharge of the liabilities of the Plan for that benefit.

#### **7.4 Information**

Each Member or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the Plan, shall file with the Employer the information that it shall require to establish his rights and benefits under the Plan.

#### **7.5 Construction**

- (a) The Plan shall be construed, regulated and administered under ERISA, as in effect from time to time, and the laws of Georgia, except where ERISA controls.
- (b) The masculine pronoun shall include the feminine.
- (c) The titles and headings of the articles and sections in the Plan are for convenience only. In case of ambiguity or inconsistency, the text rather than the titles or headings shall control.
- (d) The Retirement Committee shall have full power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be issued or adopted by the Board of Directors, to interpret the provisions and supervise the administration of the Plan, including the power to remedy possible ambiguities, inconsistencies or omissions. Such determinations shall be conclusive.

#### **7.6 Prevention of Escheat**

If the Retirement Committee cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, the Retirement Committee may, no earlier than three years from the date such payment is due, mail a notice of such due and owing payment to the last known address of such person as shown on the records of the Retirement Committee or the Employer. If such person has not made written claim for payment within three months of the date of the mailing, the Retirement Committee may, if it so elects and upon receiving advice from counsel to the Plan, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the Plan and the amount thereof applied to reduce the contributions of the Employer. Upon such cancellation, the Plan shall have no further liability therefor except that, in the event such person or his beneficiary later notifies the Retirement Committee of his whereabouts and requests the payment or payments due to him under the Plan, the amount so applied shall be paid to him in accordance with the provisions of the Plan.

#### **7.7 Electronic Transmission of Notices to Members**

Notwithstanding any provision of the Plan to the contrary, any notice required to be distributed to Members, Beneficiaries, and alternate payees pursuant to the terms of the Plan may, at the direction of the Retirement Committee, be transmitted electronically to the extent permitted by, and in accordance with any procedures set forth in, applicable law and regulations.

#### **7.8 Limitation on Benefits In the Event of a Liquidity Shortfall**

Notwithstanding any provisions of the Plan to the contrary, in the event the Plan has a liquidity shortfall within the meaning of Section 401(a)(32) of the Code, the Trustee shall, as directed by the Employer, cease payment during the period of such liquidity shortfall of (a) any payment in excess of the monthly amount payable under a single life annuity (plus any social security supplements described in Section 411(a)(9) of the Code) to any Member or Beneficiary whose Annuity Starting Date occurs during such period, (b) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, or (c) any other payment specified in regulations promulgated under Section 401(a)(32) of the Code.

#### **7.9 Funding-Based Limitations on Benefits under Section 436 of the Code**

(a) Limitations Applicable if the Plan's Adjusted Funding Target Attainment Percentage ("AFTAP") is Less Than 80%, but not Less Than 60% . Notwithstanding any other provisions of the Plan, if the Plan's AFTAP for a Plan Year is less than 80% (or would be less than 80% to the extent described in subparagraph (a)(ii) below) but is not less than 60%, then the limitations set forth in this paragraph (a) apply.

(i) 50% Limitation on Single-Sum Payments, Other Accelerated Forms of Distribution, and Other Prohibited Payments . A Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an Annuity Starting Date on or after the applicable section 436 measurement date, and the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, unless the present value of the portion of the benefit that is being paid in a prohibited payment does not exceed the lesser of:

(A) 50% of the present value of the benefit payable in the optional form of benefit that includes the prohibited payment; or

(B) 100% of the PBGC maximum benefit guarantee amount (as defined in Treasury Regulations Section 1.436-1(d)(3)(iii)(C)).

The limitation set forth in this subparagraph (a)(i) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member. If an optional form of benefit that is otherwise available under the terms of the Plan is not available to a Member or Beneficiary as of the Annuity Starting Date because of the application of the requirements of this subparagraph (a)(i), the Member or Beneficiary is permitted to elect to bifurcate the benefit into unrestricted and restricted portions (as described in Treasury Regulations Section 1.436-1(d)(3)(iii)(D)). The Member or Beneficiary may also elect any other optional form of benefit otherwise available under the Plan at that Annuity Starting Date that would satisfy the 50%/PBGC maximum benefit guarantee amount limitation described in this subparagraph (a)(i), or may elect to defer the benefit in accordance with any general right to defer commencement of benefits under the Plan. During a period when the restrictions of this subsection apply to the Plan, Members and Beneficiaries are permitted to elect payment in any optional form of benefit otherwise available under the Plan that provides for the current payment of the unrestricted portion of the benefit (as described in Treasury Regulations Section 1.436-1(d)(3)(iii)(D)), with a delayed commencement for the restricted portion of the benefit (subject to other applicable qualification requirements, such as Code Sections 411(a)(11) and 401(a)(9)).

(ii) Plan Amendments Increasing Liability for Benefits . No amendment to the Plan that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable shall take effect in a Plan Year if the AFTAP for the Plan Year is:

(A) Less than 80%; or

(B) 80% or more, but would be less than 80% if the benefits attributable to the amendment were taken into account in determining the AFTAP.

The limitation set forth in this subparagraph (a)(ii) does not apply to any amendment to the Plan that provides a benefit increase under a Plan formula that is not based on compensation, provided that the rate of such increase does not exceed the contemporaneous rate of increase in the average wages of Members covered by the amendment.

(b) Limitations Applicable if the Plan's AFTAP is Less Than 60% . Notwithstanding any other provisions of

the Plan, if the Plan's AFTAP for a Plan Year is less than 60% (or would be less than 60% to the extent described in subparagraph (b)(ii) below), then the limitations in this paragraph (b) apply.

- (i) Single Sums, Other Accelerated Forms of Distribution, and Other Prohibited Payments Not Permitted. A Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an Annuity Starting Date on or after the applicable section 436 measurement date, and the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment. The limitation set forth in this subparagraph (b)(i) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member.
  - (ii) Shutdown Benefits and Other Unpredictable Contingent Event Benefits Not Permitted to be Paid. An unpredictable contingent event benefit with respect to an unpredictable contingent event occurring during a Plan Year shall not be paid if the AFTAP for the Plan Year is:
    - (A) Less than 60%; or
    - (B) 60% or more, but would be less than 60% if the AFTAP were redetermined applying an actuarial assumption that the likelihood of occurrence of the unpredictable contingent event during the Plan Year is 100%.
  - (iii) Benefit Accruals Frozen. Benefit accruals under the Plan shall cease as of the applicable section 436 measurement date. In addition, if the Plan is required to cease benefit accruals under this subparagraph (b)(iii), then the Plan is not permitted to be amended in a manner that would increase the liabilities of the Plan by reason of an increase in benefits or establishment of new benefits.
- (c) Limitations Applicable if the Employer is in Bankruptcy. Notwithstanding any other provisions of the Plan, a Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an Annuity Starting Date that occurs during any period in which the Employer is a debtor in a case under title 11, United States Code, or similar federal or state law, except for payments made within a Plan Year with an Annuity Starting Date that occurs on or after the date on which the Plan's enrolled actuary certifies that the Plan's AFTAP for that Plan Year is not less than 100%. In addition, during such period in which the Employer is a debtor, the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, except for payments that occur on a date within a Plan Year that is on or after the date on which the Plan's enrolled actuary certifies that the Plan's AFTAP for that Plan Year is not less than 100%. The limitation set forth in this subparagraph (c) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member.
- (d) Provisions Applicable After Limitations Cease to Apply.
- (i) Resumption of Prohibited Payments. If a limitation on prohibited payments under subparagraph (a)(i) or (b)(i), or paragraph (c) applied to the Plan as of a section 436 measurement date, but that limit no longer applies to the Plan as of a later section 436 measurement date, then that limitation does not apply to benefits with Annuity Starting Dates that are on or after that later section 436 measurement date.
  - (ii) Resumption of Benefit Accruals. If a limitation on benefit accruals under subparagraph (b)(iii) applied to the Plan as of a section 436 measurement date, but that limitation no longer applies to the Plan as of a later section 436 measurement date, then benefit accruals shall resume prospectively and that limitation does not apply to benefit accruals that are based on service on or

after that later section 436 measurement date, except as otherwise provided under the Plan. In addition, benefit accruals that were not permitted to accrue because of the application of subparagraph (b)(iii) shall be restored when that limitation ceases to apply if the continuous period of the limitation was 12 months or less and the Plan's enrolled actuary certifies that the AFTAP for the Plan Year would not be less than 60 percent taking into account any restored benefit accruals for the prior Plan Year. The Plan shall comply with the rules relating to partial years of participation and the prohibition on double proration under Department of Labor Regulation 29 C.F.R. Sections 2530.204-2(c) and (d).

- (iii) Shutdown and Other Unpredictable Contingent Event Benefits. If an unpredictable contingent event benefit with respect to an unpredictable contingent event that occurs during the Plan Year is not permitted to be paid after the occurrence of the event because of the limitation of subparagraph (b)(ii), but is permitted to be paid later in the same Plan Year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the AFTAP for the Plan Year that meets the requirements of Treasury Regulations Section 1.436-1(g)(5)(ii)(B)), then that unpredictable contingent event benefit shall be paid, retroactive to the period that benefit would have been payable under the terms of the Plan (determined without regard to subparagraph (b)(ii)). If the unpredictable contingent event benefit does not become payable during the Plan Year in accordance with the preceding sentence, then the Plan is treated as if it does not provide for that benefit.
- (iv) Treatment of Plan Amendments That Do Not Take Effect. If a Plan amendment does not take effect as of the effective date of the amendment because of the limitation of subparagraph (a)(ii) or (b)(iii), but is permitted to take effect later in the same Plan Year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the AFTAP for the Plan Year that meets the requirements of Treasury Regulations Section 1.436-1(g)(5)(ii)(C)), then the Plan amendment must automatically take effect as of the first day of the Plan Year (or, if later, the original effective date of the amendment). If the Plan amendment cannot take effect during the same Plan Year, then it shall be treated as if it were never adopted, unless the Plan amendment provides otherwise.
- (e) Notice Requirement. See ERISA Section 101(j) for rules requiring the plan administrator of a single employer defined benefit pension plan to provide a written notice to participants and beneficiaries within 30 days after certain specified dates if the plan has become subject to a limitation described in subparagraph (a)(i), or paragraph (b) or (c).
- (f) Methods to Avoid or Terminate Benefit Limitations. See Sections 436(b)(2), (c)(2), (e)(2), and (f) of the Code and Treasury Regulations Section 1.436-1(f) for rules relating to employer contributions and other methods to avoid or terminate the application of the limitations set forth in subparagraphs (a) through (c) for a plan year. In general, the methods a plan sponsor may use to avoid or terminate one or more of the benefit limitations under subparagraphs (a) through (c) for a plan year include employer contributions and elections to increase the amount of plan assets which are taken into account in determining the AFTAP, making an employer contribution that is specifically designated as a current year contribution that is made to avoid or terminate application of certain of the benefit limitations, or providing security to the plan.
- (g) Special Rules.
  - (i) Rules of Operation for Periods Prior to and After Certification of Plan's AFTAP.
    - (A) In General. Code Section 436(h) and Treasury Regulations Section 1.436-1(h) set forth a series of presumptions that apply (x) before the Plan's enrolled actuary issues a certification of the Plan's AFTAP for the Plan Year and (y) if the Plan's enrolled actuary does not issue a certification of the Plan's AFTAP for the Plan Year before the first day of the tenth month of the Plan Year (or if the Plan's enrolled actuary issues a range

certification for the Plan Year pursuant to Treasury Regulations Section 1.436-1(h)(4)(ii) but does not issue a certification of the specific AFTAP for the Plan by the last day of the Plan Year). For any period during which a presumption under Section 436(h) of the Code and Treasury Regulations Section 1.436-1(h) applies to the Plan, the limitations under subparagraphs (a) through (c) are applied to the Plan as if the AFTAP for the Plan Year were the presumed AFTAP determined under the rules of Section 436(h) of the Code and Treasury Regulations Section 1.436-1(h)(1), (2), or (3). These presumptions are set forth in subparagraphs (g)(i)(B) through (D).

- (B) Presumption of Continued Underfunding Beginning First Day of Plan Year. If a limitation under subparagraph (a), (b), or (c) applied to the Plan on the last day of the preceding Plan Year, then, commencing on the first day of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the AFTAP for the Plan for the current Plan Year, or, if earlier, the date subparagraph (g)(i)(C) or (D) applies to the Plan:
    - (1) The AFTAP of the Plan for the current Plan Year is presumed to be the AFTAP in effect on the last day of the preceding Plan Year; and
    - (2) The first day of the current Plan Year is a section 436 measurement date.
  - (C) Presumption of Underfunding Beginning First Day of Fourth Month. If the Plan's enrolled actuary has not issued a certification of the AFTAP for the Plan Year before the first day of the fourth month of the Plan Year and the Plan's AFTAP for the preceding Plan Year was either at least 60% but less than 70% or at least 80% but less than 90%, or is described in Treasury Regulations Section 1.436-1(h)(2)(ii), then, commencing on the first day of the fourth month of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the AFTAP for the Plan for the current Plan Year, or, if earlier, the date subparagraph (g)(i)(D) applies to the Plan:
    - (1) The AFTAP of the Plan for the current Plan Year is presumed to be the Plan's AFTAP for the preceding Plan Year reduced by 10 percentage points; and
    - (2) The first day of the fourth month of the current Plan Year is a section 436 measurement date.
  - (D) Presumption of Underfunding on and After First Day of Tenth Month. If the Plan's enrolled actuary has not issued a certification of the AFTAP for the Plan Year before the first day of the tenth month of the Plan Year (or if the Plan's enrolled actuary has issued a range certification for the Plan Year pursuant to Treasury Regulations Section 1.436-1(h)(4)(ii) but has not issued a certification of the specific AFTAP for the Plan by the last day of the Plan Year), then, commencing on the first day of the tenth month of the current Plan Year and continuing through the end of the Plan Year:
    - (1) The AFTAP of the Plan for the current Plan Year is presumed to be less than 60%; and
    - (2) The first day of the tenth month of the current Plan Year is a section 436 measurement date.
- (ii) New Plans, Plan Termination, Certain Frozen Plans, and Other Special Rules.
- (A) First Five Plan Years. The limitations in subparagraphs (a)(ii), (b)(ii), and (b)(iii) do not apply to a new plan for the first five plan years of the plan, determined under the rules of Section 436(i) of the Code and Treasury Regulations Section 1.436-1(a)(3)(i).

- (B) Plan Termination . The limitations on prohibited payments in subparagraphs (a)(i) and (b)(i), and paragraph (c) do not apply to prohibited payments that are made to carry out the termination of the Plan in accordance with applicable law. Any other limitations under this section of the Plan do not cease to apply as a result of termination of the Plan.
  - (C) Exception to Limitations on Prohibited Payments Under Certain Frozen Plans . The limitations on prohibited payments set forth in subparagraphs (a)(i) and (b)(i), and paragraph (c) do not apply for a Plan Year if the terms of the Plan, as in effect for the period beginning on September 1, 2005 and continuing through the end of the Plan Year, provide for no benefit accruals with respect to any participants. This subparagraph (g)(ii) (C) shall cease to apply as of the date any benefits accrue under the Plan or the date on which a plan amendment that increases benefits takes effect.
  - (D) Special Rules Relating to Unpredictable Contingent Event Benefits and Plan Amendments Increasing Benefit Liability . During any period in which none of the presumptions under subparagraph (g)(i) apply to the Plan and the Plan’s enrolled actuary has not yet issued a certification of the Plan’s AFTAP for the Plan Year, the limitations under subparagraph (a)(ii) and subparagraph (b)(ii) shall be based on the inclusive presumed AFTAP for the Plan, calculated in accordance with the rules of Treasury Regulations Section 1.436-1(g)(2)(iii).
- (iii) Special Rules Under PRA 2010 .
- (A) Payments Under Social Security Leveling Options . For purposes of determining whether the limitations under subparagraph (a)(i) or (b)(i) apply to payments under a social security leveling option, within the meaning of Section 436(j)(3)(C)(i) of the Code, the AFTAP for a Plan Year shall be determined in accordance with the “Special Rule for Certain Years” under Section 436(j)(3) of the Code and any Treasury Regulation or other published guidance thereunder issued by the Internal Revenue Service.
  - (B) Limitation on Benefit Accruals . For purposes of determining whether the accrual limitation under subparagraph (b)(iii) applies to the Plan, the AFTAP for a Plan Year shall be determined in accordance with the “Special Rule for Certain Years” under Section 436(j)(3) of the Code (except as provided under Section 203(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, if applicable).
- (iv) Interpretation of Provisions . The limitations imposed by this section of the Plan shall be interpreted and administered in accordance with section 436 and Treasury Regulations Section 1.436-1.
- (h) Definitions . The definitions in the following Treasury Regulation Sections apply for purposes of subparagraphs (a) through (g): Section 1.436-1(j)(1) defining AFTAP; Section 1.436-1(j)(2) defining Annuity Starting Date; Section 1.436-1(j)(6) defining prohibited payment; Section 1.436-1(j)(8) defining section 436 measurement date; and Section 1.436-1(j)(9) defining an unpredictable contingent event and an unpredictable contingent event benefit.
- (i) Effective Date . The rules in subparagraphs (a) through (h) are effective for Plan Years beginning after December 31, 2009.

## **7.10 Revision of the Plan and Applicability of Plan Provisions**

The provisions of the Plan as set forth herein are effective as of January 1, 2015, except that certain provisions shall have an earlier or later effective date as specifically set forth in the Plan, in the resolution adopting the amendment, or as follows:

1. The amendment of Sections 2.3(b), 2.8(c)(i)(C), 3.3(d) and 8.1 shall be effective as of January 1, 2007.
2. The amendment of Section 2.3 relating to the retroactive Annuity Starting Date shall be effective as of January 1, 2010.
3. The amendment of Section 3.3(a)(viii) shall be effective as of January 1, 2002.
4. The addition of the 75% Joint and Survivor Annuity option shall be effective as of January 1, 2009 with respect to Annuity Starting Dates on and after that date, if applicable.

Any questions concerning eligibility for and the amount of pension and any other right or limitation set forth herein which calls for a determination as to a time on or after January 1, 2015 shall be determined in accordance with the provisions of this Plan as may be amended and in effect from time to time, and any questions concerning such matters which call for a determination under the Plan as to a time prior to January 1, 2015 shall be determined in accordance with the provisions of the Plan effective as of the Member's date of termination and taking into account any amendments effective retroactive to such date in accordance with the provisions of this Section or other provisions of the Plan, except as otherwise specifically provided in the Plan or as otherwise required by law.

## **ARTICLE 8 . AMENDMENT, MERGER AND TERMINATION**

### **8.1 *Amendment of Plan***

The Board of Directors (or, to the extent provided in the Charter, the Retirement Committee) reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the Plan. However, no amendment shall make it possible for any part of the Funds of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the Plan prior to the satisfaction of all liabilities with respect to such persons. No amendment shall be made which has the effect of decreasing the Accrued Benefit of any Member or of reducing the nonforfeitable percentage of the Accrued Benefit of a Member below the nonforfeitable percentage computed under the Plan as in effect on the date on which the amendment is adopted or, if later, the date on which the amendment becomes effective. For purposes of this Section, a plan amendment that has the effect of (i) eliminating or reducing an early retirement benefit or retirement-type subsidy, or (ii) eliminating an optional form, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Member who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. Notwithstanding the preceding sentences, a Member's accrued benefit, early retirement benefit, retirement-type subsidy, or optional form of payment may be reduced to the extent permitted under Section 412(c)(8) of the Code (for Plan Years beginning on or before December 31, 2007) or Section 412(d)(2) of the Code (for Plan Years beginning after December 31, 2007), or to the extent permitted under Section 1.411(d)-(3) and (4) of the U. S. Treasury Department regulations.

### **8.2 *Merger or Consolidation***

The Plan may not be merged or consolidated with, and its assets or liabilities may not be transferred to, any other plan unless each person entitled to benefits under the Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then terminated. The transactions referenced in this Section shall be carried out under the provisions of Section 414(l) of the Code.

### **8.3 *Additional Participating Employers***

- (a) If any company is now or becomes a subsidiary or associated company of the Employer, the Board of Directors may, at its discretion and upon appropriate action, include the employees of that company in the

membership of the Plan upon appropriate action by that company necessary to adopt the Plan. In that event, or if any persons become Employees of the Employer or an Affiliated Employer as the result of merger or consolidation or as the result of acquisition of all or part of the assets or business of another company, the Board of Directors shall determine to what extent, if any, credit shall be granted for previous service with the subsidiary, associated or other company, but subject to the continued qualification of the Plan and trust under the Code.

- (b) Any subsidiary or associated company may terminate its participation in the Plan upon appropriate action by it, in which event the Funds of the Plan held on account of Members in the employ of that company shall be determined by the Retirement Committee and shall be applied as provided in Section 8.4 if the Plan should be terminated, or shall be segregated by the Trustee as a separate trust, pursuant to certification to the Trustee by the Retirement Committee, continuing the Plan as a separate plan for the employees of that company, under which the board of directors of that company shall succeed to all the powers and duties of the Board of Directors, including the appointment of the members of the Retirement Committee. Notwithstanding the above, the Board of Directors may refuse to approve such a termination of participation by a subsidiary or associated company if it determines that such action could jeopardize the qualified status of the Plan.

#### **8.4 Termination of Plan**

The Board of Directors may terminate the Plan for any reason at any time. In case of termination of the Plan, the rights of Members to the benefits accrued under the Plan to the date of the termination, to the extent then funded (or, if greater, protected by law), shall be nonforfeitable. The Funds of the Plan shall be used for the exclusive benefit of persons entitled to benefits under the Plan as of the date of termination, except as provided in Sections 4.2 and 5.12. However, any Funds not required to satisfy liabilities of the Plan for benefits, that arise out of any variation between actual requirements and expected actuarial requirements, shall be returned to the Employer. The Retirement Committee shall determine, on the basis of actuarial valuation, the share of the Funds of the Plan allocable to each person entitled to benefits under the Plan in accordance with Section 4044 of ERISA or corresponding provision of any applicable law in effect at the time. In the event of a partial termination of the Plan, the provisions of this Section shall be applicable to the Members affected by that partial termination.

IN WITNESS WHEREOF, the Graphic Packaging International, Inc. Retirement Committee has caused this Plan to be duly executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Graphic Packaging International, Inc.  
Retirement Committee Members

By: \_\_\_\_\_  
Daniel J. Blount

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

Brad Ankerholz

By: \_\_\_\_\_  
Carla J. Chaney

By: \_\_\_\_\_  
Debbie Frank

By: \_\_\_\_\_  
Brian A. Wilson

### **CERTAIN HISTORICAL PROVISIONS**

The purpose of this Section is to record, for historical purposes, certain provisions which are no longer applicable to active Members in the Plan as of January 1, 2015, the effective date of the Plan's restatement.

- A. The following was included as part of the preamble to the Plan prior to the Plan's restatement effective as of January 1, 2008:

ACX Technologies, Inc., a Colorado corporation ("ACX"), established the Plan effective December 28, 1992, for its eligible employees and the employees of its subsidiaries who adopt the Plan. At the same time, ACX entered into a related Trust to provide for the investment and management of the assets of the Plan.

Adolph Coors Company, a Colorado corporation ("ACCo"), maintains the Coors Retirement Plan (the "ACC Retirement Plan") for its eligible employees and the eligible employees of its subsidiaries that adopt the ACC Retirement Plan. Any reference to the ACC Retirement Plan shall refer to such plan as in effect on December 27, 1992.

ACX was a wholly-owned subsidiary of ACCo. Pursuant to a Distribution Agreement dated as of October 5, 1992, ACCo distributed (the "Distribution") all of the capital stock of ACX to the holders of the Class A and Class B common stock of ACCo. The Distribution occurred at the opening of business on December 28, 1992 (the "Distribution Date").

In connection with the Distribution, ACX and ACCo entered into the Employee Benefits and Compensation Transition Agreement, dated as of December 18, 1992 (the "Benefits Agreement"), which provides for the transfer of assets and other transitional matters in connection with certain employee benefit plans including this Plan and the ACC Retirement Plan. Pursuant to the Benefits Agreement, ACX agreed that this Plan shall provide generally that, for purposes of credited service for vesting, eligibility for benefits, and benefit calculation, Members in this Plan shall be entitled to all of the credited service and earnings that they had earned under the ACC Retirement Plan as of the day prior to the Distribution Date. Under the terms of the Benefits Agreement, the trustee for the ACC Retirement Plan transferred to the trustee for this Plan assets of the ACC Retirement Plan equal to the portion of the fair market value of the assets in the ACC Retirement Plan determined by the ratio of the actuarial accrued liability for the individuals described in the next sentence as well as any alternate payees (as defined herein) and beneficiaries of the individuals listed in the next sentence on the date of the Distribution to the total actuarial accrued liability of the ACC Retirement Plan as of the Distribution Date. The individuals

whose accrued benefits were transferred to this Plan include the following individuals as well as any alternate payees (as defined herein) and beneficiaries of such individuals: (a) individuals employed by ACX, Golden Technologies Company, Inc., Golden Aluminum Company, Graphic Packaging Corporation, MicroLithics Corporation, ZeaGen, Inc., Coors Porcelain Company, Alpha Optical Systems, Inc., Alumina Ceramics, Inc., Coors Ceramicon Design, Ltd., Coors Ceramics GmbH, Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. (collectively, the “ACX Companies”) on December 28, 1992, and (b) individuals who were not employed by ACX, its subsidiaries, Adolph Coors Company or its subsidiaries on December 28, 1992, but whose last employer among such companies was an ACX Company.

CoorsTek, Inc. (formerly Coors Ceramics Company) was a participating employer in the Plan. Effective as of August 31, 1999, the Board of Directors of ACX spun off the assets and liabilities of the Plan (in accordance with Code Section 414(l)) attributable to employees, terminated vested employees, and retirees of CoorsTek, Inc. (formerly Coors Porcelain Company), Alumina Ceramics, Inc., Coors Ceramicon Designs, Ltd. d/b/a Coors Tetraflour, Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. into the Coors Ceramics Company Retirement Plan. ACX transferred sponsorship of the Coors Ceramics Company Retirement Plan to CoorsTek, Inc. effective as of September 1, 1999, and the plan was renamed the CoorsTek, Inc. Retirement Plan.

This restatement takes into account the action by the Board of Directors of the Plan Sponsor to spin off the assets and liabilities of the ACX Technologies, Inc. Retirement Plan attributable to employees, terminated vested employees, and retirees of CoorsTek, Inc. (formerly Coors Porcelain Company), Alumina Ceramics, Inc., Coors Ceramicon Designs, Ltd. d/b/a Coors Tetraflour, Coors Technical Ceramics Company, Coors Wear Products, Inc., Wilbanks International, Inc. into a new plan named the Coors Ceramics Company Retirement Plan effective as of August 31, 1999 (in accordance with Section 414(l) of the Internal Revenue Code of 1986, as amended). Effective as of the date of the transfer of assets and liabilities from the Plan to the CoorsTek, Inc. Retirement Plan (formerly the Coors Ceramics Company Retirement Plan), no benefits will be payable under the Plan to any individual whose Accrued Benefit as of August 31, 1999 was transferred to the CoorsTek, Inc. Retirement Plan.

Effective January 1, 2000, the Universal Packaging Corporation Pension Plan (the “UPC Plan”) was merged into the Plan, and effective December 31, 2000, the Graphic Packaging FJ Retirement Plan was merged into the Plan.

B. The following reflects a change in the name of the Employer and a change in the Board of Directors:

**Employer** means Graphic Packaging International Corporation (formerly ACX Technologies, Inc.) prior to August 8, 2003, Graphic Packaging International, Inc. on and after August 8, 2003 and any successor by merger, purchase or otherwise with respect to its employees, or any other company participating in the Plan as provided in Section 8.3 with respect to its employees.

**Board of Directors** means (a) prior to March 10, 2008, the Board of Directors of the Plan Sponsor, and (b) on and after March 10, 2008, the Board of Directors of Graphic Packaging Holding Company.

**Participating Employers** . The following entities participated in the Plan:

<u>Graphic Employers</u>	<u>Participation Date</u>
Golden Technologies Company, Inc.	12/28/1992 through 12/31/2000
Golden Equities, Inc.	12/28/1992 through 12/31/1999
Graphic Packaging Folding Carton Sales, Inc.	1/1/1998 through 12/30/1999
Graphic Packaging Michigan, Inc.	8/2/1999 through 12/31/1999
Graphic Packaging Michigan, Inc.	8/2/1999 through 12/31/1999
Recycled Paperboard Mill, Inc.	8/2/1999 through 12/30/1999
Universal Packaging Corporation	1/1/2000 through 12/31/2000

Graphic Packaging Corporation of Virginia	1/1/2000 through 6/30/2000
CLM2, Inc.	12/28/92 through 12/31/1998
Chronopol, Inc.	12/28/92 through 12/31/1998
GTC Nutrition Company	12/28/92 through 6/30/1999
Golden International, Inc. (formerly Photon Energy, Inc.)	12/28/92 through 12/31/1998
Graphic Packaging Corporation of Colorado, Inc.	1/1/98 through 12/31/1998
Graphic Packaging Flexible Sales, Inc.	1/1/98 through 6/30/1999
Graphic Packaging Tennessee, LP	1/1/98 through 6/30/1999
Graphic Packaging Corporation	12/28/1992 through 8/7/2003
Graphic Packaging International Corporation (formerly ACX Technologies, Inc.)	12/28/1992 through 8/7/2003

Golden Aluminum Employers

Participation Date

Golden Aluminum Company	12/28/92 through 3/1/1997
GAC Aluminum Corporation (formerly Golden Aluminum Company)	8/23/99 through 11/5/1999

Ceramics Employers

Participation Date

CoorsTek, Inc. (formerly Coors Porcelain Company)	12/28/92 through 8/31/1999
Alumina Ceramics, Inc.	12/28/92 through 8/31/1999
Coors Technical Ceramics Company	12/28/92 through 8/31/1999
Coors Wear Products, Inc.	12/28/92 through 8/31/1999
Wilbanks International, Inc.	12/28/92 through 8/31/1999
Coors Electronic Package Company	12/28/92 through 12/31/1998

**Tetrafluor, Inc.** On August 1, 1997, Coors Ceramicon Designs Ltd. (“Ceramicon”), a subsidiary of CoorsTek, Inc. (formerly Coors Porcelain Company), acquired the assets of Tetrafluor, Inc. (“Tetrafluor”). The employees of Tetrafluor who became employees of Ceramicon on August 1, 1997 and individuals who are hired on and after August 1, 1997 to work in the business performed by Tetrafluor shall not be eligible to participate in this Plan. Employees of ACX Technologies, Inc., the Plan Sponsor, or any other Affiliated Entity who are transferred to the business performed by Tetrafluor on and after August 1, 1997, shall continue to be eligible to participate in this Plan.

Effective August 31, 1999, the assets and liabilities of the ACX Technologies, Inc. Retirement Plan attributable to employees, terminated vested employees, and retirees of Coors Porcelain Company, Alumina Ceramics, Inc., Coors Ceramicon Designs, Ltd. d/b/a Coors Tetrafluor (if any), Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. were spun off into a new plan named the Coors Ceramics Company Retirement Plan. Effective August 31, 1999, no benefits will be payable to any individual whose Accrued Benefit as of August 31, 1999 was transferred to the CoorsTek, Inc. Retirement Plan (formerly the Coors Ceramics Company Retirement Plan).

C. The following provision reflects the historical changes to the Plan’s definition of Plan Year:

**Plan Year** means the fiscal year of the Plan, which shall be the calendar year, except that the first Plan Year shall begin December 28, 1992 and end December 31, 1993, and for purposes of Title I of ERISA only, the first Plan Year shall begin December 28, 1992 and end December 31, 1992. Furthermore, the first Plan Year with respect to Appendices 2, 3, 4, 5, 6, 7, 8, and 9 shall be the period commencing August 2, 1999 and ending December 31, 1999.

- D. The following provisions reflect the Plan's requirement for Member contributions under Appendix 1 prior to December 1, 1976:

**Member Contributions**

No contributions shall be accepted from any Member on and after December 1, 1976. The ACC Retirement Plan provided for contributions by Members, prior to December 1, 1976. Member contributions (Accumulated Contributions) transferred to this Plan from the ACC Retirement Plan shall be held in a separate account for each Member who made such contributions fully vested at all times, shall be used to provide retirement benefits under Appendix 1 of this Plan or shall be payable as a minimum benefit to the Member or his beneficiary.

**RIVERWOOD INTERNATIONAL  
EMPLOYEES RETIREMENT PLAN**

**(As Amended and Restated Effective January 1, 2015)**

**RIVERWOOD INTERNATIONAL EMPLOYEES RETIREMENT PLAN  
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### **RIVERWOOD INTERNATIONAL EMPLOYEES RETIREMENT PLAN (As Amended and Restated Effective January 1, 2015)**

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#### **PREAMBLE**

WHEREAS, effective January 1, 1956, Olin Mathieson Chemical Corporation established a defined benefit pension plan for its Employees known as the Employees Retirement Plan of Olin Mathieson Chemical Corporation (the “Olin Plan”); and

WHEREAS, effective January 1, 1967, the name of the Olin Plan was changed to the Olin Salaried Pension Plan; and

WHEREAS, effective September 1, 1969, Olin Mathieson Chemical Corporation changed its name to Olin Corporation; and

WHEREAS, effective June 1, 1974, the wholly-owned subsidiary of Olinkraft, Inc. was spun-off from Olin Corporation, and the Olinkraft Salaried Pension Plan was established; assets and liabilities attributable to employees of Olinkraft, Inc. were spun-off to the Olinkraft Salaried Pension Plan; and

WHEREAS, Olinkraft, Inc. was subsequently purchased by the Manville Corporation on January 19, 1979, and the name of the Olinkraft Salaried Pension Plan was changed to the Manville Salaried Pension Plan effective July 1, 1980 (the Manville Salaried Pension Plan was separate from the plan sponsored by Manville Corporation for its employees, which had the name Manville Salaried Employees Retirement Plan); and

WHEREAS, effective May 6, 1980, Olinkraft, Inc. changed its name to Manville Forest Products Corporation; and

WHEREAS, effective January 1, 1985, the name of the Manville Salaried Pension Plan was changed to the Manville Forest Products Salaried Retirement Plan; and

WHEREAS, effective January 2, 1986, the Manville Forest Products Salaried Retirement Plan was merged with the Manville Salaried Employees Retirement Plan; and

WHEREAS, effective January 1, 1989, the name of the Manville Salaried Employees Retirement Plan was changed to the Manville Employees Retirement Plan (As Amended and Restated Effective January 1, 1989 and As Further Amended Effective September 1, 1991); and

WHEREAS, effective June 10, 1991, Manville Forest Products Corporation changed its name to Riverwood International Corporation; and

WHEREAS, effective January 1, 1992, the assets and liabilities attributable to employees of Riverwood

International Corporation were spun-off from the Manville Employees Retirement Plan to this newly established plan, the Riverwood International Employees Retirement Plan (the "Plan"); and

WHEREAS, the Plan was last amended and restated effective as of January 1, 2009, and the Employer now desires to amend and restate the Plan, by a separate restatement, in its entirety effective January 1, 2015, except as otherwise provided herein, to incorporate previously adopted amendments, to reflect certain plan design changes, and to make certain changes required by pension law.

NOW, THEREFORE, effective January 1, 2015, the Plan is amended and restated in its entirety, and the January 1, 2009 restatement is superseded and replaced by this separate restated Plan.

There shall be no termination and no gap or lapse in time or effect between such prior plans and the Plan, and the existence of a qualified plan shall be continuous and uninterrupted.

Except as otherwise specifically provided herein, adopting resolutions, or required by law, the rights and benefits of any Member who retires or whose employment is terminated are determined in accordance with the provisions of the applicable plan as in effect at the time the Member retired or terminated employment. The restated Plan is conditional upon its qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time, with Employer contributions being deductible under Section 404 of said Code or any other applicable sections thereof, as amended from time to time.

Notwithstanding anything contained in the Plan to the contrary, except with respect to provisions relating to (i) the Plan's definition of "Spouse," (ii) Section 436 of the Code, and (iii) the operation of the Retirement Committee, this amendment and restatement of the Plan is intended only to incorporate prior amendments to the Plan for the purpose of obtaining a determination letter from the Internal Revenue Service; it is not intended, nor shall it be construed, to increase or decrease any benefits accrued under the Plan prior to the Effective Date, except those provided in prior amendments to the Plan.

The terms and conditions of the Plan, effective January 1, 2015 (except as otherwise indicated), are as provided in the following document.

## Article 1. DEFINITIONS

**1.01** *Accrued Benefit* means, as of any date of determination, the normal retirement Pension determined under the Plan.

**1.02** *Affiliated Employer* means any company not participating in the Plan which is (a) a member of a controlled group of corporations (as defined in Section 414(b) of the Code), which also includes the Employer as a member of the controlled group of corporations; (b) any trade or business under common control (as defined in Section 414(c) of the Code) with the Employer; (c) any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Employer; and (d) any other entity required to be aggregated with the Employer pursuant to regulations under Section 414(o) of the Code. Notwithstanding the foregoing sentence, for purposes of Section 1.24, "Leased Employee," the definitions in Sections 414(b) and (c) of the Code shall be modified as provided in Section 415(h) of the Code.

**1.03** *Annuity Starting Date* means the first day of the first period for which an amount is paid as an annuity or any other form.

**1.04** *Appendix or Appendices* means the appendices to the Plan, which are defined as follows:

- (a) **Appendix A** means the special provisions applicable to employees affected by a corporate acquisition or divestiture.
- (b) **Appendix B** means the provisions for minimum benefits for Members who were members of the Prior

Plan as of December 31, 1988.

- (c) **Appendix C** means the schedule of benefits referenced by Section 4.01(c)(iv).
- (d) **Appendix D** means the special schedule of benefits referenced by Section 4.01(c)(v).
- (e) **Appendix E** means the provisions of the Plan that are retained for historical purposes.

**1.05** *Average Final Salary* means the annual Pensionable Earnings of a Member paid during the four consecutive Plan Years in the last ten Plan Years of the Member's Benefit Service affording the highest average, subject to the following rules:

- (a) If a layoff, approved medical leave or workers' compensation leave is included in the last ten Plan Years of a Member's Benefit Service, Pensionable Earnings shall include, for that period, an amount based on Pensionable Earnings in effect for the calendar year prior to that period.
- (b) If a Member is entitled to Benefit Service on account of a period of service in the uniformed services of the United States, the Member shall be deemed to have earned Pensionable Earnings during the period of absence at the rate he would have received had he remained employed as an Eligible Employee for that period or, if such rate is not reasonably certain, on the basis of the Member's rate of compensation during the 12-month period immediately preceding such period of absence (or if shorter, the period of employment immediately preceding such period).
- (c) In the case of an Employee who is rehired, the Employee's annual Pensionable Earnings during the year in which termination occurred and the year in which rehire occurred shall not be included as one of the last ten calendar years of the Member's Benefit Service, unless such Pensionable Earnings are greater than the Pensionable Earnings in the calendar year preceding the year in which termination occurred.
- (d) If a Member completes less than four full consecutive Plan Years under the Plan, the Member's Pensionable Earnings for the portion of a Plan Year worked will be increased by annualizing base pay and adding other amounts actually paid during that Plan Year that are included as Pensionable Earnings. The Member's Pensionable Earnings will be annualized only for the initial year of employment (or reemployment, if applicable) if that results in four full consecutive Plan Years considered. Otherwise, the Member's Pensionable Earnings in the year of termination will also be annualized.
- (e) If using the Pensionable Earnings paid to a Member in his final, partial calendar year of employment would produce an Average Final Salary that is greater than the Average Final Salary otherwise calculated, then his final, partial calendar year of employment shall be added to his last ten calendar years in calculating his Average Final Salary.
- (f) Notwithstanding the above, a Non-Grandfathered Member's Average Final Salary shall be determined as of December 31, 2011, or as of his retirement or termination of employment, if earlier. Notwithstanding the cessation of Benefit Service as of June 30, 2011, for purposes of determining the amount of a Member's Average Final Salary, Pensionable Earnings for the 2011 Plan Year shall include Pensionable Earnings for the period July 1, 2011 to December 31, 2011 to the extent it would have been counted had Benefit Service continued to be recognized under the Plan for that period.

**1.06** *Beneficiary* means the person named by a Member by written designation, filed with the Retirement Committee, to receive payments after the Member's death under an optional form of payment pursuant to Section 5.02.

**1.07** *Benefit Service* means service recognized for purposes of computing the amount of any benefit, as provided in Section 3.02.

**1.08** *Board of Directors or Board* means the Board of Directors of Graphic Packaging Holding Company.

**1.09** *Break in Service* means a period which constitutes a break in an Employee's Vesting Service, as provided in

Section 3.01.

**1.09A Charter** means the Charter of the Retirement Committee of Graphic Packaging International, Inc., as amended from time to time or such other charter or operating procedures adopted by the Board of Directors which defines the scope of the Retirement Committee's authorities and responsibilities with respect to the Plan.

**1.10 Code** means the Internal Revenue Code of 1986, as amended from time to time.

**1.11 Covered Compensation** means, for any Member, the average of the taxable wage bases in effect under Section 230 of the Social Security Act for each year in the 35-year period ending with the year in which the Member attains his Social Security Retirement Age. In determining a Member's Covered Compensation for any Plan Year, the taxable wage base for the current Plan Year and any subsequent Plan Year shall be assumed to be the same as the taxable wage base in effect as of the beginning of the Plan Year for which the determination is made. Notwithstanding the foregoing, a Non-Grandfathered Member's Covered Compensation shall be determined as of December 31, 2011, or as of his retirement or termination of employment, if earlier.

**1.12 Disability or Disabled** means a physical or mental condition rendering a Member totally and permanently disabled, as determined by eligibility for and receipt of disability benefits under the Employer's long-term disability plan. To the extent required by law, and to the extent the Retirement Committee is ruling on a claim for disability benefits, the Plan will follow, with respect to that claim, claims procedures required by law for plans providing disability benefits.

**1.13 Effective Date** of this amended and restated Plan means January 1, 2015, except as otherwise specified herein. The original Effective Date of the Plan was January 1, 1992.

**1.14 Employee** means any person, including but not limited to a U.S. citizen, a U.S. resident alien and a U.S. expatriate, employed by the Employer who is classified as a salaried employee by the Employer and who receives stated Pensionable Earnings other than a pension, separation pay, retainer, or fee under contract. The term "Employee" shall also include members of a Participating Unit as provided in Appendix A, as amended from time to time. Foreign nationals who have immigration status to work in the U.S., who work in the U.S. for a period of time and then work abroad on assignment for a period of time, are also eligible Employees. Notwithstanding the preceding sentences, the term "Employee" shall exclude:

- (a) any person first employed by the Employer prior to January 1, 2004 who is paid from the payroll processed from the Ceridian Corporation as of August 8, 2003 or the date when first employed by the Employer, if later (other than as provided for in Appendix A);
- (b) any person first employed by the Employer on or after January 1, 2004 and assigned to one of the following plant locations: Golden, Co Carton; Centralia, IL Laminations, Centralia, IL Carton; Lawrenceburg, TN Carton; North Portland, OR Carton; Tuscaloosa, AL Laminations; Wausau, WI Carton; Bow, NH Carton; Charlotte, NC Carton; Fort Smith, AR Carton; Gordonsville, TN Carton; Kalamazoo, MI Carton; Kalamazoo, MI Papermill; Kendallville, IN Carton; Lumberton, NC Carton; Menasha, WI Carton; Mitchell, SD Carton; Richmond, VA Carton;
- (c) any person first employed after January 1, 2004 and assigned to either of the following divisions, but not a specific plant location: Performance Packaging Division and Universal Packaging Division;
- (d) any Leased Employee;
- (e) any non-resident alien; and
- (f) any person who is included in a unit of employees covered by a collective bargaining agreement which does not provide for the employee's membership in the Plan.

In addition, any person classified as an independent contractor or consultant by the Employer shall, during such period, be excluded from the definition of Employee, regardless of such person's reclassification for such period

by the Internal Revenue Service for tax withholding purposes.

The term “employee,” as used in the Plan, means any Leased Employee or any individual who is employed by the Employer or an Affiliated Employer as a common law employee of the Employer or Affiliated Employer, regardless of whether the individual is an “Employee.”

**1.15** *Employer* means Graphic Packaging International, Inc. or any successor by merger, purchase or otherwise, with respect to its Employees; and any other company participating in the Plan, as provided in Section 10.03, with respect to its Employees.

**1.16** *Equivalent Actuarial Value* means a benefit having the same value as the benefit that such Equivalent Actuarial Value replaces. The Equivalent Actuarial Value shall be based on an annual interest rate of five percent per year, compounded annually, and the mortality table prescribed by Revenue Ruling 2001-62, unless otherwise specified below or in another Section of the Plan:

- (a) For purposes of calculating lump sum payments and a benefit payable in the form of a level income option under Section 5.02(g), the interest rate shall be the IRS Interest Rate and the mortality assumption shall be based on the IRS Mortality Table.
- (b) In determining the present value and the amount of a lump sum payment with respect to a benefit with an Annuity Starting Date occurring during the period beginning January 1, 2007 and ending December 31, 2007, the interest rate to be used shall be no greater than the annual rate of interest on 30-year Treasury securities for the second full calendar month preceding the month containing the Annuity Starting Date. Further, the present value of a lump sum payment or a benefit payable under the level income option under Section 5.02(g) with an Annuity Starting Date occurring during the period beginning January 1, 2010 and ending December 31, 2010, shall not be less than the present value determined using the interest rate prescribed under Section 417(e)(3)(C) of the Code for the second full calendar month preceding the applicable Stability Period.

**1.17** *ERISA* means the Employee Retirement Income Security Act of 1974, as amended from time to time.

**1.18** *Full-time Employee* means any Employee who, on the basis of the Employee’s regularly stated work schedule, is classified as a full-time Employee by the Employer.

**1.19** *Fund(s)* means the funds of the Plan maintained by the Trustee in accordance with the terms of the Trust Agreement.

**1.20** *Hour of Service* means, with respect to any applicable computation period (as described in Article 3):

- (a) Each hour for which an Employee is paid or entitled to payment for the performance of duties for the Employer or an Affiliated Employer;
- (b) Each hour for which an Employee is paid or entitled to payment by the Employer or an Affiliated Employer on account of a period during which no duties are performed (whether or not the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence;
- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer or an Affiliated Employer, excluding any hour credited under (a) or (b) above, which shall be credited to the computation period or periods to which the award, agreement or payment pertains, rather than to the computation period in which the award, agreement or payment is made; and
- (d) Solely for purposes of determining whether an Employee has incurred a Break in Service under the Plan, each hour for which an Employee would normally be credited under paragraph (a) or (b) above during a period of Parental Leave, but not more than 501 hours for any single continuous period. However, the

number of hours credited to an Employee under this paragraph (d) during the computation period in which the Parental Leave began, when added to the hours credited to an Employee under paragraphs (a) through (c) above during that computation period, shall not exceed 501. If the number of hours credited under this paragraph (d) for the computation period in which the Parental Leave began is zero, the provisions of this paragraph (d) shall apply as though the Parental Leave began in the immediately following computation period.

In the event no Employer record exists for a period for which Hours of Service must be credited under the provisions of the Plan, an Employee shall be credited with 190 Hours of Service for each calendar month in which he is entitled to be credited with one Hour of Service under the provisions of this Section.

No hours shall be credited on account of any period during which the Employee performs no duties and receives payment solely for the purpose of complying with unemployment compensation, workers' compensation or disability insurance laws, subject to the provisions of Sections 1.05, 3.01 and 3.02. The Hours of Service credited shall be determined as required by Title 29 of the Code of Federal Regulations, Sections 2530.200b-2(b) and (c).

**1.21** *Hourly Plan* means the Riverwood International Hourly Retirement Plan.

**1.22** *IRS Interest Rate* means, with respect to determining the amount of a benefit with an Annuity Starting Date:

- (a) on and after January 1, 2007 and prior to January 1, 2008, the interest rate prescribed under Section 417(e)(3)(A)(ii)(II) of the Code for the second full calendar month preceding the applicable Stability Period;
- (b) on and after January 1, 2008 and prior to January 1, 2010, the interest rate prescribed under Section 417(e)(3)(C) of the Code for the second full calendar month preceding the applicable Stability Period; and
- (c) on and after January 1, 2010, the interest rate prescribed under Section 417(e)(3)(C) of the Code for the fifth full calendar month preceding the applicable Stability Period.

**1.23** *IRS Mortality Table* means, with respect to determining the amount of a benefit with an Annuity Starting Date:

- (a) prior to December 31, 2002, the mortality table prescribed under Section 417(e)(3)(A)(ii)(I) of the Code as in effect on the first day of the applicable Stability Period;
- (b) on and after December 31, 2002 and prior to January 1, 2008, the mortality table prescribed by Revenue Ruling 2001-62 as in effect on the first day of the applicable Stability Period; and
- (c) on and after January 1, 2008, the mortality table prescribed under Section 417(e)(3)(B) of the Code as in effect on the first day of the applicable Stability Period.

**1.24** *Leased Employee* means any person (other than a common law employee of the Employer or an Affiliated Employer) who performs services for the Employer or an Affiliated Employer, provided all of the following circumstances exist:

- (a) such services are provided pursuant to an agreement between an organization or person (the "leasing organization") and the Employer or an Affiliated Employer;
- (b) such services have been performed for the Employer or an Affiliated Employer (or for the Employer and related persons determined in accordance with Section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year; and
- (c) such services are performed under the primary direction or control of the Employer or an Affiliated Employer.

**1.25** *Manville Plan* means the Manville Employees Retirement Plan, the predecessor plan to the Plan.

**1.26** *Member* means any person included in the membership of the Plan, as provided in Article 2.

**1.27** *Non-Grandfathered Member* means a Member who, on July 1, 2011, failed to meet one or more of the following requirements:

- (a) is age 50 or older,
- (b) has completed five or more years of Vesting Service, and
- (c) is in active employment, is on an approved leave of absence, is in receipt of benefits under the Employer's long-term disability plan, or is on a military leave as described in Section 3.01(c) provided the Member's reemployment rights are protected by law on July 1, 2011.

**1.28** *Normal Retirement Age* means an Employee's 65th birthday.

**1.29** *Parental Leave* means a period in which the Employee is absent from work immediately following his active employment because of the Employee's pregnancy, the birth of the Employee's child, or the placement of a child with the Employee in connection with the adoption of that child by the Employee, or for purposes of caring for that child for a period beginning immediately following birth or placement.

**1.30** *Participating Unit* means every location employing non-union hourly Employees in the United States owned or operated by the Employer, which the Board of Directors has designated as a participating unit for purposes of the Plan, provided that the Employer has agreed to cover the members of that unit under the Plan. Participating Units are specified in Appendix A.

**1.31** *Part-time Employee* means any Employee who, on the basis of the Employee's regularly stated work schedule, is classified as a Part-time Employee or temporary Employee by the Employer.

**1.32** *Pension* means annual payments under the Plan, as provided in Article 5.

**1.33** *Pensionable Earnings* means the total cash remuneration paid to an Employee for services rendered to the Employer during the Plan Year, determined prior to any contributions under a "qualified cash or deferred arrangement" (as defined under Section 401(k) of the Code and its applicable regulations), and prior to any contributions under a "cafeteria plan" (as defined under Section 125 of the Code and its applicable regulations) or pursuant to a "qualified transportation fringe" (as defined under Section 132(f) of the Code), and including remuneration for items such as overtime, commissions, annual bonuses, profit incentive bonuses, President's awards and differential wage payments (as defined in Section 3401(h)(2) of the Code) in accordance with Section 414(u)(12) of the Code; but excluding remuneration for items such as one-time bonuses, signing bonuses, all non-cash remuneration, living expenses, separation pay, the Employer's cost for any public or private employee benefit plan, any remuneration received under the Employer's Award for Special Merit Plan and executive long-term cash incentive payments. If Pensionable Earnings are paid in foreign currency, they shall be taken at par of exchange on the date paid.

Except as otherwise provided in the Plan, the Pensionable Earnings for a period of absence which is counted as Benefit Service shall be based on the Member's Pensionable Earnings for the calendar year prior to the period of absence.

Pensionable Earnings shall include, for any period during which the Employee is accruing Benefit Service under the provisions of Sections 3.02(a)(iv) and 4.04, an amount based on the greater of:

- (a) Pensionable Earnings received in the calendar year prior to the calendar year in which the Member is placed on the Employer's long-term disability plan, excluding Pensionable Earnings paid in lieu of vacation or holidays; or

- (b) Pensionable Earnings, excluding Pensionable Earnings paid in lieu of vacation and holidays, for the calendar year in which the Member is placed on the Employer's long-term disability plan, plus base compensation that would have been paid from the date the Member is placed on the Employer's long-term disability plan through the end of that Plan Year.

A Non-Grandfathered Member who is accruing Benefit Service under Section 3.02(a)(iv) as of June 30, 2011 shall continue to be credited with Pensionable Earnings under the preceding paragraph for the period July 1, 2011 to December 31, 2011 to the extent he remains Disabled during that period and does not elect to commence payment of his Pension.

Pensionable Earnings of each Member taken into account in determining benefit accruals in any Plan Year beginning after December 31, 2001 shall not exceed \$200,000. The \$200,000 limit on Pensionable Earnings shall be adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to Pensionable Earnings for the Plan Year that begins with or within such calendar year.

In determining benefit accruals for Members in Plan Years beginning after December 31, 2001, the limit on Pensionable Earnings for Plan Years beginning before January 1, 2002, notwithstanding anything in the Plan to the contrary other than Appendix C, shall be \$200,000.

Notwithstanding the above, Pensionable Earnings paid after December 31, 2011 with respect to a Non-Grandfathered Member shall not be counted under the Plan. In addition, no Pensionable Earnings shall be imputed for any period of absence after December 31, 2011 with respect to a Non-Grandfathered Member.

**1.34** *Plan* means the Riverwood International Employees Retirement Plan as set forth in this document or as amended from time to time.

**1.35** *Plan Sponsor* means Graphic Packaging International, Inc., or any successor by merger, purchase or otherwise.

**1.36** *Plan Year* means the calendar year.

**1.37** *Prior Plan* means the Manville Employees Retirement Plan or the Manville Forest Products Salaried Retirement Plan, whichever is applicable, (including any predecessor plans thereto) in force and effect for the period prior to January 1, 1992. Any reference herein to the Prior Plan as of a certain date or for a certain period shall be deemed a reference to the Prior Plan as then in effect.

**1.38** *Qualified Joint and Survivor Annuity* means an annuity which is of Equivalent Actuarial Value to a Pension payable as a single life annuity and which is payable for the life of the Member with the provision that after the Member's death, 50% of the amount payable to the Member shall continue to be paid monthly during the life of, and to, the Spouse to whom the Member was married on the earlier of his date of death or his Annuity Starting Date.

**1.39** *Required Beginning Date* means the April 1 of the calendar year following the later of (a) the calendar year in which the Member attains age 70½, or (b) the calendar year in which the Member retires; provided, however, that the Required Beginning Date for a Member who is a five percent owner (as defined in Section 1.401(a)(9)-2, Q&A-2(c) of the U. S. Treasury Department regulations) is April 1 of the calendar year following the calendar year in which the Member attains age 70½.

**1.40** *Retirement Committee* means the committee which is maintained and governed in accordance with the Charter to administer and supervise the Plan as provided in Article 10. The Retirement Committee shall be a "named fiduciary" within the meaning of Section 402(a) of ERISA and shall carry out the duties of the "plan administrator" of the Plan as imposed by ERISA.

**1.41** *Retirement Date* means a Member's Normal, Late, or Early Retirement Date, whichever is applicable, as follows:

- (a) **Normal Retirement Date** means the first day of the calendar month coincident with or next following the date a Member attains age 65.
- (b) **Late Retirement Date** means, in the case of a Member who continues in service after attaining his Normal Retirement Date, the first day of the calendar month next following the date of actual retirement.
- (c) **Early Retirement Date** means the first day of the calendar month next following the date a Member shall retire after the Member has attained age 55 and has completed 10 or more years of Vesting Service.

Notwithstanding the above, if a Member attains the applicable age requirement for a Retirement Date on the first day of the month, the Member shall be entitled to commence payment on the applicable Retirement Date, provided he terminates employment on the last day of the preceding month and meets the service requirement, if applicable, on his date of termination.

**1.42 Severance Date** means, with respect to employment with the Employer and all Affiliated Employers, the earlier of:

- (a) The date an employee quits, retires, is discharged, or dies; or
- (b) The last day of an authorized leave of absence, or, if later, the first anniversary of the date on which an employee is first absent from the service of the Employer or an Affiliated Employer, with or without pay, for any reason such as vacation, sickness, disability, layoff or leave of absence if the Employee does not return to employment with the Employer or an Affiliated Employer on or before such date.

**1.43 Social Security Retirement Age** means age 65 with respect to a Member who was born before January 1, 1938; age 66 with respect to a Member who was born after December 31, 1937 and before January 1, 1955; and age 67 with respect to a Member who was born after December 31, 1954.

**1.44 Spousal Consent** means written consent given by a Member's Spouse to an election made by the Member which specifies the form of Pension and Beneficiary designated by the Member. Spousal Consent shall be duly witnessed by a notary public or Plan representative, and shall acknowledge the effect on the Spouse of the Member's election. Once given, Spousal Consent may not be revoked after the Annuity Starting Date. The requirement for Spousal Consent may be waived by the Retirement Committee if it is established to its satisfaction that there is no Spouse, or that the Spouse cannot be located, or because of such other circumstances as may be established by applicable law. Spousal Consent shall be applicable only to the particular Spouse who provides such consent.

**1.45 Spouse** means, effective June 26, 2013, with respect to a Member, the person who is treated as married to such Member under the laws of the U.S. jurisdiction or foreign jurisdiction that sanctioned such marriage. The determination of a Member's Spouse will be made as of the date of such Member's death. In addition, a Member's former Spouse will be treated as his Spouse to the extent provided under a qualified domestic relations order, as defined in Code Section 414 (p).

**1.46 Suspensible Month** means:

- (a) A month in which a Member who is a Full-time Employee receives payment from the Employer or an Affiliated Employer for a least eight days of service during that month; or
- (b) A four or five-week payroll period ending in a month in which the Member who is a Part-time Employee completes at least 40 Hours of Service with the Employer.

**1.47 Stability Period** means the Plan Year in which occurs the Annuity Starting Date for the distribution.

**1.48 Statutory Compensation** means compensation from the Employer or any Affiliated Employer as defined in U.S. Treasury Department regulation Section 1.415(c)-2(d)(4) ( *i.e.* , information required to be reported under Sections 6041, 6051 and 6052 of the Code ("W-2 Pay")) plus amounts that would be included in wages but for an election under Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code. For Plan Years beginning on or after

July 1, 2007, the preceding definition of compensation shall be modified as required under the provisions of U.S. Treasury Department regulation Section 1.415(c)-2(e) and shall include all amounts permitted to be recognized under the provisions of U.S. Treasury Department regulation Sections 1.415(c)-2(e)(2) and (3) and, effective on and after January 1, 2009, U.S. Treasury Department regulation Section 1.415(c)-2(e)(4). Also, effective for Plan Years beginning on and after January 1, 2009, Statutory Compensation shall include differential wage payments (as defined in Section 3401(h) (2) of the Code) paid to an individual by the Employer, to the extent not otherwise included in this definition of Statutory Compensation. For purposes of applying the top-heavy provisions under Section 9.05 and effective for Plan Years beginning on and after July 1, 2007, for purposes of applying the maximum benefit limitations under Section 4.07, Statutory Compensation shall not exceed the limitation on compensation under Section 401(a)(17) of the Code.

**1.49** *Trust Agreement* means the agreement between the Plan Sponsor and the Trustee establishing the trust, and all amendments thereto.

**1.50** *Trustee* means the trustee holding the Funds of the Plan as provided in Article 8.

**1.51** *Vesting Service* means service recognized for purposes of determining eligibility for membership in the Plan and eligibility for an early retirement or vested Pension under the Plan, as defined in Section 3.01.

## ARTICLE 2. MEMBERSHIP

### **2.01** *Membership Requirements*

Every Employee who was a Member immediately prior to the Effective Date shall continue to be a Member.

Prior to January 1, 2008, every person in the employ of the Employer became a Member of the Plan as of the first day following the “service computation year” in which he completed 1,000 Hours of Service, provided he was then an Employee. For this purpose, “service computation year” is the 12-month period beginning with the date of the Employee’s first Hour of Service, if he completes at least 1,000 Hours of Service during such 12-month period, and is any Plan Year following such date during which he completes at least 1,000 Hours of Service.

Notwithstanding any provision of the Plan to the contrary, the Plan is closed to new Members on and after January 1, 2008, except that an Employee of Graphic Packaging International, Inc. on December 31, 2007 who was not then a Member because he had not yet met the service requirement for eligibility to be a Member of the Plan will remain eligible to become a Member upon completion of the service requirement as set forth in the preceding paragraph provided that he remains continuously employed as an Employee until the date he becomes a Member.

### **2.02** *Events Affecting Membership*

An Employee’s membership in the Plan shall end at the Member’s Severance Date, unless he is entitled to either an immediate or a deferred Pension under the Plan or during a period while he is accruing Benefit Service under Section 3.02(a)(iv), or during a period while he is not an Employee but is in the employ of the Employer or an Affiliated Employer; however, no Benefit Service shall be counted for such a period, except as specifically provided in Articles 3 and 11.

### **2.03** *Membership Upon Reemployment*

If an Employee’s membership in the Plan ends and he again becomes an Employee, he shall again become a Member as of his date of restoration to service as an Employee. Notwithstanding the foregoing, any employee who incurs a termination of service either before or on or after January 1, 2008 and is rehired as an employee by the Employer on or after January 1, 2008 shall be ineligible to again become an active Member and shall be ineligible to receive future accruals under the terms of the Plan on and after his date of reemployment. Following his date of reemployment, the Accrued Benefit of such a Member shall be determined on the basis of his Average Final Salary, Covered Compensation and Benefit Service determined as of his prior termination of employment and under the benefit formula in effect on that date.

## ARTICLE 3. SERVICE

### 3.01 *Vesting Service*

- (a) Vesting Service, with respect to any Full-time Employee, shall mean the period of employment with the Employer or an Affiliated Employer, whether or not as an Employee, beginning on the date the Employee first completes one Hour of Service and ending on the Employee's Severance Date. If a Full-time Employee's employment is terminated and he is later reemployed within one year, the period between his termination date and the date of his reemployment shall be included in his Vesting Service. A Break in Service shall occur if an Employee is not reemployed within one year after the Severance Date; provided, however, that if an Employee's employment is terminated or if the Employee is otherwise absent from work because of Parental Leave, a Break in Service shall occur only if the Employee is not reemployed or does not return to active service within two years of his Severance Date. All periods of employment credited as Vesting Service shall be counted, regardless of any Break in Service; provided, however, if an Employee who was a non-vested hourly employee terminated employment and incurred a Break in Service of one day or longer prior to January 1, 1976, then is reemployed by the Employer, any service credited prior to that termination of employment shall not be restored to such Employee.
- (b) With respect to any Part-time Employee, a year of Vesting Service is any Plan Year in which the Part-time Employee completes at least 1,000 Hours of Service. No Vesting Service is counted for any Plan Year in which a Part-time Employee completes less than 1,000 Hours of Service. All periods of employment credited as Vesting Service shall be counted, regardless of any Break in Service; provided, however, if a non-vested hourly employee terminated employment and incurred a Break in Service of one day or longer prior to January 1, 1976, then is reemployed by the Employer, any service credited prior to that termination of employment shall not be restored to such Employee.
- (c) If the Employee is absent from the service of the Employer or an Affiliated Employer because of military service of the United States (as defined in Sections 4303(13) and 4303(16) of the Uniformed Services Employment and Reemployment Rights Act of 1994), and if the Employee returns to the service of the Employer or an Affiliated Employer or applies to return to the service of the Employer or an Affiliated Employer while the Employee's reemployment rights are protected by law, that absence shall not count as a Break in Service, but instead shall be counted as Vesting Service.
- (d) In the case of a Member who is eligible to accrue benefits under Section 4.04, any period during which the Member is accruing Benefit Service under the provisions of Section 4.04 shall be included in an Employee's Vesting Service. In addition, a Non-Grandfathered Member who is receiving payments under the Employer's long-term disability plan as of June 30, 2011 or who becomes Disabled on or after July 1, 2011 shall continue to be credited with Vesting Service for his period of Disability until the earlier of the date the Member ceases to be Disabled or commences payment of his Pension.
- (e) A period of layoff and a period during which an Employee is on a leave of absence approved by the Employer, up to one year, shall not be considered Breaks in Service.
- (f) If a Part-time Employee is transferred to service as a Full-time Employee during a Plan Year, Vesting Service is counted as though the transfer occurred at the beginning of the year. If, however, the Part-time Employee had 1,000 or more Hours of Service in the year before being transferred, the Employee receives a full year of Vesting Service for that year. If a Full-time Employee is transferred to service as a Part-time Employee, Vesting Service for that calendar year is counted as though the transfer occurred on the last day of the year.
- (g) For purposes of determining eligibility for membership and vesting, each of the following periods of service shall be counted in a person's Vesting Service to the extent that it would be recognized under paragraphs (a) through (f) above with respect to Employees:

- (i) A period of service as an employee, but not an Employee of the Employer;
  - (ii) A period of service as an employee of an Affiliated Employer; and
  - (iii) In the case of a person who is a Leased Employee before or after a period of service as an Employee or a period of service described in clause (i) or (ii) above, a period during which he has performed services for the Employer or an Affiliated Employer as a Leased Employee. A person who would qualify as a Leased Employee except that he has not performed services on a substantially full-time basis for one year shall nonetheless be deemed a Leased Employee for purposes of this clause (iii).
- (h) Effective January 1, 2007, if an individual who was an employee dies while performing qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 and any related legislation or guidance, such individual's period of time in qualified military service through the date he died shall be counted as Vesting Service.

### **3.02 *Benefit Service***

For any year, Benefit Service shall not exceed one full year less any Benefit Service granted to the Employee for that year by any other defined benefit plan of the Employer or an Affiliated Employer.

(a) Benefit Service shall include:

- (i) The period of employment with the Employer beginning on the date the Member first completes an Hour of Service and ending on the Member's Severance Date, subject to the rules contained in this Section 3.02.
- (ii) Any period of absence from service with the Employer due to service in the uniformed services of the United States which is counted in a Member's Vesting Service, as provided in Section 3.01(c), provided such service is required to be recognized for benefit accrual purposes under applicable law.
- (iii) Any period during which an Employee is on an approved leave of absence, including Parental Leave and layoff, up to one year.
- (iv) Any period during which a Member is accruing Benefit Service under the provisions of Section 4.04.
- (v) Any period between a Severance Date and a reemployment date which is counted as Vesting Service as provided in Section 3.01(a).
- (vi) Any period credited as Benefit Service for transferred Employees as provided in Article 11.
- (vii) Any period credited as Benefit Service for a Member under the Manville Plan prior to January 1, 1992, provided such Member was an Employee as of January 1, 1992.

(b) Benefit Service shall exclude:

- (i) Any period in which a Member is not an Employee, except as may otherwise be provided in Article 11 or Appendix A.
- (ii) Any Benefit Service credited prior to a Break in Service of one day or longer prior to January 1, 1976, for an Employee who was a non-vested hourly employee.

- (iii) All part-time and temporary service prior to January 1, 1976.
- (iv) Any period excluded under the provisions of Section 3.03(e).
- (v) Any period of service or period of absence after June 30, 2011 with respect to a Non-Grandfathered Member.

### **3.03 Restoration to Service**

- (a) If a Member in receipt of a Pension is restored to service with the Employer or an Affiliated Employer as an Employee, the following shall apply:
  - (i) The Pension payable to such Member shall cease (unless the provisions of Section 5.04(b) are applicable), and any election of an optional benefit in effect shall be void. In accordance with the provisions of Section 4.06, if the Member should die in active service, a benefit shall be paid to the Member's surviving Spouse based on the Member's Accrued Benefit at death (including any additional Pension such Member accrues after his restoration to service).
  - (ii) Any Vesting Service and Benefit Service to which the Member was entitled when he retired or terminated service shall be restored to him.
  - (iii) Upon subsequent retirement or termination of service, the Member's Pension shall be based on the benefit formula then in effect and on the Member's Pensionable Earnings and Benefit Service both before and after the period during which such Member was not in the service of the Employer, reduced by the Equivalent Actuarial Value of the Pension, if any, the Member received both before the date of his restoration to service and before his Normal Retirement Date (determined in the manner prescribed in Section 1.16(a) as of the date of subsequent termination).
  - (iv) The part of the Member's Pension upon subsequent retirement payable with respect to Benefit Service rendered before his previous retirement or termination of service shall never be less than the amount of the Member's previous Pension, but modified to reflect any option in effect on subsequent retirement.
  - (v) Upon later retirement of a Member in service after his Normal Retirement Date, payment of the Member's Pension shall resume effective as of the first day of the month following such retirement, payable no later than the third month after the latest Suspensible Month during the period of restoration, and shall be adjusted, if necessary, in compliance with Title 29 of the Code of Federal Regulations, Section 2530.203-3, in a consistent and nondiscriminatory manner.
- (b) If a Member entitled to but not in receipt of a Pension, or a former Member who did not receive a lump sum settlement, is restored to service, his Vesting Service and Benefit Service shall be determined as provided in Sections 3.01 and 3.02. If such former Member is restored to service as an Employee, he shall again become a Member as of his date of restoration to service.
- (c) If a former Member who received a lump sum settlement in lieu of a Pension is restored to service with the Employer, the following shall apply:
  - (i) Any Benefit Service to which the Member was entitled at the time of his termination of service shall be restored to him.
  - (ii) Upon the later termination or retirement of a Member whose previous Benefit Service has been restored under this paragraph (c), his Pension shall be based on the benefit formula then in effect and on his Pensionable Earnings and Benefit Service before and after the period when he was not in the service of the Employer, and shall be reduced by the Equivalent Actuarial Value of the

lump sum settlement. Equivalent Actuarial Value for this purpose shall be determined in the manner prescribed in Section 1.16(a) as of the date of distribution.

- (d) In the event a Member of the Plan ceases to be an employee of the Employer due to the divestiture of a subsidiary, division or Affiliated Employer, and such Member's accrued normal retirement Pension at that date becomes an obligation of a successor employer's retirement plan due to a transfer of both Trust assets and Plan liabilities to the successor employer's retirement plan and trust, then upon rehire by the Employer or an Affiliated Employer, such Member's normal retirement Pension computed under Section 4.01 of the Plan shall not include any Benefit Service earned prior to the date of such divestiture.
- (e) Notwithstanding the preceding provisions of this Section 3.03, in the event an employee's date of reemployment occurs on or after January 1, 2008, he shall be ineligible to again become an active Member and shall be ineligible to receive future accruals or Benefit Service under the terms of the Plan on and after his date of reemployment.

### **3.04 *Special Provisions for Members With Service at Acquired Companies***

- (a) The Board of Directors shall determine the extent, if any, to which Vesting Service and Benefit Service shall count for service rendered by any employee while in the employ of any acquired company prior to its acquisition by the Employer.
- (b) Any Member whose pre-acquisition service is included as Benefit Service under Section 3.02 shall have his retirement Pension computed under Section 4.01 reduced by any Accrued Benefit earned under any other qualified defined benefit pension plan for the same period of service, provided no assets were transferred to the Employer for such benefits.

## **ARTICLE 4. ELIGIBILITY FOR AND AMOUNT OF BENEFITS**

### **4.01 *Normal Retirement***

- (a) Eligibility. The right of a Member to receive his normal retirement Pension shall be nonforfeitable as of his Normal Retirement Age. A Member may retire from service on a normal retirement Pension beginning on his Normal Retirement Date, or he may remain in service in which event the provisions of Section 4.02 shall be applicable.
- (b) Commencement. The normal retirement Pension shall commence effective as of the Member's Normal Retirement Date unless the Member elects to postpone the commencement of his benefit until the first day of any later month. However, in no event shall a Member's Pension commence later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the provisions of Section 5.01, the annual normal retirement Pension payable upon retirement on a Member's Normal Retirement Date shall be equal to the sum of (i), (ii), (iii), (iv), (v) and (vi), but not less than (vii):
  - (i) 0.90% of Average Final Salary up to Covered Compensation plus 1.40% of Average Final Salary in excess of Covered Compensation multiplied by Benefit Service up to 35 years.
  - (ii) 1.20 of Average Final Salary multiplied by Benefit Service accrued as of June 30, 2011 in excess of 35 years.
  - (iii) 0.90% of Average Final Salary multiplied by Benefit Service accrued after June 30, 2011 in excess of 35 years (taking Benefit Service accrued prior to June 30, 2011 into account in determining the Member's years of Benefit Service in excess of 35 years).
  - (iv) 2.5% of the Employee's Accumulated Contributions (as defined in Appendix E), if any, together with

interest at the rate of 5% per year compounded annually from January 1, 1986 to the Annuity Starting Date. (v) For any Member identified in Appendix C, the annual amount corresponding to such Member as set forth in such Appendix C.

(vi) For any Member identified in Appendix D, the annual amount corresponding to such Member as set forth in such Appendix D.

(vii) For any Member who is credited with Benefit Service for any Plan Year beginning after December 31, 1999 under either the Plan or the Hourly Plan, the minimum annual normal retirement Pension shall be \$300 multiplied by the number of years of the Member's Benefit Service, but not less than \$1,200.

However, the annual normal retirement Pension shall never be less than the greatest annual amount of reduced early retirement Pension which the Member could have received under Section 4.03 before his Normal Retirement Date, except to the extent permitted by law.

With respect to a Member who terminates employment after December 31, 2001, and who is affected by the \$200,000 limitation on Pensionable Earnings as provided in Section 1.32, the annual normal retirement Pension shall be equal to the greater of (i) the Member's Pension calculated under the provisions of the Plan as determined with regard to such imposition or (ii) a Pension equal to the Member's Accrued Benefit determined as of December 31, 1993, plus the Member's Accrued Benefit based solely on service after such date under the provisions of the Plan as determined with regard to such imposition. For this purpose, the Accrued Benefit determined as of December 31, 1993 shall be equal to the greater of (iii) the Member's Accrued Benefit determined as of December 31, 1993 as determined with regard to the \$200,000 limitation on Pensionable Earnings provided in Section 1.32 (effective before January 1, 1994) or (iv) the Member's Accrued Benefit determined as of December 31, 1998 (under the terms of the Plan then in effect) plus the Member's Accrued Benefit based solely on service after such date under the provisions of the Plan as determined with regard to such limitation.

Certain Accrued Benefits for Members of the Manville Plan as of December 31, 1988, are minimum benefits under the Plan and are specified in Appendix B.

In no event shall a Member's normal retirement Pension be less than the Member's Accrued Benefit determined as of December 31, 2006 under the provisions of the Plan then in effect. With respect to a Member accruing Benefit Service under the provisions of Section 4.04 as of December 31, 2006, such Member's Accrued Benefit as of December 31, 2006 shall be computed on the basis of Covered Compensation frozen as of the date the Member became Disabled (determined under the terms of the Plan and applicable law as in effect on that date).

In the event a Member retires on his Normal Retirement Date but defers payment to a later date under the provisions of paragraph (b) above, the Member's Pension payable upon the later commencement date shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Normal Retirement Date.

#### **4.02 *Late Retirement***

- (a) Eligibility. In the event a Member remains in service after his Normal Retirement Date, no Pension shall be payable during such continuance in service, subject to the provisions of Section 5.04(b). Upon retirement on a Late Retirement Date, such Member shall be eligible to receive a monthly late retirement Pension.
- (b) Commencement. The late retirement Pension shall commence effective as of the Member's Late Retirement Date unless the Member elects to postpone the commencement of his Pension until the first day of any later month. However, in no event shall a Member's Pension commence later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.

(c) Amount . Subject to the following provisions of this paragraph (c) and Section 5.01(b), the Member's late retirement Pension shall be an immediate Pension beginning as of the Member's Late Retirement Date and shall be equal to (i) the amount determined in accordance with Section 4.01(c) based on the Member's Benefit Service, Average Final Salary and Covered Compensation as of his Late Retirement Date, or, if greater, (ii) an amount of Equivalent Actuarial Value to the Pension to which the Member would have been entitled under Section 4.01(c) if he had retired on his Normal Retirement Date, recomputed as of the first day of each subsequent Plan Year (and as of his actual Late Retirement Date) as if each such date were the Member's Late Retirement Date. In the event a Member retires on a Late Retirement Date but defers payment to a later date under the provisions of paragraph (b) above, the Member's Pension payable upon the later commencement date shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Late Retirement Date.

#### **4.03 *Early Retirement***

(a) Eligibility . A Member who terminates employment with the Employer and all Affiliated Employers on or after his 55th birthday and before his Normal Retirement Date and is credited with at least ten years of Vesting Service shall be entitled to receive an early retirement Pension.

(b) Commencement . The early retirement Pension shall be a deferred Pension commencing as of the Member's Normal Retirement Date. However, the Member may elect to receive a reduced early retirement Pension effective as of the first day of any earlier month following the Member's termination of employment, provided that an election of an early payment date shall be subject to the notice and timing requirements set forth in Section 5.03. Alternatively, the Member may elect to postpone commencement of his early retirement Pension to the first day of any month following his Normal Retirement Date, but in no event later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.

(c) Amount . Subject to the provisions of Section 5.01(b), the monthly amount of the Member's early retirement Pension payable as of his Normal Retirement Date shall be equal to his Accrued Benefit determined as of the date of the Member's retirement. In the event the Member elects to defer commencement of his early retirement Pension beyond his Normal Retirement Date, the Member's Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Normal Retirement Date. In the event a Member elects to commence payment prior to his Normal Retirement Date, the Member's Pension payable as of the earlier commencement date shall be equal to his Accrued Benefit reduced by 5/12 of 1% for each month by which the commencement date of the Member's early retirement Pension precedes his Normal Retirement Date; provided, however, if the Member shall have 25 years of Vesting Service at his date of retirement, the Member's early retirement Pension shall be equal to the deferred Pension reduced by 5/12 of 1% for each month by which the commencement date of the Member's early retirement Pension precedes the first day of the calendar month coincident with or immediately following the Member's 62nd birthday. Notwithstanding the foregoing, in no event shall the Member's early retirement Pension commencing prior to his Normal Retirement Date be less than the Pension to which the Member would have been entitled under this Section based on his Accrued Benefit as of December 31, 2006 and payable at the earlier commencement date under the terms of the Plan as in effect on December 31, 2006.

#### **4.04 *Disability Benefit***

(a) Eligibility . Subject to the provisions of paragraph (e) below, a Member who terminates from employment with the Employer and all Affiliated Employers as an Employee on account of Disability shall be entitled to benefits as provided in this Section. A Member must file an application requesting a determination of Disability with the Retirement Committee prior to the Employee's termination of employment

- (b) Commencement and Duration . In the event the Member remains Disabled until his Normal Retirement Date, he shall be entitled to a Pension payable in monthly installments commencing as of his Normal Retirement Date or effective as of such later date as of which the Member ceases to accrue Benefit Service under the provisions of paragraph (c) below. If the Member's Disability ceases prior to the Member's Normal Retirement Date, the Member's entitlement to benefits under this Plan shall be determined as provided under paragraph (c) below. A Member may also elect to postpone commencement of his Pension in accordance with the provisions of Section 4.01(b). However, payment shall commence no later than the Member's Required Beginning Date.
- (c) Amount . The amount of the Pension payable to a Member entitled to benefits under this Section shall be determined by (i) considering Benefit Service as if the Member's Benefit Service continued uninterrupted to the earlier of the date the Member's Disability ceases or the Member's Normal Retirement Date, provided, however, if the Member becomes Disabled after attaining age 60, the Member shall be entitled to accrue Benefit Service for a period of up to five years provided he remains Disabled during that period, (ii) using the benefit formula as stated in Section 4.01(c) in effect on the date the Member ceases to accrue Benefit Service under clause (i), and (iii) using Covered Compensation frozen as of the date the Member became Disabled (determined under the terms of the Plan and applicable law as in effect on that date).

In the event a Member who becomes Disabled after age 60 ceases to be eligible for payments under the Employer's long-term disability plan on account of age, the Retirement Committee shall determine the Member's continued disability for the period of time during which he may accrue Benefit Service under clause (i) above, based on such medical evidence as the Retirement Committee shall require in accordance with such uniform rules as it shall adopt and by applying the same definition of disability as contained under the Employer's long-term disability plan. In the event such Member continues to accrue Benefit Service after his Required Beginning Date, his Pension shall be recomputed as of the end of each Plan Year following his Required Beginning Date (and as of the date he ceases benefit accruals) to reflect additional accruals. The Member's recomputed Pension shall be reduced by the Equivalent Actuarial Value of the total payments of his Pension paid prior to such recomputation to arrive at his Pension payable following the recomputation (provided no reduction shall reduce a Member's Pension below the amount of Pension payable to the Member prior to the recomputation).

If the Member's Disability ceases before the Member's Normal Retirement Date, the Member shall cease to accrue any further benefits under this Section as of the date he ceases to be Disabled and his Pension shall be determined under Section 4.03 or 4.05, as applicable, but based on Covered Compensation frozen as of the date the Member became Disabled (determined under the terms of the Plan and applicable law as in effect on that date), and including the Benefit Service the Member accrued during the period the Member was receiving benefits under the Employer's long-term disability plan or, if applicable, would be receiving benefits but for a long-term disability plan age-based limitation on benefits which is different than the age-based limitation described in the preceding paragraph.

- (d) Election of Benefit Commencement In Lieu of Continued Accruals . Notwithstanding the preceding provisions of this Section 4.04, if a Member who is accruing Benefit Service under the provisions of this Section meets the requirements to commence payment of a Pension under the provisions of Section 4.01, 4.02, 4.03, or 4.05 (including Vesting Service credited under this Section) as of the day before the Member's Annuity Starting Date, the Member may elect to cease further benefit accruals under the preceding provisions of this Section 4.04 and, in lieu thereof, elect to commence payment of a Pension under the provisions of Section 4.01, 4.02, 4.03, or 4.05. The amount of the Pension for a Member who elects to commence payments under this paragraph shall be determined using Covered Compensation frozen as of the date the Member became Disabled (determined under the terms of the Plan and applicable law as in effect on that date) and on the basis of the Member's Average Final Salary and Benefit Service as of the date the Member ceases to accrue further accruals under this Section. The Member's early retirement Pension or vested Pension shall be reduced to reflect its commencement prior to the Member's Normal Retirement Date in accordance with the provisions of Section 4.03 or 4.05, as

applicable. In the event payment commences after the Member's Normal Retirement Date, the Member's Pension shall be determined in accordance with the provisions of Section 4.02.

- (e) Restriction of Benefits for Non-Grandfathered Members. Notwithstanding the preceding provisions of this Section 4.04, in no event shall a Non-Grandfathered Member first become eligible for benefits under the provisions of this Section 4.04 after June 30, 2011. In addition, a Non-Grandfathered Member who is accruing Benefit Service under the provisions of this Section 4.04 as of June 30, 2011 shall cease to accrue Benefit Service under the provisions of this Section 4.04 as of June 30, 2011. A Non-Grandfathered Member's benefit accrued under the provisions of this Section 4.04 shall continue to be governed by the provisions of this Section 4.04 on and after July 1, 2011, including the right to commence payment in accordance with the provisions of paragraph (d) above and Sections 4.01, 4.02, 4.03 and 4.05. For purposes of determining a Non-Grandfathered Member's right to an early retirement Pension and the early retirement factor to be applied in the event a Member elects to commence payment of his Pension prior to the Member's Normal Retirement Date under the provisions of Section 4.03, a Non-Grandfathered Member who is accruing benefits under the provisions of this Section 4.04 as of June 30, 2011 shall continue to accrue Vesting Service while the Member remains Disabled in accordance with the provisions of this Section 4.04 up to the date the Member's Pension commences.

#### **4.05 Vested Pension**

- (a) Eligibility. A Member shall be 100 percent vested in, and have a nonforfeitable right to, his Accrued Benefit upon completion of five years of Vesting Service or, solely with respect to an employee hired by the Employer prior to January 1, 2007, the attainment of age 55. If the Member's employment with the Employer and all Affiliated Employers is terminated for reasons other than retirement or death after he is 100% vested, the Member shall be eligible for a vested Pension after the Retirement Committee receives his written application for the Pension.
- (b) Commencement. The vested Pension shall be an unreduced deferred Pension beginning as of the Member's Normal Retirement Date. However, a Member may elect to receive a reduced vested Pension effective as of the first day of any earlier month coincident with or following the date he attains age 55, (or, if the Member was a member of the Manville Plan prior to January 1, 1989, the date he attains age 50) provided that an election of an early payment date shall be subject to the notice and timing requirements set forth in Section 5.03. Alternatively, a Member may elect to postpone commencement of his vested Pension to the first day of any month following his Normal Retirement Date, but not later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to Section 5.01(b), the amount of a Member's vested Pension payable as of his Normal Retirement Date shall be equal to his Accrued Benefit determined as of the date of the Member's termination of employment. If the vested Pension commences after the Member's Normal Retirement Date, the Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable at the Member's Normal Retirement Date. If payment of the vested Pension commences before the Member's Normal Retirement Date, the Member's vested Pension shall be the Accrued Benefit multiplied by the appropriate factor from the following schedule:

<u>Age Pension Commences</u>	<u>Percent Payable</u>
50	26%
51	28
52	30
53	33
54	36
55	39

56	42
57	46
58	50
59	55
60	61
61	67
62	74
63	81
64	90

When the age at commencement is other than full years, the percentages in the above schedule shall be interpolated to four decimal places to take into account the number of full months.

#### **4.06 *Surviving Spouse's Pension***

- (a) Eligibility. The surviving Spouse of a married Member shall be eligible for a surviving Spouse's Pension if such married Member dies before his Annuity Starting Date:
- (i) In active service after he has completed the requirements for a normal retirement Pension under Section 4.01; a late retirement Pension under Section 4.02; or an early retirement Pension under Section 4.03; or
  - (ii) After retiring with entitlement to a normal retirement Pension under Section 4.01; a late retirement Pension under Section 4.02; or an early retirement Pension under Section 4.03; or
  - (iii) Either in active service or after terminating service on or after January 1, 1976, but in either event with entitlement to a vested Pension under Section 4.05; or
  - (iv) While accruing benefits under the provisions of Section 4.04 and after accruing five years of Vesting Service.
- (b) Commencement. Payment of the surviving Spouse's Pension to the Spouse shall commence as of the Member's Normal Retirement Date or as of the first day of the month coincident with or next following his date of death, if later. Notwithstanding the foregoing, the surviving Spouse may elect to commence payment of the surviving Spouse's Pension effective as of the first day of any earlier month coincident with or following the earliest date the Member could have elected to commence benefit payments or the first day of any month coincident with or following his date of death, if later, or the surviving Spouse may elect to defer payments up to the first day of any month following the Member's Normal Retirement Date, but not later than the end of the calendar year in which the deceased Member would have attained age 70½. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. The amount of the monthly surviving Spouse's Pension payable to the Member's Spouse shall be equal to the Pension that would have been payable to his Spouse if the Member had elected to have his Pension commence in the form of a Qualified Joint and Survivor Annuity on his Normal Retirement Date or upon his date of death, if later.

However, if within the 90-day period prior to his Annuity Starting Date a Member has elected an optional form of payment which provides for monthly payments to the Member's Spouse for life in an amount equal to at least 50 percent but not more than 100 percent of the monthly amount payable under the option for the life of the Member and such option is of Equivalent Actuarial Value to the Qualified Joint and Survivor Annuity, such optional form of payment shall be used for computing the surviving Spouse's Pension instead of the Qualified Joint and Survivor Annuity. Further, a Member who dies after qualifying

for an early, normal or late retirement Pension shall be deemed to have elected a Qualified Joint and 100% Survivor Annuity and the amount of the survivor annuity calculated under this paragraph shall be calculated on that basis.

In any case in which the surviving Spouse's Pension commences (in accordance with paragraph (b) above) prior to the Member's Normal Retirement Date, the amount of the surviving Spouse's Pension shall be adjusted to reflect a reduction for early commencement equivalent to the reduction that would have been applied in determining the amount of the Member's Pension under the provisions of Section 4.03 or 4.05, as applicable, had the Member begun to receive his Pension as of such commencement date. If a Member dies after he has reached his 55th birthday and completed at least 25 years of Vesting Service, the Pension payable to his surviving Spouse shall be increased if the Spouse postpones payment beyond the date the Member would have attained age 62. The Spouse's Pension otherwise payable at the date the Member would have attained age 62 shall be increased by 0.25% per month for every month that the postponed commencement date follows the first day of the month after the Member would have attained his 62nd birthday up to the Member's Normal Retirement Date.

In any case in which the surviving Spouse elects to defer commencement after the Member's Normal Retirement Date, the surviving Spouse's Pension shall be of Equivalent Actuarial Value to the benefit otherwise payable to the Spouse at the later of the Member's Normal Retirement Date (taking into account the adjustment provided for in the preceding paragraph, if applicable) or the earliest date the Spouse was eligible to commence payment.

If the Member's death occurred while he was accruing benefits under Section 4.04, the surviving Spouse's Pension (i) shall be based on the Member's Accrued Benefit at his date of death determined by using Covered Compensation as of the date the Member became Disabled, and Average Final Salary and Benefit Service as of his date of death including the period during which the Member was accruing Benefit Service under Section 4.04; and, if applicable, (ii) shall be reduced for early commencement based on the reduction that would apply if the Member's Pension had commenced on the commencement date elected by the Spouse.

(d)Small Lump Sum Payment. Notwithstanding the preceding provisions of this Section, a lump sum payment of Equivalent Actuarial Value shall be paid to the Spouse in lieu of the monthly Pension if the present value of the Spouse's Pension payable as of the Member's Normal Retirement Date or date of death, if later, amounts to \$5,000 or less. The lump sum payment shall be made as soon as practicable following the Member's date of death. In the event the present value of a Spouse's Pension exceeds \$5,000 upon an initial determination as to its present value, the present value of the Spouse's Pension shall be redetermined at such times as the Retirement Committee, in accordance with rules and procedures it shall adopt, determines that there has been sufficient change in the actuarial assumptions used to compute such present value that it is likely that the present value of the Pension of more than a de minimis number of Spouse's will be less than \$5,000 based on such actuarial assumptions, to determine whether a lump sum payment shall be made in lieu of the monthly Pension. The lump sum payment shall be made as soon as practicable following the determination that the amount qualifies for distribution under this paragraph. However, in no event shall a lump sum payment be made following the date Pension payments have commenced to the Spouse as an annuity.

(e)Mandatory Survivor Benefits on behalf of Members Who Die in Qualified Military Service. In the event a Member dies on or after January 1, 2007, while in qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected under law, the surviving Spouse's Pension shall be determined based on the assumption that the Member had returned to active employment and then terminated employment on account of his or her death. However, in determining the amount of the surviving Spouse's Pension, the Member's Accrued Benefit shall be determined at the date the Member entered military service and no Pensionable Earnings or Benefit Service shall be imputed for the period of military service (except to the

extent all or a portion of such period of military service is treated as a Leave of Absence for which Benefit Service is granted under the Plan).

#### **4.07 *Maximum Benefit Limitation***

- (a) Maximum Pension . Notwithstanding any provisions of the Plan to the contrary, the benefits accrued by and payable to or on behalf of a Member under the Plan shall be subject to the maximum limitations set forth in Section 415 of the Code and any regulations or rulings issued thereunder. The increased limitations of Section 415(b) of the Code effective on and after January 1, 2002 shall apply solely to employees participating in the Plan who have one Hour of Service on or after January 1, 2002.
- (b) Adjustment of Benefit and Maximum Dollar Limitation . If the benefit payable under the Plan would (but for this Section) exceed the limitations of Section 415 of the Code by reason of a benefit payable under another defined benefit plan aggregated with this Plan under Section 415(f) of the Code, the benefit under this Plan shall be reduced to the extent necessary to comply with the provisions of Section 415 of the Code. As of January 1 of each calendar year beginning on or after January 1, 2002, the maximum dollar limitation shall be adjusted as indexed, pursuant to Section 415(d) of the Code. Such adjustment of the maximum dollar limitation shall not apply to Members who terminated employment prior to the effective date of the adjustment.
- (c) Limitation Year . For purposes of this Section, the limitation year shall be the calendar year.
- (d) Definition of Compensation . The term “compensation” for purposes of applying the applicable limitations under Section 415 of the Code with respect to any Member shall mean Statutory Compensation.

#### **4.08 *Cessation of Benefit Accruals for Non-Grandfathered Members***

Notwithstanding any provisions of the Plan to the contrary, in calculating the benefit payable to or on behalf of a Non-Grandfathered Member under the Plan after June 30, 2011, the following rules shall apply:

- (a) Benefit Service for benefit accrual purposes shall be frozen as of June 30, 2011;
- (b) Average Final Salary and Covered Compensation shall be frozen as of December 31, 2011; and
- (c) Vesting Service shall continue to be credited in accordance with the provisions of the Plan for all purposes.

### **ARTICLE 5. PAYMENT OF PENSIONS**

#### **5.01 *Normal Form of Payment***

- (a) Unmarried Member . If a Member is not married on his Annuity Starting Date, his Pension shall be payable in the form of a single life annuity and shall be payable in monthly installments on or about the last business day of each month ending with the last monthly payment for the month in which his death occurs, unless the Member has elected an optional benefit as provided in Section 5.02.
- (b) Married Member . If a Member is married on his Annuity Starting Date, the monthly Pension shall be payable as a Qualified Joint and Survivor Annuity, unless the Member has elected an optional benefit as provided in Section 5.02. Notwithstanding the foregoing, in no event shall the Member’s benefit under the form of payment in this paragraph (b) be less than the amount payable under such form of payment on his Annuity Starting Date based on his Accrued Benefit as of December 31, 2006 and based on the terms of the Plan in effect on December 31, 2006 (including the actuarial equivalent factors in effect as of that date).
- (c) Cash-Outs . Notwithstanding any provision of the Plan to the contrary, if the Equivalent Actuarial Value

of the Pension payable to a Member from the Plan determined as of the Member's Normal Retirement Date or actual termination of employment, if later, is \$5,000 or less, such Pension shall be paid in a lump sum which is the Equivalent Actuarial Value of such Pension. The lump sum payment shall be made as soon as administratively practicable following the Member's Severance Date, provided the Member's Pension has not commenced in the form of an annuity. In the event the present value of a Member's Pension exceeds \$5,000 upon an initial determination as to its present value, the present value of the Member's Pension shall be redetermined at such times as the Retirement Committee, in accordance with rules and procedures it shall adopt, determines that there has been sufficient change in the actuarial assumptions used to compute such present value that it is likely that the present value of the Pension of more than a de minimis number of Members will be less than \$5,000 based on such actuarial assumptions, to determine whether a lump sum payment shall be made in lieu of the monthly Pension. The lump sum payment shall be made as soon as practicable following the determination that the amount qualifies for distribution under this paragraph. However, in no event shall a lump sum payment be made following the date Pension payments have commenced to the Member as an annuity. In the event a Member is not entitled to any Pension upon his Severance Date, he shall be deemed cashed out as of the date he terminates employment and shall forfeit any benefit under the Plan. However, if a Member described in the preceding sentence is subsequently reemployed by the Employer or Affiliated Employer, the provisions of Section 3.03 shall apply to him without regard to such sentence.

## **5.02 *Optional Forms of Payment***

Subject to the provisions of Section 5.03, a Member may elect to convert the Pension otherwise payable to him into an optional Pension of Equivalent Actuarial Value, as provided in one of the options named below:

(a) Option 1 – Single Life Annuity

A monthly Pension shall be paid during the life of the Member with no Pension payable after his death.

(b) Option 2 – 100% Joint and Survivor Annuity

A reduced monthly Pension shall be paid during the life of the Member and after his death, 100% of such reduced monthly Pension shall be continued during the life of and shall be paid to the Member's Beneficiary.

(c) Option 3 – 75% Joint and Survivor Annuity

A reduced monthly Pension shall be paid during the life of the Member and after his death, a monthly payment equal to 75% of such reduced monthly Pension shall be continued during the life of and shall be paid to the Member's Beneficiary.

(d) Option 4 – 50% Joint and Survivor Annuity

A reduced monthly Pension shall be paid during the life of the Member and after his death, a monthly payment equal to 50% of such reduced monthly Pension shall be continued during the life of and shall be paid to the Member's Beneficiary.

(e) Option 5 – 25% Joint and Survivor Annuity

A reduced monthly Pension shall be paid during the life of the Member and after his death, a monthly payment equal to 25% of such reduced monthly Pension shall be continued during the life of and shall be paid to the Member's Beneficiary.

(f) Option 6 – 10 Years Certain and Life Annuity

A monthly Pension shall be paid during the life of the Member and payments shall be guaranteed to be made for a minimum period of ten years. In the event of the death of the Member after the Annuity

Starting Date, but before the Member's receipt of monthly Pension payments for ten years, the remainder of such payments shall be made to the Member's Beneficiary. In the event such Beneficiary is not living at the date of the Member's death, the residual value of those remaining monthly payments payable under this paragraph (f) shall be paid to the Member's estate. If the designated Beneficiary should die after receiving at least one payment, and if further payments are due after the death of the designated Beneficiary, the further payments shall be made to any person(s) designated by the Member as an alternate Beneficiary or, in the absence of an alternate surviving Beneficiary, the residual value shall be paid to the estate of the last surviving Beneficiary in one lump sum. The residual value shall be determined on the basis of an interest rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually.

(g) Option 7 – Level Income Option.

Under the level income option, a Member who retires when eligible for an early retirement Pension or terminates employment with eligibility for a vested Pension and whose Annuity Starting Date precedes the Member's 62<sup>nd</sup> birthday may elect to receive a retirement Pension of Equivalent Actuarial Value beginning as of the Member's Annuity Starting Date and continuing to the first day of the month in which the Member's death occurs. Payments will be made monthly at one rate until a Member becomes eligible for a primary Social Security benefit (age 62) (the "changeover date"), and at a lower rate thereafter.

The difference between the amount payable before and after the changeover date will approximate the old age benefit estimated by the Retirement Committee to be payable to the Member under the Social Security Act on the changeover date, as if payment of such benefit were to begin on the changeover date. Unless the Member provides the Retirement Committee with documentation of the Member's salary history, the old age benefit will be estimated in accordance with uniform, nondiscriminatory rules based on the following assumptions: (A) the Member continued to receive earnings between the date of his termination of employment with the Employer and the Member's changeover date in an amount equal to the full calendar year pay immediately prior to his termination of employment, and (B) the Member's earnings before the full calendar year immediately prior to his termination of employment will be projected backward by applying a salary scale which equals the change in national average wages from year to year as determined by the Social Security Administration.

Notwithstanding the foregoing, in no event shall the Member's benefit under Option 2, 3, 4, 5 or 6 above be less than the amount that would have been payable under such form of payment on his Annuity Starting Date based on his Accrued Benefit as of December 31, 2006 and based on the terms of the Plan in effect on December 31, 2006 (including the actuarial equivalent factors in effect as of that date).

If a Member dies after Pension payments have commenced, any payments continuing to be made to a Beneficiary shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

### **5.03 Election of Options**

- (a) Spousal Consent. A married Member's election of any option shall only be effective if Spousal Consent to the election is received by the Retirement Committee, unless:
- (i) the option provides for monthly payments to his Spouse for life after the Member's death, in an amount equal to at least 50%, but not more than 100%, of the monthly amount payable under the option to the Member, and
  - (ii) the option is of Equivalent Actuarial Value to the Qualified Joint and Survivor Annuity.
- (b) Notice. The Retirement Committee shall furnish to each Member a written notice explaining in nontechnical language the terms and conditions of the Pension payable to the Member in the optional

forms described in Section 5.02. Such explanation shall include a general description of the eligibility conditions for, and the material features and relative values of, the optional forms of Pensions under the Plan, any rights the Member may have to defer commencement of his Pension, the consequences of the Member's failure to defer, the requirement for Spousal Consent as provided in paragraph (a) above, and the right of the Member to make, and to revoke, elections under this Section. Generally, the notice shall be provided not less than 30 days and no more than 90 days before the Member's Annuity Starting Date, provided, however, the notice may be furnished after the Annuity Starting Date if the written notice as described above was not provided on a timely basis (i) due to an administrative error determined by the Retirement Committee on a basis uniformly applicable to all Members similarly situated, or (ii) due to an involuntary termination of employment.

(c) Form and Timing of Elections. An election of an optional form shall be made on a form provided by the Retirement Committee. The timing of such election shall be subject to the following:

(i) General Rule. Except as otherwise provided in this paragraph (c), a Member's election of an optional form may be made at any time during the period beginning on the date the Member receives the notice described in paragraph (b) and ending on the Member's Annuity Starting Date. Notwithstanding the foregoing, an election received after the Annuity Starting Date shall be deemed to have been made within the election period if:

- (A) the notice described in paragraph (b) is provided to the Member at least 30 days before the Annuity Starting Date;
- (B) distributions commence not later than 90 days after the date such notice is provided to the Member; and
- (C) the Member's election is made before the date distributions commence.

A distribution shall not be deemed to violate the requirement of subparagraph (B) merely because, due solely to administrative delay, it commences more than 90 days after the date notice is provided to the Member.

A Member's Annuity Starting Date may not occur sooner than 30 days after receipt of the notice, except as permitted under subparagraph (ii).

(ii) Waiver of 30-Day Period. A Member may, after having received the notice described in paragraph (b) above, affirmatively elect to have his Pension commence sooner than 30 days following his receipt of the notice, provided all of the following requirements are met:

- (A) the Retirement Committee clearly informs the Member that he has a period of at least 30 days after receiving the notice to decide when to have his benefits begin, and, if applicable, to choose a particular optional form of payment;
- (B) after receiving the notice, the Member affirmatively elects a date for his Pension to begin and, if applicable, an optional form of payment;
- (C) the Member is permitted to revoke his election until the later of his Annuity Starting Date or at any time prior to the commencement of benefit payments;
- (D) payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay); and

- (E) the Member's Annuity Starting Date is after the date the notice is provided, except as provided in subparagraph (iii).
- (iii) Retroactive Annuity Starting Date. If a Member is eligible (in accordance with the provisions of the last sentence of paragraph (b) above) to elect, and does elect, an Annuity Starting Date that precedes the date he received the notice (a "retroactive Annuity Starting Date"), such election shall be subject to the following requirements:
- (A) With respect to an election made by a Member who is involuntarily terminated by the Employer, the retroactive Annuity Starting Date is within the 120-day period following the Member's termination of employment with the Employer and all Affiliated Employers.
  - (B) The Member's benefit, including any interest adjustment, must satisfy the provisions of Section 415 of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if the form of payment is not subject to the provisions of Section 417(e)(3) of the Code and payments commence within 12 months of the Member's retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date.
  - (C) If payment is made in the form of an annuity that is not subject to the provisions of Section 417(e)(3) of the Code, a payment equal in amount to the sum of the monthly payments that the Member would have received during the period commencing on his retroactive Annuity Starting Date and ending with the month preceding his actual commencement date, plus interest at the rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually, shall be paid to the Member on his actual commencement date.
  - (D) Spousal Consent to the retroactive Annuity Starting Date is required for such election to be effective unless:
    - (I) the amount of the survivor annuity payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member is no less than the amount the Spouse would have received under the Qualified Joint and Survivor Annuity if the date payments commence were substituted for the retroactive Annuity Starting Date; or
    - (II) the Member's Spouse on his retroactive Annuity Starting Date is not his Spouse on his actual commencement date and is not treated as his Spouse under a qualified domestic relations order.
  - (E) If the Member elects payment in a form of payment that is subject to the provisions of Section 417(e)(3) of the Code:
    - (I) the monthly amount shall not be less than the amount that would have been paid in the same form on the retroactive Annuity Starting Date if the benefit amount had been calculated using the IRS Interest Rate and the IRS Mortality Table in effect on the actual commencement date; and
    - (II) interest shall be credited in the same manner as described under subparagraph (C) above.
  - (F) The provisions of subparagraphs (i) and (ii) above shall apply by substituting the actual commencement date for the Annuity Starting Date.

- (G) Payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay).
- (d) Revocation of Election . An election of an option may be revoked on a form provided by the Retirement Committee, and subsequent elections and revocations may be made at any time during the election period described above. An election of an optional benefit shall be effective on the Member's Annuity Starting Date and may not be modified after his Annuity Starting Date unless otherwise provided in paragraph (c) above. A revocation of any election shall be effective when the completed form is timely filed with the Retirement Committee. If a Member who has elected an optional benefit dies before his Annuity Starting Date (or before the date the election of the option becomes effective under paragraph (c) above, if later), the election shall be revoked. If the Beneficiary designated under an option dies before the Member's Annuity Starting Date (or before the date the election of the option becomes effective under paragraph (c) above, if later), the election shall be revoked.

#### **5.04 Commencement and Duration of Payments**

- (a) Except as otherwise provided in Article 4 or this Article 5, payment of a Member's Pension shall begin as soon as administratively practicable following the later of (i) the Member's 65th birthday, or (ii) the date he terminates service with the Employer and all Affiliated Employers (but not more than 60 days after the close of the Plan Year in which the later of (i) or (ii) occurs).
- (b) Notwithstanding the preceding paragraph or any provision of the Plan to the contrary, a Member's Pension shall commence no later than his Required Beginning Date.
- (c) The first monthly payment of a Pension to a Member shall be made on or about the last business day of the month in which the Member's Annuity Starting Date occurs. Subsequent monthly payments shall be made on or about the last business day of each subsequent month during the Member's lifetime. The last monthly payment to the Member shall be made on or about the last business day of the month in which the Member dies (unless an earlier termination date is provided under the optional form of payment elected by the Member).

In the event payments are due to a surviving Spouse or other Beneficiary following the Member's death under the form of payment then in effect, the first payment due the surviving Spouse or other Beneficiary shall be made on or about the last business day of the month following the calendar month in which the Member died. Subsequent monthly payments shall be made on or about the last business day of each month during the Spouse's or Beneficiary's lifetime (or during the remaining period certain, if applicable). The last monthly payment shall be made on or about the last business day of the month in which the Spouse or Beneficiary dies (or, if earlier, upon the expiration of the period certain, if applicable).

#### **5.05 Distribution Limitation**

Notwithstanding any other provision of this Article 5, all distributions from the Plan shall conform to the regulations issued under Section 401(a)(9) of the Code, including the incidental death benefit provisions of Section 401(a)(9)(G) of the Code. Further, such regulations shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code. With respect to distributions made under the Plan on or after January 1, 2003, the Plan shall apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the final regulations issued on April 17, 2002.

With respect to Pensions commencing on or after January 1, 2006, the following rules shall apply:

- (a) Any additional benefits accruing to a Member in a calendar year after the first distribution calendar year will be distributed beginning as of the first payment interval ending in the calendar year immediately following the calendar year in which such amounts accrue.

- (b) If a Member's Pension is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a non-Spouse Beneficiary, annuity payments to be made on or after the Member's Required Beginning Date to the Beneficiary after the Member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of Section 1.401(a)(9)-6 of the U. S. Treasury Department regulations. If the Annuity Starting Date occurs in a calendar year which precedes the calendar year in which the Member reaches age 70, in determining the applicable percentage, the Member/Beneficiary's age difference is reduced by the number of years that the Member is younger than age 70 on the Member's birthday in the calendar year that contains the Annuity Starting Date.
- (c) If the Member's Pension is being distributed in the form of a period certain and life annuity option, the period certain may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the Annuity Starting Date.
- (d) For purposes of this Section, the following definitions shall apply:
- (i) "Beneficiary" means an individual other than the Member's Spouse who is designated to receive survivor benefits under a joint and survivor annuity or a period certain annuity as an optional form of payment. Such Beneficiary shall constitute the designated beneficiary as such term is used under Section 401(a)(9) of the Code and Section 1.401(a)(9)-1, Q&A-4, of the U. S. Treasury Department regulations.
- (ii) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before a Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date.
- (iii) "Life expectancy" is life expectancy as computed using the Single Life Table in Section 1.401(a)(9)-9 of the U.S. Treasury Department regulations.

#### **5.06 *Direct Rollover of Certain Distributions***

- (a) Elective Rollovers. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article, a distributee may elect, at the time and in the manner prescribed by the Retirement Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
- (b) Mandatory Rollovers. Notwithstanding any provision of the Plan to the contrary, effective March 28, 2005 if the present value of the Member's Accrued Benefit amounts to at least \$1,000 but not more than \$5,000, and if the Member fails to make an affirmative election to either receive the lump sum payment in cash or have it directly rolled over to an eligible retirement plan pursuant to the provisions of paragraph (a) within such election period as shall be prescribed by the Retirement Committee, the Retirement Committee shall direct the Trustee to transfer such lump sum payment to an individual retirement plan (within the meaning of Section 7701(a)(37) of the Code) ("IRA") selected by the Retirement Committee. The IRA shall be maintained for the exclusive benefit of the Member on whose behalf such transfer is made. The transfer shall occur as soon as practicable following the end of the election period. The funds in the IRA shall be invested in an investment product designed to preserve principal and provide a reasonable rate of return, whether or not such return is guaranteed, consistent with liquidity, as determined from time to time by the Retirement Committee. In implementing the provisions of this paragraph (b), the Retirement Committee shall:

- (i) enter into a written agreement with each IRA provider setting forth the terms and conditions applicable to the establishment and maintenance of the IRAs in conformity with applicable law;
- (ii) furnish Member with notice of the Plan's automatic rollover provisions, including, but not limited to, a description of the nature of the investment product in which the assets of the IRA will be invested and how the fees and expenses attendant to the IRA will be allocated, and a statement that a Member may roll over the assets of the IRA to another eligible retirement plan. Such notice shall be provided to Members in such time and form as shall be prescribed by the Retirement Committee in accordance with applicable law; and
- (iii) fulfill such other requirements of the safe harbor contained in Department of Labor Regulation Section 2550.404a-2 and, if applicable, the conditions of Department of Labor Prohibited Transaction Class Exemption 2004-16.

(c) Definitions. The following definitions apply to the terms used in this Section:

- (i) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:
  - (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;
  - (B) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and
  - (C) any after-tax amount unless such amount is rolled over or transferred (i.e., directly rolled) to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or, effective on or after January 1, 2008 a Roth individual retirement account described in Section 408A(b) of the Code; or transferred (i.e., directly rolled over) to:
    - (1) a qualified defined contribution plan described in Section 401(a) of the Code;
    - (2) effective on and after January 1, 2007, any qualified plan described in Section 401(a) of the Code; or
    - (3) effective on and after January 1, 2007, an annuity plan described in Section 403(b) of the Code;provided that a plan described in subparagraph (1), (2) or (3) agrees to separately account for such after-tax amount and earnings thereon.
- (ii) "Eligible retirement plan" means any of the following types of plans that accept the distributee's eligible rollover distribution:
  - (A) a qualified plan described in Section 401(a) of the Code;
  - (B) an annuity plan described in Section 403(a) of the Code;
  - (C) an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively;
  - (D) effective January 1, 2002, an annuity contract described in Section 403(b) of the Code;

- (E) effective January 1, 2002, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; and
  - (F) effective January 1, 2008, a Roth IRA described in Section 408A of the Code.
- (iii) “Distributee” means an employee or former employee. In addition, solely for purposes of paragraph (a) above, the employee’s or former employee’s surviving Spouse and the employee’s or former employee’s Spouse or former Spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code are distributees with regard to the interest of the Spouse or former Spouse.
  - (iv) “Direct rollover” means a payment by the Plan to the eligible retirement plan specified by the distributee.
- (d) Non-Spouse Beneficiary Rollovers . Notwithstanding any provision of this Section to the contrary, effective as of January 1, 2010, a non-Spouse Beneficiary of a deceased Member may elect, at the time and in the manner prescribed by the Retirement Committee, to directly roll over any portion of a distribution that would constitute an eligible rollover distribution if it were made to a Member, surviving Spouse, or alternate payee, provided such direct rollover is made to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or a Roth IRA described in Section 408A of the Code (collectively, “IRA”) that is established on behalf of the non-Spouse Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Sections 402(c)(11) and 408(d)(3)(C)(ii) of the Code. Distributions under this paragraph (d) that would have been eligible rollover distributions if made to a Member, surviving spouse or alternate payee will be treated as eligible rollover distributions for all purposes under the Code, regardless of whether the non-spouse Beneficiary elects to directly roll over such distribution.

### **5.07 *Special Commencement Right During 2014***

Notwithstanding anything in Article 4 or this Article 5 to the contrary, certain Members may elect to commence their Pension with an Annuity Starting Date on the Special Annuity Starting Date (as defined below), in accordance with this Section.

- (a) Definitions . For purposes of this Section, each of the following terms when capitalized has the respective meaning set forth below:
  - (i) Eligible Participant . An “Eligible Participant” is a vested Member who meets all of the following requirements:
    - (A) The Member had a termination of employment with the Employer and all Affiliated Employers with a vested Pension prior to April 1, 2014 and has not been reemployed by the Employer or an Affiliated Employer on or before the Special Annuity Starting Date;
    - (B) The Member is not receiving benefits under a long-term disability plan of the Employer or an Affiliated Employer;
    - (C) The Member has not attained his or her Normal Retirement Date on or before the Special Annuity Starting Date;
    - (D) The Member has not commenced his or her benefit as of an Annuity Starting Date prior to the Special Annuity Starting Date;

- (E) No portion of the Member's Accrued Benefit is subject to a qualified domestic relations order or other lien that is in effect or pending as of the Special Annuity Starting Date;
  - (F) As of the Special Annuity Starting Date, the Member had not deceased; and
  - (G) The Equivalent Actuarial Value of the Member's Accrued Benefit determined as of November 1, 2014 is no greater than \$50,000.
- (ii) Special Annuity Starting Date. The "Special Annuity Starting Date" means November 1, 2014.
- (iii) Window Election Period. The "Window Election Period" means the period beginning on August 18, 2014 and ending on October 3, 2014.
- (b) Payment Options for Eligible Participants. The following provisions apply to Eligible Participants who commence their Plan benefits under this Section:
- (i) Retirement-Eligible Participant. An Eligible Participant who, as of the Special Annuity Starting Date, is eligible to commence an early retirement Pension under Section 4.03 or a vested Pension under Section 4.05 as of the Special Annuity Starting Date, may elect to receive his or her Pension benefit in the form of a lump-sum payment pursuant to this Section or in any form of benefit otherwise available to the Eligible Participant under Section 5.02.
  - (ii) Non-Retirement-Eligible Participant. An Eligible Participant who, as of the Special Annuity Starting Date, is otherwise not eligible to commence his benefit as of the Special Annuity Starting Date, may elect to receive his or her Pension benefit in the form of a:
    - (A) lump-sum payment pursuant to this Section,
    - (B) single life annuity under Section 5.02(a),
    - (C) if the Eligible Participant is married on the Special Annuity Starting Date, a Qualified Joint and Survivor Annuity, or
    - (D) if the Eligible Participant is married on the Special Annuity Starting Date, a 75% joint and survivor annuity under Section 5.02(c) with the Eligible Participant's Spouse as his Beneficiary.
  - (iii) Spousal Consent Requirements. An Eligible Participant's election to waive the normal form of benefit under Section 5.01(b) is subject to Spousal Consent.
- (c) Calculation of Benefits.
- (i) Retirement-Eligible Participant. With respect to an Eligible Participant described in subsection (b)(i) above, the benefit payable under this Section shall be calculated under the provisions of the Plan that generally apply to the calculation of such benefit, but disregarding any limitation on the amount of lump sums otherwise payable under the terms of the Plan.
  - (ii) Non-Retirement-Eligible Participant. With respect to an Eligible Participant described in subsection (b)(ii) above, the benefit payable under this Section shall be of Equivalent Actuarial Value to the Eligible Participant's Accrued Benefit using the actuarial assumptions for calculating lump sums.
- (d) Election Procedures. An Eligible Participant's election to commence benefits under this Section must be made in accordance with procedures established by the Retirement Committee. An Eligible Participant's election to receive payment under this Section must be postmarked no later than the last day of the

Window Election Period, unless a later date is required by law due to a delay in the delivery of the election notice to the Eligible Participant. An Eligible Participant who does not notify the Retirement Committee of a change in his or her address by the date established by the Retirement Committee in order for the Eligible Participant to commence a benefit with an Annuity Starting Date on the Special Annuity Starting Date, shall not be eligible to commence his or her benefit under this Section. An Eligible Participant who does not submit a completed election form (including any applicable Spousal Consent) in accordance with this subsection (d) may commence benefits only at the time and in the form determined under the Plan without regard to this Section.

## ARTICLE 6. CONTRIBUTIONS

### 6.01 *Employer Contributions*

It is the intention of the Employer to continue the Plan, make the contributions that are necessary to maintain the Plan on a sound actuarial basis, and meet the minimum funding standards prescribed by law. However, subject to the provisions of Article 10, the Employer may discontinue its contributions for any reason at any time. Any forfeitures shall be used to reduce the Employer's contributions otherwise payable.

### 6.02 *Return of Contributions*

- (a) Employer contributions to the Plan are conditioned upon their deductibility under Section 404 of the Code. If all or part of the Employer's deductions for contributions to the Plan are disallowed by the Internal Revenue Service, the portion of the contributions to which that disallowance applies shall be returned to the Employer without interest, but reduced by any investment loss attributable to those contributions. The return shall be made within one year after the date of the disallowance of deduction.
- (b) The Employer may recover without interest the amount of its contributions to the Plan made on account of a mistake-of-fact, reduced by any investment loss attributable to those contributions, provided recovery is made within one year after the date of those contributions.

### 6.03 *Member Contributions*

No Member shall contribute to the Plan.

## ARTICLE 7. ADMINISTRATION OF PLAN

### 7.01 *Adoption of Charter*

The Board of Directors may adopt a Charter which sets forth procedures regarding the governance and maintenance of the Retirement Committee and, to the extent not inconsistent with the Plan, the rights, duties, and responsibilities of the Retirement Committee with respect to the Plan.

### 7.02 *Administration of Retirement Committee*

The Retirement Committee will have all rights, duties and responsibilities as provided in the Charter and the Plan, and will be governed and maintained in accordance with the Charter.

### 7.03 *Authority of Retirement Committee*

Subject to the limitations of the Plan, the Retirement Committee shall establish rules for the administration of the Plan and the transaction of its business. All actions of the Retirement Committee shall be in accordance with the Charter. The Retirement Committee, in addition to such duties and powers as provided in the Charter, shall maintain accounts reflecting the financial transactions of the Plan, and shall recommend, implement and monitor investment policy guidelines and objectives as approved by the Board of Directors. The Retirement Committee shall submit a report periodically to the Board of Directors giving the status of the Fund regarding the satisfaction of the investment objectives.

The Retirement Committee shall have discretionary authority to determine eligibility for benefits and to construe

the terms of the Plan, which shall include, but not be limited to, determination of:

- (a) an individual's eligibility for Plan participation,
- (b) the right to and amount of any benefit payable under the Plan, and
- (c) the date on which any individual ceases to be a Member. The Retirement Committee shall have discretionary authority to decide disputed claims in accordance with its interpretation of the terms of the Plan.

The determination of the Retirement Committee as to any disputed question or claim shall be conclusive and final.

#### **7.04 *Prudent Conduct***

The members of the Retirement Committee shall use that degree of care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of a similar situation.

#### **7.05 *Actuary***

The Retirement Committee shall maintain such data as may be necessary for actuarial valuations of the liabilities of the Plan. At the request of the Board of Directors, the Retirement Committee shall submit a report each year to the Board of Directors, giving a brief account of the operation of the Plan during the past year, and a copy of that report shall be filed in the office of the Plan, where it shall be open to inspection by any Member of the Plan. As an aid to the Retirement Committee in fixing the rate of contributions payable to the Plan, the actuary designated by the Retirement Committee shall prepare annual actuarial valuations of the contingent assets and liabilities of the Plan, and shall submit to the Retirement Committee the recommended Employer contribution.

#### **7.06 *Service in More Than One Fiduciary Capacity***

Any individual, entity or group of persons may serve in more than one fiduciary capacity with respect to the Plan and/or the Funds of the Plan.

#### **7.07 *Limitation of Liability***

The Employer, the Board of Directors, the members of the Retirement Committee, and any officer, employee or agent of the Employer shall not incur any liability individually or on behalf of any other individuals, or on behalf of the Employer for any act, or failure to act, made in good faith in relation to the Plan or the Funds of the Plan. However, this limitation shall not act to relieve any such individual or the Employer from a responsibility or liability for any fiduciary responsibility, obligation or duty under Part 4, Title I of ERISA.

#### **7.08 *Indemnification***

The Employer, the members of the Retirement Committee, the Board of Directors, and the officers, employees and agents of the Employer shall be indemnified against any and all liabilities arising by reason of any act, or failure to act, in relation to the Plan or the Funds of the Plan, including, without limitation, expenses reasonably incurred in the defense of any claim relating to the Plan or the Funds of the Plan, and any and all amounts paid in any compromise or settlement relating to the Plan or the Funds of the Plan, except for actions or failures to act made in bad faith. The foregoing indemnification shall be made from the Funds of the Plan to the extent of those Funds and to the extent permitted under applicable law; otherwise, from the assets of the Employer.

#### **7.09 *Expenses of Administration***

All expenses that arise in connection with the administration of the Plan, including but not limited to the compensation of the Trustee, administrative expenses and proper charges and disbursements of the Trustee and

compensation and other expenses and charges of any actuary, counsel, accountant, specialist, or other person who has been retained by the Employer or the Retirement Committee in connection with the administration thereof, shall be paid from the Funds of the Plan held by the Trustee under the trust agreement or insurance or annuity contract adopted for use in implementing the Plan to the extent not paid by the Employer.

## ARTICLE 8. MANAGEMENT OF FUNDS

### 8.01 *Trustee*

All the Funds of the Plan shall be held by a Trustee, or Trustees, appointed from time to time by the Retirement Committee under a Trust Agreement adopted, or as amended, by the Retirement Committee for use in providing the benefits of the Plan and paying its expenses not paid directly by the Employer. The Employer shall have no liability for the payment of benefits under the Plan or for the administration of the Funds paid over to the Trustee or Trustees.

### 8.02 *Exclusive Benefit Rule*

Except as otherwise provided in the Plan, no part of the corpus or income of the Funds of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Members and other persons entitled to benefits under the Plan, before the satisfaction of all liabilities with respect to them. No person shall have any interest in, or right to, any part of the earnings of the Funds of the Plan, or any interest in, or right to, any part of the assets held under the Plan, except as and to the extent expressly provided in the Plan.

### 8.03 *Appointment of Investment Manager*

Except as provided in this Section, the Trustee shall have the power and authority to manage and invest the assets of the Plan. The Retirement Committee may, at its discretion, appoint one or more investment managers (within the meaning of Section 3(38) of ERISA) to manage (including the power to acquire and dispose of) all or part of the assets of the Plan, as the Retirement Committee shall designate. In that event, authority over and responsibility for the management of the assets so designated shall be the sole responsibility of that investment manager.

## ARTICLE 9. GENERAL PROVISIONS

### 9.01 *Nonalienation and Qualified Domestic Relations Orders*

- (a) Except as required by any applicable law or paragraph (b) or (c) below, no benefit under the Plan shall in any manner be anticipated, assigned or alienated, and any attempt to do so shall be void. However, payment shall be made in accordance with the provisions of any judgment, decree, or order which meets the following conditions:
  - (i) Creates for, or assigns to, an alternate payee the right to receive all or a portion of the Member's benefits under the Plan for the purpose of providing child support, alimony payments or marital property rights to that alternate payee;
  - (ii) Is made pursuant to a state domestic relations law;
  - (iii) Does not require the Plan to provide any type of benefit, or any option, not otherwise provided under the Plan; and
  - (iv) Otherwise meets the requirements of Section 206(d) of ERISA, as amended, as a "qualified domestic relations order (QDRO)," as determined by the Retirement Committee.

In determining the benefit payable to the alternate payee, the portion of the Member's benefit payable to the alternate payee at the date that benefits are scheduled to commence under the QDRO shall be actuarially adjusted to reflect the difference in ages between the Member and the alternate payee. The

actuarial adjustment for this purpose, as well as for the purpose of determining the Equivalent Actuarial Value of a benefit commencing before Normal Retirement Date, if applicable, shall be based on an interest rate and mortality table specified for converting a life annuity to an optional form of annuity (other than a level income option) under the terms of the Plan in effect on the alternate payee's Annuity Starting Date. Notwithstanding anything herein to the contrary, if the present value of any series of payments meeting the criteria set forth in clauses (i) through (iv) above amounts to \$5,000 or less, a lump sum payment of Equivalent Actuarial Value shall be made in lieu of the series of payments. Such Equivalent Actuarial Value shall be determined on the basis of the IRS Interest Rate and the IRS Mortality Table.

For purposes of the Plan, an "alternate payee" means a spouse, former spouse, child or dependent of a Member who is entitled, pursuant to a qualified domestic relations order and the provisions of this paragraph (a), to receive a payment of all or a portion of a Member's Accrued Benefit under the Plan.

- (b) A Member's benefits under the Plan shall be offset by the amount the Member is required to pay to the Plan under the circumstances set forth in Section 401(a)(13)(C) of the Code.
- (c) A Member's Pension under the Plan shall be distributed as required because of the enforcement of a federal tax levy made pursuant to Section 6331 of the Code or the collection by the United States on a judgment resulting from an unpaid tax assessment.

## **9.02 *Conditions of Employment Not Affected by Plan***

The establishment of the Plan shall not confer upon any Employee or other person any legal rights to a continuation of employment, nor shall it interfere with the rights of the Employer to discharge any Employee or to treat him without regard to the effect which that treatment might have upon him as a Member or potential Member of the Plan.

## **9.03 *Facility of Payment***

If the Retirement Committee shall find that a Member or other person entitled to a benefit is unable to care for his affairs because of illness or accident, or because he is a minor, the Retirement Committee may direct that any benefit due him (unless claim shall have been made for the benefit by a duly appointed legal representative) be paid to his Spouse, child, parent or other blood relative, or to a person with whom he resides. Any payment so made shall be a complete discharge of the liabilities of the Plan for that benefit.

## **9.04 *Information***

Each Member or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the Plan, shall file with the Employer the information that it shall require to establish his rights and benefits under the Plan.

## **9.05 *Top-Heavy Provisions***

- (a) Definitions. The following definitions apply to the terms used in this Section:
  - (i) "Applicable Determination Date" means the last day of the preceding Plan Year;
  - (ii) "Applicable Valuation Date" means the date within the preceding Plan Year as of which annual Plan costs are or would be computed for minimum funding purposes;
  - (iii) "Average Statutory Compensation" means the average annual Statutory Compensation of a Member for the five consecutive years of his Vesting Service after December 31, 1983 during which he received the greatest aggregate remuneration from the Employer or an Affiliated Employer, excluding any Statutory Compensation for service after the last Plan Year with respect

to which the Plan is top-heavy;

- (iv) “Key Employee” means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the applicable determination date was an officer of the Employer or an Affiliated Employer having Statutory Compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner (as defined in Section 416(i)(1)(B)(i) of the Code) of the Employer or an Affiliated Employer, or a 1-percent owner (as defined in Section 416(i)(1)(B)(ii) of the Code) of the Employer or an Affiliated Employer having Statutory Compensation greater than \$150,000 (the determination of who is a key employee shall be made in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder);
- (v) “Non-Key Employee” means any employee who is not a Key Employee;
- (vi) “Permissive Aggregation Group” means each plan in the Required Aggregation Group and any other qualified plan(s) of the Employer or an Affiliated Employer in which all members are non-key employees, if the resulting aggregation group continues to meet the requirements of Sections 401(a)(4) and 410 of the Code;
- (vii) “Required Aggregation Group” means each other qualified plan of the Employer or an Affiliated Employer (including plans that terminated within the five-year period ending on the determination date) in which there are members who are key employees or which enables the Plan to meet the requirements of Section 401(a)(4) or 410 of the Code; and
- (viii) “Top-Heavy Ratio” means the ratio of (A) the present value of the cumulative Accrued Benefits under the Plan for key employees to (B) the present value of the cumulative Accrued Benefits under the Plan for all key employees and non-key employees; provided, however, that if an individual has not performed services for the Employer or any Affiliated Employer at any time during the one-year period ending on the applicable determination date, any accrued benefit for such individual (and the account of such individual) shall not be taken into account; and provided further, that the present values of Accrued Benefits under the Plan for an employee as of the applicable determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the one-year period (five-year period in the case of a distribution made for a reason other than severance from employment, death, or disability) ending on the applicable determination date and any distributions made with respect to the employee under a terminated plan which, had it not been terminated, would have been in the required aggregation group.

(b) Determination of Top Heavy Status

- (i) The Plan shall be “top-heavy” if, as of the Applicable Determination Date, the Top-Heavy Ratio exceeds 60 percent. The Top-Heavy Ratio shall be determined as of the Applicable Valuation Date in accordance with Sections 416(g)(3) and (4)(B) of the Code on the basis of the interest rate and mortality table used in the actuarial valuation for the Plan for the applicable Plan Year.
- (ii) For purposes of determining whether the Plan is top-heavy, the present value of accrued benefits under the Plan will be combined with the present value of accrued benefits or account balances under each other plan in the Required Aggregation Group. In the Employer’s discretion, accrued benefits or account balances under each plan in the Required Aggregation Group may be combined with the present value of accrued benefits or account balances under any other qualified plan(s) in the Permissive Aggregation Group.
- (iii) The accrued benefit of a Non-Key Employee under the Plan or any other defined benefit plan in

the aggregation group shall be:

- (A) determined under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Employer or an Affiliated Employer, or
- (B) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule described in Section 411(b)(1)(C) of the Code.

(c) Consequences of Being Top Heavy . The following provisions shall be applicable to Members for any calendar year with respect to which the Plan is top-heavy:

- (i) In lieu of the vesting requirements specified in Section 4.05, a Member shall be vested in, and have a nonforfeitable right to, a percentage of his Accrued Benefit determined in accordance with the provisions of Section 1.01 and subparagraph (ii) below, as set forth in the following vesting schedule:

Years of Vesting Service	Percentage Vested
Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 or more years	100%

- (ii) The Accrued Benefit of a Member who is a Non-Key Employee shall not be less than two percent of his Average Statutory Compensation multiplied by the number of years of his Vesting Service, during the calendar years for which the Plan is top-heavy, but not in excess of 10. For purposes of the preceding sentence, years of Vesting Service shall be disregarded to the extent that such years of Vesting Service occur during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no key employee or former key employee. Such minimum benefit shall be payable at a Member's Normal Retirement Date. If payments commence at a time other than the Member's Normal Retirement Date, the minimum Accrued Benefit shall be of Equivalent Actuarial Value to such minimum benefit.

(d) Cessation of Top Heavy Status . If the Plan is top-heavy with respect to a Plan Year and ceases to be top-heavy for a subsequent Plan Year, the following provisions shall be applicable:

- (i) The Accrued Benefit in any such subsequent Plan Year shall not be less than the minimum Accrued Benefit provided in subparagraph (c)(ii) above, computed as of the end of the most recent Plan Year for which the Plan was top-heavy.
- (ii) If a Member has completed three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting schedule set forth in subparagraph (c)(i) above shall continue to be applicable.
- (iii) If a Member has completed less than three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting provisions of subparagraph (c)(i) shall continue to be applicable to the portion of his Accrued Benefit determined as of the last day of the Plan Year in which the Plan was top-heavy, and Section 4.05 shall again be applicable with respect to the remaining portion of his Accrued Benefit; provided, however, that in no event shall the vested percentage of such remaining portion be less than the percentage determined under subparagraph (c)(i) above as of the last day of the most recent Plan Year for which the Plan was top-heavy.

## **9.06 Construction**

- (a) The Plan shall be construed, regulated and administered under ERISA, as in effect from time to time, and the laws of Georgia, except where ERISA controls.
- (b) The masculine pronoun shall include the feminine.
- (c) The titles and headings of the articles and sections in the Plan are for convenience only. In case of ambiguity or inconsistency, the text rather than the titles or headings shall control.
- (d) The Retirement Committee shall have full power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be issued or adopted by the Board of Directors, to interpret the provisions and supervise the administration of the Plan, including the power to remedy possible ambiguities, inconsistencies or omissions. Such determinations shall be conclusive.

## **9.07 Prevention of Escheat**

If the Retirement Committee cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, the Retirement Committee may, no earlier than three years from the date such payment is due, mail a notice of such due and owing payment to the last known address of such person as shown on the records of the Retirement Committee or the Employer. If such person has not made written claim for payment within three months of the date of the mailing, the Retirement Committee may, if it so elects and upon receiving advice from counsel to the Plan, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the Plan and the amount thereof applied to reduce the contributions of the Employer. Upon such cancellation, the Plan shall have no further liability therefore except that, in the event such person or his Beneficiary later notifies the Retirement Committee of his whereabouts and requests the payment or payments due to him under the Plan, the amount so applied shall be paid to him in accordance with the provisions of the Plan.

## **9.08 Electronic Transmission of Notices to Members**

Notwithstanding any provision of the Plan to the contrary, any notice required to be distributed to Members, Beneficiaries, and alternate payees pursuant to the terms of the Plan may, at the direction of the Retirement Committee, be transmitted electronically to the extent permitted by, and in accordance with any procedures set forth in, applicable law and regulations.

## **9.09 Limitation on Benefits In the Event of a Liquidity Shortfall**

Notwithstanding any provisions of the Plan to the contrary, in the event the Plan has a liquidity shortfall within the meaning of Section 401(a)(32) of the Code, the Trustee shall, as directed by the Employer, cease payment during the period of such liquidity shortfall of (a) any payment in excess of the monthly amount payable under a single life annuity (plus any social security supplements described in Section 411(a)(9) of the Code) to any Member or Beneficiary whose Annuity Starting Date occurs during such period, (b) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, or (c) any other payment specified in regulations promulgated under Section 401(a)(32) of the Code.

## **9.10 Funding-Based Limitations on Benefits under Section 436 of the Code**

- (a) Limitations Applicable if the Plan's Adjusted Funding Target Attainment Percentage ("AFTAP") is Less Than 80%, but not Less Than 60%. Notwithstanding any other provisions of the Plan, if the Plan's AFTAP for a Plan Year is less than 80% (or would be less than 80% to the extent described in subparagraph (a)(ii) below) but is not less than 60%, then the limitations set forth in this paragraph (a) apply.
  - (i) 50% Limitation on Single-Sum Payments, Other Accelerated Forms of Distribution, and Other

Prohibited Payments . A Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an Annuity Starting Date on or after the applicable section 436 measurement date, and the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, unless the present value of the portion of the benefit that is being paid in a prohibited payment does not exceed the lesser of:

- (A) 50% of the present value of the benefit payable in the optional form of benefit that includes the prohibited payment; or
- (B) 100% of the PBGC maximum benefit guarantee amount (as defined in Treasury Regulation Section 1.436-1(d)(3)(iii)(C)).

The limitation set forth in this subparagraph (a)(i) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member. If an optional form of benefit that is otherwise available under the terms of the Plan is not available to a Member or Beneficiary as of the Annuity Starting Date because of the application of the requirements of this subparagraph (a)(i), the Member or Beneficiary is permitted to elect to bifurcate the benefit into unrestricted and restricted portions (as described in Treasury Regulation Section 1.436-1(d)(3)(iii)(D)). The Member or Beneficiary may also elect any other optional form of benefit otherwise available under the Plan at that Annuity Starting Date that would satisfy the 50%/PBGC maximum benefit guarantee amount limitation described in this subparagraph (a)(i), or may elect to defer the benefit in accordance with any general right to defer commencement of benefits under the Plan. During a period when the restrictions of this subsection apply to the Plan, Members and Beneficiaries are permitted to elect payment in any optional form of benefit otherwise available under the Plan that provides for the current payment of the unrestricted portion of the benefit (as described in Treasury Regulation Section 1.436-1(d)(3)(iii)(D)), with a delayed commencement for the restricted portion of the benefit (subject to other applicable qualification requirements, such as Code Sections 411(a)(11) and 401(a)(9)).

- (ii) Plan Amendments Increasing Liability for Benefits . No amendment to the Plan that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable shall take effect in a Plan Year if the AFTAP for the Plan Year is:

- (A) Less than 80%; or
- (B) 80% or more, but would be less than 80% if the benefits attributable to the amendment were taken into account in determining the AFTAP.

The limitation set forth in this subparagraph (a)(ii) does not apply to any amendment to the Plan that provides a benefit increase under a Plan formula that is not based on compensation, provided that the rate of such increase does not exceed the contemporaneous rate of increase in the average wages of Members covered by the amendment.

- (b) Limitations Applicable if the Plan's AFTAP is Less Than 60% . Notwithstanding any other provisions of the Plan, if the Plan's AFTAP for a Plan Year is less than 60% (or would be less than 60% to the extent described in subparagraph (b)(ii) below), then the limitations in this paragraph (b) apply.

- (i) Single Sums, Other Accelerated Forms of Distribution, and Other Prohibited Payments Not Permitted . A Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an Annuity

Starting Date on or after the applicable section 436 measurement date, and the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment. The limitation set forth in this subparagraph (b)(i) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member.

(ii) Shutdown Benefits and Other Unpredictable Contingent Event Benefits Not Permitted to be Paid. An unpredictable contingent event benefit with respect to an unpredictable contingent event occurring during a Plan Year shall not be paid if the AFTAP for the Plan Year is:

(A) Less than 60%; or

(B) 60% or more, but would be less than 60% if the AFTAP were redetermined applying an actuarial assumption that the likelihood of occurrence of the unpredictable contingent event during the Plan Year is 100%.

(iii) Benefit Accruals Frozen. Benefit accruals under the Plan shall cease as of the applicable section 436 measurement date. In addition, if the Plan is required to cease benefit accruals under this subparagraph (b)(iii), then the Plan is not permitted to be amended in a manner that would increase the liabilities of the Plan by reason of an increase in benefits or establishment of new benefits.

(c) Limitations Applicable if the Employer is in Bankruptcy. Notwithstanding any other provisions of the Plan, a Member or Beneficiary is not permitted to elect, and the Plan shall not pay, a single-sum payment or other optional form of benefit that includes a prohibited payment with an Annuity Starting Date that occurs during any period in which the Employer is a debtor in a case under title 11, United States Code, or similar federal or state law, except for payments made within a Plan Year with an Annuity Starting Date that occurs on or after the date on which the Plan's enrolled actuary certifies that the Plan's AFTAP for that Plan Year is not less than 100%. In addition, during such period in which the Employer is a debtor, the Plan shall not make any payment for the purchase of an irrevocable commitment from an insurer to pay benefits or any other payment or transfer that is a prohibited payment, except for payments that occur on a date within a Plan Year that is on or after the date on which the Plan's enrolled actuary certifies that the Plan's AFTAP for that Plan Year is not less than 100%. The limitation set forth in this paragraph (c) does not apply to any payment of a benefit which under Section 411(a)(11) of the Code may be immediately distributed without the consent of the Member.

(d) Provisions Applicable After Limitations Cease to Apply.

(i) Resumption of Prohibited Payments. If a limitation on prohibited payments under subparagraph (a)(i), (b)(i), or paragraph (c) applied to the Plan as of a section 436 measurement date, but that limit no longer applies to the Plan as of a later section 436 measurement date, then that limitation does not apply to benefits with Annuity Starting Dates that are on or after that later section 436 measurement date.

(ii) Resumption of Benefit Accruals. If a limitation on benefit accruals under subparagraph (b)(iii) applied to the Plan as of a section 436 measurement date, but that limitation no longer applies to the Plan as of a later section 436 measurement date, then benefit accruals shall resume prospectively and that limitation does not apply to benefit accruals that are based on service on or after that later section 436 measurement date, except as otherwise provided under the Plan. In addition, benefit accruals that were not permitted to accrue because of the application of subparagraph (b)(iii) shall be restored when that limitation ceases to apply if the continuous period of the limitation was 12 months or less and the Plan's enrolled actuary certifies that the AFTAP for the Plan Year would not be less than 60 percent taking into account any restored benefit accruals for the prior Plan Year. The Plan shall comply with the rules relating to partial years of

participation and the prohibition on double proration under Department of Labor Regulation 29 C.F.R. Sections 2530.204-2(c) and (d).

- (iii) Shutdown and Other Unpredictable Contingent Event Benefits. If an unpredictable contingent event benefit with respect to an unpredictable contingent event that occurs during the Plan Year is not permitted to be paid after the occurrence of the event because of the limitation of subparagraph (b)(ii), but is permitted to be paid later in the same Plan Year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the AFTAP for the Plan Year that meets the requirements of Treasury Regulation Section 1.436-1(g)(5)(ii)(B)), then that unpredictable contingent event benefit shall be paid, retroactive to the period that benefit would have been payable under the terms of the Plan (determined without regard to subparagraph (b)(ii)). If the unpredictable contingent event benefit does not become payable during the Plan Year in accordance with the preceding sentence, then the Plan is treated as if it does not provide for that benefit.
- (iv) Treatment of Plan Amendments That Do Not Take Effect. If a Plan amendment does not take effect as of the effective date of the amendment because of the limitation of subparagraph (a)(ii) or (b)(iii), but is permitted to take effect later in the same Plan Year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the AFTAP for the Plan Year that meets the requirements of Treasury Regulation Section 1.436-1(g)(5)(ii)(C)), then the Plan amendment must automatically take effect as of the first day of the Plan Year (or, if later, the original effective date of the amendment). If the Plan amendment cannot take effect during the same Plan Year, then it shall be treated as if it were never adopted, unless the Plan amendment provides otherwise.
- (e) Notice Requirement. See ERISA Section 101(j) for rules requiring the plan administrator of a single employer defined benefit pension plan to provide a written notice to participants and beneficiaries within 30 days after certain specified dates if the plan has become subject to a limitation described in subparagraph (a)(i), or paragraph (b) or (c).
- (f) Methods to Avoid or Terminate Benefit Limitations. See Sections 436(b)(2), (c)(2), (e)(2), and (f) of the Code and Treasury Regulation Section 1.436-1(f) for rules relating to employer contributions and other methods to avoid or terminate the application of the limitations set forth in paragraphs (a) through (c) for a plan year. In general, the methods a plan sponsor may use to avoid or terminate one or more of the benefit limitations under paragraphs (a) through (c) for a plan year include employer contributions and elections to increase the amount of plan assets which are taken into account in determining the AFTAP, making an employer contribution that is specifically designated as a current year contribution that is made to avoid or terminate application of certain of the benefit limitations, or providing security to the plan.
- (g) Special Rules.
  - (i) Rules of Operation for Periods Prior to and After Certification of Plan's AFTAP.
    - (A) In General. Code Section 436(h) and Treasury Regulation Section 1.436-1(h) set forth a series of presumptions that apply (x) before the Plan's enrolled actuary issues a certification of the Plan's AFTAP for the Plan Year and (y) if the Plan's enrolled actuary does not issue a certification of the Plan's AFTAP for the Plan Year before the first day of the tenth month of the Plan Year (or if the Plan's enrolled actuary issues a range certification for the Plan Year pursuant to Treasury Regulation Section 1.436-1(h)(4)(ii) but does not issue a certification of the specific AFTAP for the Plan by the last day of the Plan Year). For any period during which a presumption under Section 436(h) of the Code and Treasury Regulation Section 1.436-1(h) applies to the Plan, the limitations under paragraphs (a) through (c) are applied to the Plan as if the AFTAP for the Plan Year were the presumed AFTAP determined under the rules of Section 436(h) of the Code and

Treasury Regulation Section 1.436-1(h)(1), (2), or (3). These presumptions are set forth in subparagraphs (g)(i)(B) through (D).

- (B) Presumption of Continued Underfunding Beginning First Day of Plan Year. If a limitation under paragraph (a), (b), or (c) applied to the Plan on the last day of the preceding Plan Year, then, commencing on the first day of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the AFTAP for the Plan for the current Plan Year, or, if earlier, the date subparagraph (g)(i)(C) or (D) applies to the Plan:
    - (1) The AFTAP of the Plan for the current Plan Year is presumed to be the AFTAP in effect on the last day of the preceding Plan Year; and
    - (2) The first day of the current Plan Year is a section 436 measurement date.
  - (C) Presumption of Underfunding Beginning First Day of Fourth Month. If the Plan's enrolled actuary has not issued a certification of the AFTAP for the Plan Year before the first day of the fourth month of the Plan Year and the Plan's AFTAP for the preceding Plan Year was either at least 60% but less than 70% or at least 80% but less than 90%, or is described in Treasury Regulation Section 1.436-1(h)(2)(ii), then, commencing on the first day of the fourth month of the current Plan Year and continuing until the Plan's enrolled actuary issues a certification of the AFTAP for the Plan for the current Plan Year, or, if earlier, the date subparagraph (g)(i)(D) applies to the Plan:
    - (1) The AFTAP of the Plan for the current Plan Year is presumed to be the Plan's AFTAP for the preceding Plan Year reduced by 10 percentage points; and
    - (2) The first day of the fourth month of the current Plan Year is a section 436 measurement date.
  - (D) Presumption of Underfunding On and After First Day of Tenth Month. If the Plan's enrolled actuary has not issued a certification of the AFTAP for the Plan Year before the first day of the tenth month of the Plan Year (or if the Plan's enrolled actuary has issued a range certification for the Plan Year pursuant to Treasury Regulation Section 1.436-1(h)(4)(ii) but has not issued a certification of the specific AFTAP for the Plan by the last day of the Plan Year), then, commencing on the first day of the tenth month of the current Plan Year and continuing through the end of the Plan Year:
    - (1) The AFTAP of the Plan for the current Plan Year is presumed to be less than 60%; and
    - (2) The first day of the tenth month of the current Plan Year is a section 436 measurement date.
- (ii) New Plans, Plan Termination, Certain Frozen Plans, and Other Special Rules.
- (A) First Five Plan Years. The limitations in subparagraphs (a)(ii), (b)(ii), and (b)(iii) do not apply to a new plan for the first five plan years of the plan, determined under the rules of Section 436(i) of the Code and Treasury Regulation Section 1.436-1(a)(3)(i).
  - (B) Plan Termination. The limitations on prohibited payments in subparagraphs (a)(i) and (b)(i), and paragraph (c) do not apply to prohibited payments that are made to carry out the termination of the Plan in accordance with applicable law. Any other limitations under this section of the Plan do not cease to apply as a result of termination of the Plan.

- (C) Exception to Limitations on Prohibited Payments Under Certain Frozen Plans. The limitations on prohibited payments set forth in subparagraphs (a)(i) and (b)(i), and paragraph (c) do not apply for a Plan Year if the terms of the Plan, as in effect for the period beginning on September 1, 2005 and continuing through the end of the Plan Year, provide for no benefit accruals with respect to any participants. This subparagraph (g)(ii) (C) shall cease to apply as of the date any benefits accrue under the Plan or the date on which a plan amendment that increases benefits takes effect.
- (D) Special Rules Relating to Unpredictable Contingent Event Benefits and Plan Amendments Increasing Benefit Liability. During any period in which none of the presumptions under subparagraph (g)(i) apply to the Plan and the Plan's enrolled actuary has not yet issued a certification of the Plan's AFTAP for the Plan Year, the limitations under subparagraphs (a)(ii) and (b)(ii) shall be based on the inclusive presumed AFTAP for the Plan, calculated in accordance with the rules of Treasury Regulation Section 1.436-1(g)(2)(iii).
- (iii) Special Rules Under PRA 2010.
  - (A) Payments Under Social Security Leveling Options. For purposes of determining whether the limitations under subparagraph (a)(i) or (b)(i) apply to payments under a social security leveling option, within the meaning of Section 436(j)(3)(C)(i) of the Code, the AFTAP for a Plan Year shall be determined in accordance with the "Special Rule for Certain Years" under Section 436(j)(3) of the Code and any Treasury Regulation or other published guidance thereunder issued by the Internal Revenue Service.
  - (B) Limitation on Benefit Accruals. For purposes of determining whether the accrual limitation under subparagraph (b)(iii) applies to the Plan, the AFTAP for a Plan Year shall be determined in accordance with the "Special Rule for Certain Years" under Section 436(j)(3) of the Code (except as provided under Section 203(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010, if applicable).
- (iv) Interpretation of Provisions. The limitations imposed by this Section of the Plan shall be interpreted and administered in accordance with section 436 and Treasury Regulation Section 1.436-1.
- (h) Definitions. The definitions in the following Treasury Regulation Sections apply for purposes of subparagraphs (a) through (g): Section 1.436-1(j)(1) defining AFTAP; Section 1.436-1(j)(2) defining Annuity Starting Date; Section 1.436-1(j)(6) defining prohibited payment; Section 1.436-1(j)(8) defining section 436 measurement date; and Section 1.436-1(j)(9) defining an unpredictable contingent event and an unpredictable contingent event benefit.
- (i) Effective Date. The rules in subsections (a) through (h) are effective for Plan Years beginning after December 31, 2007.

#### **9.11 *Limitation on Highly Compensated Employees and on High-25 Employees***

- (a) When This Section Applies. The provisions of this Section shall apply:
  - (i) in the event the Plan is terminated, to any Member who is a Highly Compensated Employee or Highly Compensated Former Employee, and
  - (ii) in any other event, to any Member who is one of the 25 Highly Compensated Employees or Highly Compensated Former Employees of the Employer or an Affiliated Employer with the greatest Statutory Compensation in any Plan Year.

The amount of the annual payments to any one of the Members to whom this Section applies shall not be

greater than the amount that would be paid on behalf of the Member under a single life annuity that is of Equivalent Actuarial Value to the sum of the Member's accrued benefit and the Member's other benefits under the Plan.

- (b) When This Section Does Not Apply . The provisions of this Section shall not apply if:
- (i) after taking into account payment of all benefits payable to or on behalf of the Member to whom this Section applies, the value of Plan assets equals or exceeds 110 per cent of the value of current liabilities (as that term is defined in Section 412(l)(7) of the Code) of the Plan,
  - (ii) after taking into account the value of all benefits payable to or on behalf of the Member to whom this Section applies is less than one per cent of the value of current liabilities of the Plan, or
  - (iii) the value of the benefits payable to or on behalf of the Member to whom this Section applies does not exceed the amount described in Section 411(a)(11)(A) of the Code.
- (c) Repayment of Lump Sum Distributions . To the extent permitted by law, if any Member to whom subparagraph (a)(ii) applies elects to receive a lump sum payment in lieu of his Pension and this Section is applicable, the Member shall be entitled to receive his benefit in full. However, the Member must agree to repay to the Plan any portion of the lump sum payment which would otherwise be restricted and must provide adequate security to guarantee that repayment in accordance with rules established by the Internal Revenue Service.
- (d) Termination of Plan . Notwithstanding the above, in the event the Plan is terminated, the restrictions of this Section shall not be applicable if the benefits payable to any Highly Compensated Employee and any Highly Compensated Former Employee is limited to a benefit that is nondiscriminatory under Section 401 (a)(4) of the Code.
- (e) Definitions . For purposes this Section, the following terms shall have the following meanings:

- (i) "Highly Compensated Employee" means for a Plan Year any employee of the Employer or an Affiliated Employer (whether or not eligible for membership in the Plan) who:
  - (A) was a 5-percent owner (as defined in Section 416(i) of the Code) for such Plan Year or the prior Plan Year; or
  - (B) for the preceding Plan Year received Statutory Compensation in excess of \$80,000, and was among the highest 20 percent of employees for the preceding Plan Year when ranked by Statutory Compensation paid for that year excluding, for purposes of determining the number of such employees, such employees as the Retirement Committee may determine on a consistent basis pursuant to Section 414(q) of the Code. The \$80,000 dollar amount in the preceding sentence shall be adjusted from time to time for cost of living in accordance with Section 414(q) of the Code.

Notwithstanding the foregoing, employees who are nonresident aliens and who receive no earned income from the Employer or an Affiliated Employer which constitutes income from sources within the United States shall be disregarded for all purposes of this Section.

The Employer's top-paid election as described above, shall be used consistently in determining Highly Compensated Employees for determination years of all employee benefit plans of the Employer and Affiliated Employers for which Section 414(q) of the Code applies (other than a multiemployer plan) that begin with or within the same calendar year, until such election is changed by Plan amendment in accordance with IRS requirements.

The provisions of this Section shall be further subject to such additional requirements as shall be described in Section 414(q) of the Code and its applicable regulations, which shall override any aspects of this Section inconsistent therewith.

(ii) “Highly Compensated Former Employee” means for a Plan Year any former employee of the Employer or an Affiliated Employer who had terminated employment prior to the Plan Year and who was a Highly Compensated Employee for either the year of termination or any Plan Year ending on or after the employee’s 55th birthday.

(f) When This Section is Ineffective. If it should subsequently be determined by statute, court decision acquiesced in by the Commissioner of the Internal Revenue Service, or ruling by the Commissioner of the Internal Revenue Service, that the provisions of this Section are no longer necessary to qualify the Plan under the Code, this Section shall be ineffective without the necessity of further amendment to the Plan.

## **9.12 Revision of the Plan and Applicability of Plan Provisions**

The provisions of the Plan as set forth herein are effective as of January 1, 2015, except that certain provisions shall have an earlier or later effective date as specifically set forth in the Plan, in the resolution adopting the amendment, or as follows:

1. The amendment of Section 5.03(b), 5.06(c)(i), 9.05(d) and 10.01 shall be effective as of January 1, 2007.
2. The amendment of Section 9.05(a)(viii) shall be effective as of January 1, 2002.
3. The amendment of Section 5.03 permitting the election of a retroactive annuity starting date and the waiver of the 30-day notice period in certain circumstances shall be effective as of January 1, 2010 with respect to all Annuity Starting Dates occurring on and after that date.

Any questions concerning eligibility for and the amount of pension and any other right or limitation set forth herein which calls for a determination as to a time on or after January 1, 2015 shall be determined in accordance with the provisions of this Plan as may be amended and in effect from time to time, and any questions concerning such matters which call for a determination under the Plan as to a time prior to January 1, 2015 shall be determined in accordance with the provisions of the Plan effective as of the Member’s date of termination and taking into account any amendments effective retroactive to such date in accordance with the provisions of this Section or other provisions of the Plan, except as otherwise specifically provided in the Plan or as otherwise required by law.

## **ARTICLE 10. AMENDMENT, MERGER AND TERMINATION**

### **10.01 Amendment of Plan**

The Board of Directors (or, to the extent provided in the Charter, the Retirement Committee) reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate, to amend in whole or in part any or all of the provisions of the Plan. However, no amendment shall make it possible for any part of the Funds of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the Plan prior to the satisfaction of all liabilities with respect to such persons. No amendment shall be made which has the effect of decreasing the Accrued Benefit of any Member or of reducing the nonforfeitable percentage of the Accrued Benefit of a Member below the nonforfeitable percentage computed under the Plan as in effect on the date on which the amendment is adopted or, if later, the date on which the amendment becomes effective. For purposes of this Section, a plan amendment that has the effect of (i) eliminating or reducing an early retirement benefit or retirement-type subsidy, or (ii) eliminating an optional form, with respect to benefits attributable to service before the amendment shall be treated as reducing accrued

benefits. In the case of a retirement-type subsidy, the preceding sentence shall apply only with respect to a Member who satisfies (either before or after the amendment) the pre-amendment conditions for the subsidy. Notwithstanding the preceding sentences, a Member's accrued benefit, early retirement benefit, retirement-type subsidy, or optional form of payment may be reduced to the extent permitted under Section 412(c)(8) of the Code (for Plan Years beginning on or before December 31, 2007) or Section 412(d)(2) of the Code (for Plan Years beginning after December 31, 2007), or to the extent permitted under Section 1.411(d)-(3) and (4) of the U.S. Treasury Department regulations.

### **10.02 *Merger or Consolidation***

The Plan may not be merged or consolidated with, and its assets or liabilities may not be transferred to, any other plan unless each person entitled to benefits under the Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then terminated. The transactions referenced in this Section shall be carried out under the provisions of Section 414(l) of the Code.

### **10.03 *Additional Participating Employers***

- (a) If any company is now or becomes a subsidiary or associated company of the Employer, the Board of Directors may, at its discretion and upon appropriate action, include the employees of that company in the membership of the Plan upon appropriate action by that company necessary to adopt the Plan. In that event, or if any persons become Employees of the Employer or an Affiliated Employer as the result of merger or consolidation or as the result of acquisition of all or part of the assets or business of another company, the Board of Directors shall determine to what extent, if any, credit shall be granted for previous service with the subsidiary, associated or other company, but subject to the continued qualification of the Plan and trust under the Code.
- (b) Any subsidiary or associated company may terminate its participation in the Plan upon appropriate action by it, in which event the Funds of the Plan held on account of Members in the employ of that company shall be determined by the Retirement Committee and shall be applied as provided in Section 10.04 if the Plan should be terminated, or shall be segregated by the Trustee as a separate trust, pursuant to certification to the Trustee by the Retirement Committee, continuing the Plan as a separate plan for the employees of that company, under which the board of directors of that company shall succeed to all the powers and duties of the Board of Directors, including the appointment of the members of the Retirement Committee. Notwithstanding the above, the Board of Directors may refuse to approve such a termination of participation by a subsidiary or associated company if it determines that such action could jeopardize the qualified status of the Plan.

### **10.04 *Termination of Plan***

The Board of Directors may terminate the Plan for any reason at any time. In case of termination of the Plan, the rights of Members to the benefits accrued under the Plan to the date of the termination, to the extent then funded (or, if greater, protected by law), shall be nonforfeitable. The Funds of the Plan shall be used for the exclusive benefit of persons entitled to benefits under the Plan as of the date of termination, except as provided in Sections 6.02 and 7.12. However, any Funds not required to satisfy liabilities of the Plan for benefits, that arise out of any variation between actual requirements and expected actuarial requirements, shall be returned to the Employer. The Retirement Committee shall determine, on the basis of actuarial valuation, the share of the Funds of the Plan allocable to each person entitled to benefits under the Plan in accordance with Section 4044 of ERISA or corresponding provision of any applicable law in effect at the time. In the event of a partial termination of the Plan, the provisions of this Section shall be applicable to the Members affected by that partial termination.

### **11.01 *Transfers To and From an Affiliated Employer***

- (a) Except as otherwise provided in Section 11.02, if an Employee (i) becomes employed by the Employer in any capacity other than as an Employee, or (ii) becomes employed by an Affiliated Employer, he shall retain his Accrued Benefit under the Plan on the date he ceases to be an Employee. Upon his later retirement or termination of employment with the Employer or Affiliated Employer, the Accrued Benefit to which the Employee is entitled under the Plan shall be determined under the Plan provisions in effect on the date he ceased to be an Employee.
- (b) Subject to the provisions of Article 3, in the case of a person who (i) was originally employed by the Employer in any capacity other than as an Employee, or (ii) was originally employed by an Affiliated Employer, or (iii) was originally providing services to the Employer as a Leased Employee and thereafter becomes an Employee, upon his later Severance Date, the benefits payable under the Plan shall be computed under the Plan provisions in effect at that time, and only on the basis of the Benefit Service accrued while he is an Employee, except as otherwise provided in Section 11.02.
- (c) All applicable remuneration with an Affiliated Employer for employees described in Section 11.01(b), shall be deemed Pensionable Earnings for purposes of the Plan during periods of Benefit Service, taken at par of exchange at the Employee's Severance Date for remuneration paid in other than U.S. currency. Employment with an Affiliated Employer shall be deemed Vesting Service with the Employer for the purpose of determining eligibility for benefits under the Plan, but the Pension payable under the Plan shall be computed on the basis of Benefit Service as defined in the Plan only.
- (d) Transfer of employment of a Member from the Employer to an Affiliated Employer shall not terminate membership under the Plan.
- (e) Notwithstanding the preceding paragraphs of this Section, no employee shall be eligible to become a Member on account of a transfer to Employee status on and after January 1, 2008.

### **11.02 *Transfers To and From Hourly Plan***

- (a) Notwithstanding any other provisions of the Plan, the provisions of this Section 11.02(a) shall apply to (i) any member of the Hourly Plan who ceases to be an employee as defined in the Hourly Plan and at the same time becomes an Employee on or after January 1, 1992 and prior to January 1, 2008, and (ii) any Member of the Plan who ceases to be an Employee and at the same time becomes an employee as defined in the Hourly Plan.
- (b) Service credited to the Member as an employee under the Hourly Plan shall be deemed service with the Employer for purposes of determining Vesting Service under the Plan (based on the rules specified in Section 3.01).
- (c) If an Employee described in clause (i) of paragraph (a) above accrues at least five years of Benefit Service under the Plan, he shall be entitled to an additional Accrued Benefit calculated as follows. Service credited to the Member as an employee under the Hourly Plan shall be deemed service with the Employer for purposes of determining Benefit Service under the Plan (based on the rules specified in Section 3.02). For this purpose, remuneration while a member of the Hourly Plan shall be deemed Pensionable Earnings under the Plan. The retirement Pension under the Plan will be reduced by any accrued normal retirement allowance which the Member is entitled to receive under the Hourly Plan for the same period of service. In applying the provisions of the preceding sentence to a Non-Grandfathered Member, the benefit payable under the Hourly Plan shall be calculated based on the benefit level in effect at the earlier of the Member's termination of employment or June 30, 2011.
- (d) The retirement Pension of an Employee described in clause (ii) of paragraph (a) above will be calculated using Benefit Service and Pensionable Earnings determined under the Plan. Benefits earned under the

Hourly Plan will follow the provisions of the Hourly Plan.

- (e) The Retirement Committee may decide with respect to a Member of the Plan who has met the vesting requirements of Section 4.05 to transfer the vested benefits that he has earned under the Hourly Plan to the Plan. Such transfer shall be carried out in accordance with Section 10.02.
- (f) In the event a Member transferred from union status to salaried status under the Prior Plan prior to January 1, 1992, his period of service in union status shall be treated as Vesting Service and Benefit Service under the provisions of this Plan (based on rules specified in Article 3) as though such service had been rendered as an Employee, and any earnings paid to such Employee during such period of service shall be deemed to be Pensionable Earnings to the extent such earnings would have been included in Pensionable Earnings had the Member been an Employee during such period of service.

IN WITNESS WHEREOF, the Graphic Packaging International, Inc. Retirement Committee has caused this Plan to be duly executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Graphic Packaging International, Inc.  
Retirement Committee Members

By: \_\_\_ Daniel J. Blount

By: \_\_\_ Brad Ankerholz

By: \_\_\_ Carla J. Chaney

By: \_\_\_ Debbie Frank

By: \_\_\_ Brian A. Wilson

**APPENDIX A**

**Special Provisions Applicable to Certain Participating Units, Locations, and Employee Groups**

<b>Effective Date</b>	<b>Members Covered</b>	<b>Special Provisions</b>
January 1, 2005	Five legacy Graphic Packaging executives whose employment contracts as of December 31, 2004 entitle them to participate in all retirement plans applicable to similarly situated executives of the Employer.	The affected Employees shall become Members of the Plan and receive Vesting Service and Benefit Service as recognized under the Graphic Packaging Retirement Plan, and “Benefit Compensation” earned under the Graphic Packaging Retirement Plan shall be treated as Pensionable Earnings; with the Pension payable under the Plan subject to Section 3.04.
November 19, 1998	Peter L. Lee	The affected Employee shall receive Vesting Service starting on February 1, 1989 on account of service with his predecessor employer, and Benefit Service starting on March 23, 1995.
October 9, 1998	Wood Procurement non-union hourly Employees as a result of sale to Fulghum Fibres.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
May 1 to July 1, 1997	Members of the Plan who were terminated as a result of the closure of the Bakersfield, California Plant.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
October 18, 1996	Salaried and non-union hourly Employees at Joyce, Forest Resources, and Wood Products who were terminated as a result of the sale of the Wood Products Division to Plum Creek Timber Company, L.P.	Such affected Employees no longer participate in the Plan and shall be 100% vested in their Accrued Benefits as of October 18, 1996.
October 13, 1996	Members of the Plan who were terminated as a result of the closure of the Kankakee, Illinois Plant.	Such affected Employees shall be 100% vested in their Accrued Benefit as of October 13, 1996.
July 10, 1996	Charles E. Lawson, Michael G. Dooley, and Leroy G. Gwin	The affected Employees shall receive Vesting Service on account of service with the Julian B. Slevin Company.

<b>Effective Date</b>	<b>Members Covered</b>	<b>Special Provisions</b>
November 19, 1994	Salaried employees of Fort Packaging Company.	Affected Employees are eligible to participate in the Plan, and service recognized by Miller Brewing is recognized under the Plan for purposes of vesting and eligibility.
June 30, 1994	Non-union hourly and salaried Employees who	Such affected Employees no longer

	were terminated as a result of the sale of the Laminates Plant in Jacksonville, Florida.	participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
June 30, 1993	Non-union hourly and salaried Employees of the Waste Recovery & Paper Plant in Macon, Georgia.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
October 31, 1992	Members of the Plan who were terminated as a result of the closure of the Memphis, Tennessee Carrier Plant.	Such affected Employees shall be 100% vested in their Accrued Benefit as of October 31, 1992.
June 30, 1992	Former salaried and non-union hourly employees of Macon Kraft, Inc., Macon Kraft Laminates, Inc. and Waste Recovery & Paper, Inc.	Service recognized for vesting and eligibility purposes under a qualified plan sponsored by Pratt Industries (USA), Inc. is recognized under the Plan for purposes of vesting and eligibility.
January 1, 1992	Salaried employees of Minnesota Automation, Inc.	Affected Employees are eligible to participate in the Plan, and service recognized by Minnesota Automation, Inc. is recognized under the Plan for purposes of vesting and eligibility.
September 27, 1991	Each participant in the Manville Employees Retirement Plan who was terminated as a result of the sale of the Riverwood International Charlotte, North Carolina Carton Plant to James River Corporation.	Affected employees are 100% vested in their Accrued Benefit under the Plan as of September 27, 1991.
May 31, 1991	Each participant in the Manville Employees Retirement Plan who was terminated as a result of the sale of the Manville Forest Products Madison, Wisconsin Carton Plant to Olympic Packaging.	Affected Employees are 100% vested in their Accrued Benefit under the Plan as of May 31, 1991. Assets and liabilities transferred April 30, 1993.

<b>Effective Date</b>	<b>Members Covered</b>	<b>Special Provisions</b>
March 16, 1991	Former salaried employees of JAK-ET-PAK.	Service recognized by Federal Paper Board Company, Inc. for vesting and eligibility purposes under a qualified plan sponsored by Federal Paper Board Company, Inc. is recognized under the Plan for purposes of vesting and eligibility for affected Employees.
July 31, 1989	Each participant in the Manville Employees Retirement Plan who was terminated as a result of the sale of the Manville Forest Products Grocery Bags & Sacks Plant.	Affected Employees are 100% vested in their Accrued Benefit under the Plan as of July 31, 1989.
January 2, 1989	Non-union hourly Employees at Joyce, Forest Resources, and Wood Procurement.	The assets and liabilities representing the Accrued Benefits of affected Employees were transferred to the Plan from the Hourly Plan (formerly the Manville Forest Products Hourly Retirement Plan) on January 2, 1989, and such affected Employees became Members of the Plan on January 2, 1989. Benefit Service shall not be credited prior to February 18, 1983, for former Crown Zellerbach

		employees at Joyce Operations.
October 28, 1985	Employees who became Members of the Plan as of October 28, 1985, due to the acquisition of Eastex Packaging Incorporated.	Affected Employees are credited with service earned after December 31, 1953, and prior to October 28, 1985, at Eastex Packaging Incorporated for purposes of Vesting Service and Benefit Service.
December 3, 1984	Employees of the Clinton Packaging Plant who became Members of the Plan on or after December 3, 1984 due to the purchase of the Plant from Consolidated Packaging.	Affected Employees are credited with service earned prior to December 3, 1984, at the Clinton Packaging Plant for purposes of vesting.
August 13, 1984	Each participant in the Manville Salaried Pension Plan who was terminated as a result of the sale of the Lillie Particleboard Plant as of August 13, 1984 to Willamette Industries.	Affected Employees are 100% vested in their Accrued Benefit under the Plan as of August 13, 1984.

Effective Date	Members Covered	Special Provisions
February 18, 1983	Salaried Employees in Joyce, Louisiana who became Members of the Plan as of February 18, 1983 due to the acquisition of the Joyce Operations from Crown Zellerbach.	Affected Employees are credited with service earned prior to February 18, 1983, at Crown Zellerbach for purposes of vesting and Benefit Service; however, such an Employee's Pension is reduced by an amount that is the actuarial equivalent of any pension benefit paid from a pension plan maintained by Crown Zellerbach.
November 23, 1981	Each participant in the Manville Salaried Pension Plan who was terminated as a result of the sale of a location to the Georgia-Pacific Corporation as of November 23, 1981.	Affected Employees are 100% vested in their Accrued Benefit under the Plan as of November 23, 1981.
April 15, 1980	Salaried Employees who were terminated as a result of the sale of Wood Mosaic to Katz of America on April 15, 1980.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees. Effective January 1, 1975, Benefit Service was granted to Wood Mosaic Employees for service prior to January 1, 1970, with Wood Mosaic.
March 1, 1979	Each participant in the Olinkraft Salaried Pension Plan who was terminated as a result of the sale of the Kansas City Plant on March 1, 1979, to Union Camp.	Affected employees are 100% vested in their Accrued Benefit under the Plan as of March 1, 1979.
May 1, 1978	Salaried Employees at the Monroeville, Alabama Particleboard Plant.	Affected Employees received lump sum payments.
February 24, 1973	Salaried Employees of the Company at its Joliet, Illinois Container Plant on February 24, 1973, who participated in the Olin Salaried Pension Plan of Olin Corporation on February 24, 1973, and who transferred employment to Hoerner-Waldorf Corporation on February 24, 1973, and who were still employed by Hoerner-Waldorf Corporation on June 1, 1974. Hoerner-Waldorf was succeeded by Champion, which was succeeded by Stone Container, and these provisions apply to any successor at that location.	Affected Employees are entitled to benefits under the Plan according to the provisions of the Plan in effect as of December 31, 1975.  Such Accrued Benefit was calculated as of February 24, 1973, based on the following: vesting at age 40 with 10 years of service; early retirement at age 55 with 15 years of service; early retirement reduced 4% per year prior to age 65.

## APPENDIX B

### Minimum Benefits for Members of the Prior Plan as of December 31, 1988

Members of the Prior Plan on December 31, 1988, are entitled to minimum benefits under the Plan based on the benefit formulas and provisions of the Prior Plan in effect prior to January 1, 1989, as outlined below. These minimum benefits are "frozen" based on the Member's Benefit Service and Average Final Salary as of December 31, 1988.

#### Accrued Benefits as of December 31, 1988, Payable at Age 65

1. **Current Formula** (Benefit formula in effect under the Manville Plan for the period January 2, 1986 through December 31, 1988)

Accrued Benefits as of December 31, 1988, under the benefit formula in effect under the Manville Plan on December 31, 1988.

2. (a) **Prior Formula** (applies only to members of the Manville Salaried Retirement Plan prior to January 1, 1986)

**Greater of the Alternate or Grandfathered Formula**

Alternate Formula (1985 Benefit Formula)

Accrued Benefits as of December 31, 1988, based on the benefit formula in effect under the Plan on December 31, 1985.

Grandfathered Formula (1980 Benefit Formula)

Accrued Benefits as of December 31, 1988, based on the benefit formula in effect under the Plan on December 31, 1980.

**Offset Due to the Refund of Accumulated Contributions**

Accrued Benefits as of December 31, 1988, based on the refund of Accumulated Contributions.

- (b) **Prior Formula** (applies only to members of the Manville Forest Products Salaried Retirement Plan prior to January 1, 1986)

Accrued Benefits as of December 31, 1988, based on the benefit formula in effect under the Plan on December 31, 1985. (1985 Benefit Formula)

**Minimum Benefits Based on Retirement at Age 65**

A member retiring at age 65 will be entitled to a minimum normal retirement Pension under Section 4.01(c) of the Plan as follows:

The greater of (a) or (b) below:

- (a) The Current Formula

- (b) The Prior Formula under (i) or (ii) as applicable as follows:

- (i) Under the Manville Salaried Retirement Plan:

(A) The greater of the Alternate Formula or the Grandfathered Formula; less

(B) The Offset Due to the Refund of Accumulated Contributions.

- (ii) Prior Formula under the Manville Forest Products Retirement Plan.

**Minimum Benefits Based on Early Retirement**

A Member retiring before age 65 under early retirement or deferred vested retirement after age 50 with 10 years of Vesting Service and receiving benefits prior to age 65 will be entitled to a minimum early retirement Pension as follows:

The greater of (a) or (b) below:

- (a) The Current Formula reduced by 3% for each year and fraction thereof that the benefit commencement date precedes the Member's age 62.

- (b) The Prior Formula under (i) or (ii) as applicable as follows:

- (i) Under the Manville Salaried Retirement Plan:

The greater of the Alternate Formula or the Grandfathered Formula reduced by 4% for each year and fraction thereof that the benefit commencement date precedes the Member's age 62 less the offset due to the refund of Accumulated Contributions multiplied by the applicable percentage as follows:

<b>COMPLETED AGE AT DATE</b>	
------------------------------	--

BENEFITS COMMENCE	PERCENTAGE
65	100%
64	95
63	81
62	77
61	74
60	70
59	59
58	56
57	54
56	51
55	49
54	46
53	39
52	37
51	35
50	33

(ii) Under the Manville Forest Products Salaried Retirement Plan:

The Prior Formula reduced by 3% for each year and fraction thereof that the benefit commencement date precedes the Member's age 62, down to age 55, and actuarially reduced for payment before age 55, down to age 50, based on the UP-1984 Mortality Table and an interest rate of five percent (5%) compounded annually.

#### **Minimum Benefits Based on Deferred Vested Retirement**

A Member retiring before age 65 under Deferred Vested Retirement and receiving benefits prior to age 65 will be entitled to a minimum deferred vested retirement Pension as follows:

The greater of (a) or (b) below:

(a) The Current Formula reduced by the appropriate factor from the schedule in Section 4.04(b) of the Prior Plan based on his age when his Pension commences.

(b) The Prior Formula under (i) or (ii) as applicable as follows:

(i) Under the Manville Salaried Retirement Plan

The greater of the Alternate Formula or the Grandfathered Formula reduced by the appropriate factor from the schedule in Section 4.04(b) of the Prior Plan based on his age when his Pension commences, less the offset due to the refund of Accumulated Contributions as outlined in clause (i) of Section (b) under Minimum Benefits Based on Early Retirement in this Appendix B.

(ii) Under the Manville Forest Products Salaried Retirement Plan

The Prior Formula reduced by 3% for each year and fraction thereof that the benefit commencement date precedes the Member's age 62, down to age 55, and actuarially reduced for payment before age 55, down to age 50, based on the UP-1984 Mortality Table and an interest rate of five percent (5%) compounded annually.

#### **Minimum Benefits Based on Late Retirement**

A Member retiring after age 65 will be entitled to a minimum late retirement Pension under Section 4.02(c) of the Plan defined above for Minimum Benefits Based on Retirement at Age 65, with the exception that the Offset Due to the Refund of Contributions shall be multiplied by the applicable percentage as follows:

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<b>COMPLETED AGE AT DATE BENEFITS COMMENCE</b>	<b>PERCENTAGE</b>
65	100%
66	105%
67	121%
68	127%
69	145%
70	153%
71	160%
72	182%
73	192%
74	217%
75	228%

### **Minimum Benefits Based on Disability Retirement or Death Before the Member's Annuity Starting Date**

In the event a Member becomes entitled to a deferred disability retirement Pension under Section 4.04 of the Plan, or the surviving Spouse of a Member becomes entitled to a monthly Spouse's Pension under Section 4.06(a) of the Plan due to the death of a Member before the Member's Annuity Starting Date, the minimum Pension payable under Section 4.04 shall be calculated as under the Minimum Benefits Based on Retirement at Age 65. The minimum pension payable under Section 4.06 shall be calculated as under the Minimum Benefits Based on Retirement at Age 65, or the Minimum Benefits Based on Early Retirement or Deferred Vested Retirement, whichever is applicable, prior to the application of the reduction for the optional form of payment election under Section 5.02.

### **APPENDIX C**

#### **Schedule of Benefits Referenced in Section 4.01(c)(iv)**

<u>Pension Number</u>	<u>Prior Annual Amount(\$)</u>	<u>Updated Annual Amount(\$)</u>	<u>Effective Date of Update</u>
7	2,360.76	10,323.37	9/30/2007
9	56,291.64	66,820.71	9/30/2007
10	17,001.24	22,692.00	9/30/2007
11	34,283.52	101,902.07	9/30/2007
15	39,417.00	47,520.29	9/30/2007
20	5,576.28	6,017.88	9/30/2007
22	1,746.00	1,997.41	9/30/2007
27	3,851.76	13,587.63	9/30/2007
33	15,248.88	84,248.88	9/30/2007
37	2,704.32	22,736.77	9/30/2007
39	1,861.56	19,924.64	9/30/2007
41	N/A	12,587.17	9/30/2007
42	N/A	1,265.45	9/30/2007
43	N/A	313.13	9/30/2007
44	N/A	13,959.11	9/30/2007
45	N/A	46,572.95	9/30/2007
46	N/A	1,233.34	9/30/2007

### **APPENDIX D**

## Schedule of Benefits Referenced in Section 4.01(c)(v)

<u>Pension Number</u>	<u>Annual Amount (\$)</u>	<u>Effective Date of Update</u>
34	1,587.36	9/30/2007

### APPENDIX E

#### CERTAIN HISTORICAL PROVISIONS

The purpose of this Appendix E is to record, for historical purposes, certain provisions which are no longer applicable to active Members in the Plan, or which have minimal application.

#### ARTICLE 1 - DEFINITIONS

- A.** *Accumulated Contributions* means the Member's total contributions, if any, made to the Manville Plan prior to January 2, 1986, increased by an amount equal to the sum of (a), (b) and (c) below:
- (a) If the Member elected under Section 5.01(b) of the Manville Salaried Retirement Plan as in effect on July 1, 1968, to leave on deposit all of the Member's Accumulated Contributions made under the Retirement Plan of Johns-Manville Corporation and subsidiaries as in effect on June 30, 1968, an amount equal to the excess, if any, of those Accumulated Contributions over the amount that would have been required if the Member's election had been under Section 5.01(a) of the Manville Salaried Retirement Plan as in effect on July 1, 1968;
  - (b) The supplemental contributions, if any, the Member elected to make under Section 5.03 of the Manville Salaried Retirement Plan as in effect on July 1, 1968; and
  - (c) Earnings credited on such contributions as of December 31, 1985.
- B.** *Actuarial Equivalent* means a benefit having the same value as the benefit that such Actuarial Equivalent replaces. For periods prior to January 1, 2007, with respect to benefits payable in a form other than a lump sum payment, Actuarial Equivalent was based on an interest rate of 5% and the UP-84 Mortality Table.
- C.** *Average Final Salary* means prior to January 1, 2007, the annual Pensionable Wages of a Member paid during the five consecutive Plan Years in the last ten Plan Years of the Member's Benefit Service affording the highest average. Prior to January 1, 2007, the Final Average Salary of a Part-time Employee was subject to the following rules:
- (a) If, in any period included in the computation of Average Final Salary, a Member who is a Part-time Employee has completed less than the normal number of hours for a Full-time Employee similarly employed, the Member's Pensionable Wages for that period shall be adjusted to a full-time basis for the purpose of that computation. The adjustment will be made by annualizing the base pay of the Member for the period and adding other amounts actually paid during that period that are included in Pensionable Wages.
  - (b) If, in any period included in the computation of Average Final Salary, a Member who has previous employment with the Employer as an hourly employee, was not covered during that period of employment by the Plan, and who completed less than the normal number of hours for a Full-time Employee similarly employed, the Member's Pensionable Wages for that period shall be adjusted to a full-time basis for the purpose of that computation. The adjustment will be made by multiplying the Member's Pensionable Wages by the ratio of the hours worked by a similarly situated Full-time

Employee to the Member's hours worked in that period.

- D.** *Board of Directors* or *Board* means the Board of Directors of Riverwood International Corporation prior to August 8, 2003 and, on and after August 8, 2003 and prior to March 10, 2008, means the Board of Director of Graphic Packaging International, Inc., and on and after March 10, 2008, means the Board of Directors of Graphic Packaging Holding Company.
- E.** *Covered Compensation* means prior to January 1, 2007, for any Plan Year, the average of the taxable wage bases in effect under Section 230 of the Social Security Act for each year in the 35-year period ending with the year prior to the year in which the Member terminates. For purposes of this definition, if a Member's date of termination precedes his attainment of Social Security Retirement Age, he shall be deemed to attain his Social Security Retirement Age in the year of termination. Covered Compensation shall be frozen at:
- (a) Social Security Retirement Age;
  - (b) The date of eligibility for the Employer's long-term disability plan; and
  - (c) The last day worked if eligible for immediate disability retirement.
- F.** *Employer* means Riverwood International Corporation prior to August 8, 2003 and, on and after August 8, 2003, means Graphic Packaging International, Inc. or any successor by merger, purchase or otherwise, with respect to its Employees; and any other company participating in the Plan, as provided in Section 10.03, with respect to its Employees.
- G.** *Pensionable Wages* for periods prior to January 1, 2002 were limited as follows. Effective on and after January 1, 1989 and before January 1, 1994, Pensionable Earnings taken into account for any purpose under the Plan, including the determination of Average Final Salary shall not exceed \$200,000 per year. Except as provided below, as of January 1 of each calendar year on and after January 1, 1990 and before January 1, 1994, the applicable limitation as determined by the Commissioner of Internal Revenue for that calendar year shall become effective as the maximum Pensionable Earnings to be taken into account for Plan purposes for that calendar year only in lieu of the \$200,000 limitation set above. Commencing with the Plan Year beginning in 1994, Pensionable Earnings to be taken into account for any purpose under the Plan, including the determination of Average Final Salary, shall not exceed \$150,000 (as adjusted below). If, for any calendar year after 1994, the cost-of-living adjustment described in the following sentence is equal to or greater than \$10,000, then the limitation (as previously adjusted hereunder) for any Plan Year beginning in any subsequent calendar year shall be increased by the amount of such cost-of-living adjustment, rounded to the next lowest multiple of \$10,000. The cost-of-living adjustment shall equal the lesser of:
- (a) \$150,000 increased by the adjustment made under Section 415(d) of the Code for the calendar year except that the base period for purposes of Section 415(d)(1)(A) of the Code shall be the calendar quarter beginning October 1, 1993 over
  - (b) The annual dollar limitation in effect for the Plan Year beginning in the calendar year.

## **ARTICLE 5- BENEFITS**

### **A. Normal Retirement Pension**

Prior to January 1, 2007, Section 4.01(c)(i) and (ii) read as follows:

- (i) 1.02% of Average Final Salary up to Covered Compensation plus 1.40% of Average Final Salary in excess of Covered Compensation multiplied by Benefit Service up to 35 years.
- (ii) 1.33% of Average Final Salary multiplied by Benefit Service in excess of 35 years.

In addition, notwithstanding anything contained herein to the contrary, the annual normal retirement Pension of a

Member who terminated employment prior to January 1, 2002, and who was affected by the imposition of the \$150,000 limitation on Pensionable Earnings provided in Section 1.32 shall be equal to the greater of (i) the Member's Pension calculated under the provisions of the Plan as determined with regard to such imposition or (ii) a Pension equal to the Member's Accrued Benefit determined as of December 31, 1993, plus the Member's Accrued Benefit based solely on service after such date under the provisions of the Plan as determined with regard to such imposition. For this purpose, the Accrued Benefit determined as of December 31, 1993 shall be equal to the greater of (iii) the Member's Accrued Benefit determined as of December 31, 1993 as determined with regard to the \$200,000 limitation on Pensionable Earnings provided in Section 1.32 (effective before January 1, 1994) or (iv) the Member's Accrued Benefit determined in paragraph (b) above as of December 31, 1988 plus the Member's Accrued Benefit based solely on service after such date under the provisions of the Plan as determined with regard to such limitation.

#### **B. Early Retirement Pension**

Prior to January 1, 2007, in the case of a Member who elected to commence receipt of an early retirement Pension, the Member's Pension shall be equal to the deferred Pension reduced by 1/3 of 1% for each month by which the date of the Member's early retirement Pension precedes his Normal Retirement Date; provided, however, if the Member shall have 25 years of Accumulated Service at his date of retirement, the Member's Pension shall be equal to the deferred Pension reduced by 1/3 of 1% for each month by which the date of the Member's early retirement Pension precedes the first day of the calendar month coincident with or immediately following the Member's 62nd birthday.

#### **C. Payments to Persons Retired Under the Prior Plan**

Any person entitled to receive retirement income or another allowance under the Prior Plan as in effect prior to January 1, 1992, shall be considered as a retired Member or former Member of the Plan, as the case may be, and after December 31, 1991, shall receive the retirement income or other allowance under the Plan. However, the retirement income or other allowance shall be subject to all terms and conditions of the Prior Plan as in effect at the time the person retired or terminated employment.

#### **D. Thrift Plan Benefit**

If a Member who made Accumulated Contributions under the Manville Plan failed to make an election under Article 9 of the Manville Employees Thrift Plan (the "thrift plan") to not have the Retirement Plan Account of the thrift plan be paid in the form of an annuity, the balance of such account shall be transferred to the Plan and an equivalent additional benefit shall be paid from the Plan. Such additional benefit will be calculated based on the UP-1984 Mortality Table and the interest rate used by the PBGC for valuing benefits for single employer plans that terminate on the Member's Annuity Starting Date or calculated on the date of transfer, if earlier.

### **ARTICLE 6 – PAYMENT OF PENSIONS**

#### **A. Interest Rate and Mortality Assumptions for Lump sum Payments**

Notwithstanding the above, a lump sum payment of equivalent actuarial value shall be made in lieu of all benefits payable under the Plan if the present value of the Pension payable to the Member or to the Member's surviving Spouse in the case of the death of a married Member (such Pension determined as of the Member's Normal Retirement Date or actual termination of service, if later) amounts to \$5,000 or less. In determining the present value and the amount of a lump sum payment payable under this paragraph for an Annuity Starting Date before January 1, 2000, the interest rate(s) to be used shall be the interest rate(s) which would be used by the Pension Benefit Guaranty Corporation for valuing deferred pensions commencing at Normal Retirement Date for single employer plans that terminate on the date of distribution, and the UP-1984 Table. For an Annuity Starting Date on or after January 1, 2000, the present value and the amount of a lump sum payable under this paragraph shall be based on the (i) the "applicable interest rate" which means the annual rate of interest on 30-year Treasury securities for the second calendar month preceding the month containing the Annuity Starting Date and (ii) the "applicable mortality table" which means the mortality table prescribed by the Secretary of the Treasury under

Section 417(e)(3)(A)(ii)(I) of the Code in effect as of the Annuity Starting Date. For an Annuity Starting Date on or after January 1, 2007, the present value and the amount of the lump sum payable under this paragraph shall be based on (i) the “applicable interest rate” which means the annual rate of interest on 30-year Treasury securities for the month of November preceding the Plan Year in which the Annuity Starting Date occurs (except that the applicable interest rate for an Annuity Starting Date occurring in the period January 1, 2007 through December 31, 2007 shall not be greater than the interest rate determined under the preceding sentence), and (ii) the “applicable mortality table” prescribed by the Secretary of the Treasury under Section 417(e)(3)(A)(ii)(I) of the Code in effect as of the Annuity Starting Date.

## **ARTICLE 11- TRANSFERS**

### **11.03 Transfers To and From Manville Plan**

- (a) Notwithstanding any other provisions of the Plan, the provisions of this Section 11.03 shall apply to (i) any member of the Manville Plan who ceases to be an employee as defined in the Manville Plan and at the same time becomes an Employee on or after January 1, 1992 but before January 1, 1998, and (ii) any Member of the Plan on or after January 1, 1992 but before January 1, 1998 who ceases to be an Employee and at the same time becomes an employee as defined in the Manville Plan.
- (b) For persons described in clause (i) of paragraph (a):
  - (i) Employment credited as accumulated service or benefit service under the Manville Plan will be fully recognized as Vesting Service and Benefit Service under the Plan.
  - (ii) All applicable remuneration while a member of the Manville Plan will be deemed Pensionable Earnings for purposes of the Plan.
  - (iii) The individual’s accrued benefit under the Manville Plan at the date he ceases to be an employee as defined in the Manville Plan will be a minimum Accrued Benefit under the Plan.
  - (iv) The individual’s Pension under the Plan shall be based on the provisions of the Plan as in effect on the Employee’s Severance Date.
  - (v) Assets from the trust of the Manville Plan will be transferred to the trust of the Plan in an amount equal to the Accumulated Benefit Obligation (as that term is defined in Financial Accounting Standards Board Statement No. 87) of the Accrued Benefit of the employee at the date of transfer, multiplied by a “Plan Funding Ratio.” The Accumulated Benefit Obligation will be determined on the basis of the actuarial assumptions used by Manville Corporation for financial reporting purposes as of the December 31 preceding or coincident with the date of the employee’s change in employment status. The Plan Funding Ratio will be determined on the December 31 coincident with or preceding the date of the employee’s change in employment status and will be equal to:

Market Value of Manville Plan Trust Assets  
Accumulated Benefit Obligation for Manville Plan

- (vi) Such transfer of assets will be made by July 1 of each year for all employees changing employment status during the preceding calendar year (or at such other frequency as agreed to by Manville Corporation and the Employer) and will include investment return for the delay in payment at an annual rate equal to the discount rate used in determining the Accumulated Benefit Obligation at the December 31 coincident with or preceding the transfer.
- (vii) This transfer of assets and liabilities will be carried out under the provisions of Section 414(l) of the Code.
- (viii) Upon completion of the transfer of assets and liabilities for any affected individual, the Plan will

have the total and sole responsibility for the Employee's Accrued Benefit under the Plan.

- (c) For persons described in clause (ii) of paragraph (a) above:
- (i) Employment credited as Vesting Service or Benefit Service under the Plan will be fully recognized as accumulated service and benefit service in the Manville Plan.
  - (ii) Pensionable Earnings under the Plan will be recognized as pensionable Earnings under the Manville Plan.
  - (iii) The individual's Accrued Benefit under the Plan as of the date he ceases to be an Employee will be a minimum accrued benefit under the Manville Plan.
  - (iv) The individual's pension under the Manville Plan shall be based on the provisions of the Manville Plan as in effect on the employee's severance date.
  - (v) Assets from the trust of the Plan will be transferred to the trust of the Manville Plan in an amount equal to the Accumulated Benefit Obligation (as that term is defined in Financial Accounting Standards Board Statement No. 87) of the Accrued Benefits of the Employee at the date of transfer, multiplied by a "Plan Funding Ratio." The Accumulated Benefit Obligation will be determined on the basis of the actuarial assumptions used by the Employer for financial reporting purposes as of the December 31 preceding or coincident with the date of the employee's change in employment status. The Plan Funding Ratio will be determined on the December 31 coincident with or preceding the date of the employee's change in employment status and will be:

Market Value of Plan Trust Assets

Accumulated Benefit Obligation for Plan

- (vi) Such transfer of assets will be made by July 1 of each year for all employees changing employment status during the preceding calendar year (or at such other frequency as agreed to by Manville Corporation and the Employer) and will include investment return for the delay in payment at an annual rate equal to the discount rate used in determining the Accumulated Benefit Obligation at the December 31 coincident with or preceding the transfer.
- (vii) This transfer of assets and liabilities will be carried out under the provisions of Section 414(l) of the Code.
- (viii) Upon completion of the transfer of assets and liabilities for any affected employee, the Manville Plan will have the total and sole responsibility for the individual's accrued benefit under the Manville Plan.

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March 9, 2015

David,

It is the Board's desire to insure management and organizational stability as an important contributing factor to an increase in shareholder value. To this end, you are eligible to receive a "Retention Bonus" as defined in your amended and restated employment agreement dated November 21, 2013 (the "Amended Agreement"). This Retention Bonus, from \$0 - \$4 million, is at the full discretion of the Board.

Based on your 2014 performance in driving shareholder value, overachievement of financial metrics, and the strong development of organizational talent, I am pleased to confirm the Board's desire to guarantee you a minimum payment of \$2 million as your Retention Bonus, payable under the terms of your Amended Agreement. This of course remains contingent on your continued employment with the Company through March 1, 2016 and satisfaction of all other applicable terms and conditions of your Amended Agreement.

Best Regards,

/s/ Carla J. Chaney

Carla J. Chaney  
SVP Human Resources

cc: Andrea Botta, Chairman Compensation & Benefits Committee  
Lauren Tashma, SVP Legal, General Counsel and Secretary

**CERTIFICATION**

I, David W. Scheible certify that:

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

/s/ DAVID W. SCHEIBLE

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David W. Scheible,  
Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

April 23, 2015

**CERTIFICATION**

I, Stephen R. Scherger certify that:

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

/s/ STEPHEN R. SCHERGER

Stephen R. Scherger Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

April 23, 2015

**CERTIFICATION**  
**Pursuant to 18 United States Code Section 1350,**  
**As adopted pursuant to Section 906 of the**  
**Sarbanes-Oxley Act of 2002**

The undersigned hereby certifies that, to my knowledge, the Quarterly Report on Form 10-Q for the period ended March 31, 2015 of Graphic Packaging Holding Company (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID W. SCHEIBLE

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Name: David W. Scheible,  
Title: Chairman, President and Chief Executive Officer  
April 23, 2015

**CERTIFICATION**  
**Pursuant to 18 United States Code Section 1350,**  
**As adopted pursuant to Section 906 of the**  
**Sarbanes-Oxley Act of 2002**

The undersigned hereby certifies that, to my knowledge, the Quarterly Report on Form 10-Q for the period ended March 31, 2015 of Graphic Packaging Holding Company (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEPHEN R. SCHERGER

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Name: Stephen R. Scherger

Title: Senior Vice President and Chief Financial Officer

April 23, 2015