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

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

OR

o 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 1-6780

RAYONIER INC.

Incorporated in the State of North Carolina

I.R.S. Employer Identification No. 13-2607329

225 WATER STREET, SUITE 1400
JACKSONVILLE, FL 32202
(Principal Executive Office)

Telephone Number: (904) 357-9100

Securities registered pursuant to Section 12(b) of the Exchange Act,
all of which are registered on the New York Stock Exchange:

Common Shares

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.
YES o NO x

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 x NO o

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YES x NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

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

The aggregate market value of the Common Shares of the registrant held by non-affiliates at the close of business on June 30, 2015 was $3,223,470,219 based on the closing sale price as reported on the New York Stock Exchange.

As of February 19, 2016, there were outstanding 122,735,017 Common Shares of the registrant.

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the 2016 annual meeting of the shareholders of the registrant scheduled to be held May 23, 2016, are incorporated by reference in Part III hereof.

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PART I

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

Note About Forward-Looking Statements

Certain statements in this document regarding anticipated financial outcomes including Rayonier’s earnings guidance, if any, business and market conditions, outlook, expected dividend rate, expected harvest schedules, timberland acquisitions, sales of non-strategic timberlands, the anticipated benefits of Rayonier’s business strategy, capital allocation, expected availability and access to borrowings, and other similar statements relating to Rayonier’s future events, developments, or financial or operational performance or results, are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as “may,” “will,” “should,” “expect,” “estimate,” “believe,” “intend,” “project,” “anticipate” and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While management believes that these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements. The risk factors contained in Item 1A — Risk Factors in this Annual Report on Form 10-K and similar discussions included in other reports that we subsequently file with the SEC, among others, could cause actual results or events to differ materially from the Company’s historical experience and those expressed in forward-looking statements made in this document.

Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward- looking statements except as required by law. You are advised, however, to review any subsequent disclosures the Company makes on related subjects in its subsequent reports filed with the SEC.

Item 1. BUSINESS

General

We are a leading timberland real estate investment trust (“REIT”) with assets located in some of the most productive softwood timber growing regions in the U.S. and New Zealand. The focus of our business is to invest in timberlands and to actively manage them to provide current income and attractive long-term returns to our shareholders. As of December 31, 2015, we owned, leased or managed approximately 2.7 million acres of timberlands located in the U.S. South (1.9 million acres), U.S. Pacific Northwest (373,000 acres) and New Zealand (439,000 gross acres, or 299,000 net plantable acres). In addition, we engage in the trading of logs from New Zealand and Australia to Pacific Rim markets, primarily to support our New Zealand export operations. We have an added focus to maximize the value of our land portfolio by pursuing higher and better use (“HBU”) land sales opportunities.

We originated as the Rainier Pulp & Paper Company founded in Shelton, Washington in 1926. On June 27, 2014, Rayonier completed the tax-free spin-off of its Performance Fibers manufacturing business from its timberland and real estate operations, thereby becoming a “pure-play” timberland REIT.

Under our REIT structure, we are generally not required to pay U.S. federal income taxes on our earnings from timber harvest operations and other REIT-qualifying activities contingent upon meeting applicable distribution, income, asset, shareholder and other tests. As of December 31, 2015 and as of the date of the filing of this Annual Report on Form 10-K, we believe the Company is in compliance with all REIT tests.

Our U.S. timber operations are primarily conducted by our wholly-owned REIT subsidiaries. Our New Zealand timber operations are conducted by Matariki Forest Group, a majority-owned joint venture subsidiary (“New Zealand JV”). Our non-REIT qualifying operations, which are subject to corporate-level tax, are held by various taxable REIT subsidiaries. These operations include our log trading business and certain real estate activities, such as the sale and entitlement of development HBU properties.

Our shares are publicly traded on the NYSE under the symbol RYN. We are a North Carolina corporation with executive offices located at 225 Water Street, Jacksonville, Florida 32202. Our telephone number is (904) 357-9100.

For information on sales and operating income by reportable segment and geographic region, see Item 7 — *Management’s Discussion and Analysis of Financial Condition and Results of Operations* and Note 4 — *Segment and Geographical Information*.

Our Competitive Strengths

We believe that we distinguish ourselves from other timberland owners and managers through the following competitive strengths:

- *Leading Pure-Play Timberland REIT*. We are differentiated from other publicly-traded timberland REITs in that we are invested exclusively in timberlands and real estate and do not own any pulp, paper or wood products manufacturing assets. We are the largest publicly-traded "pure-play" timberland REIT, which provides our investors with a focused, large-scale timberland investment alternative without taking on the risks inherent in direct ownership of forest products manufacturing assets.

- *Located in Premier Softwood Growing Regions with Access to Strong Markets*. Our geographically diverse timberland holdings are strategically located in core softwood producing regions, including the U.S. South, U.S. Pacific Northwest and New Zealand. Our most significant timberland holdings are strategically located in the U.S. South, in close proximity to a variety of established pulp, paper and wood products manufacturing facilities, which provide a steady source of competitive demand for both pulpwood and higher-value sawtimber products. Our Pacific Northwest and New Zealand timberlands benefit from strong domestic sawmilling markets and are strategically positioned near ports to capitalize on export markets serving the Pacific Rim.

- *Sophisticated Log Marketing Capabilities Serving Various Pacific Rim Markets*. We conduct a log trading operation based in New Zealand that serves timberland owners in New Zealand and Australia, providing access to key export markets in China, South Korea and India. This operation provides us with superior market intelligence and economies of scale, both of which add value to our New Zealand timber portfolio. It also provides additional market intelligence that helps our Pacific Northwest export log marketing and contributes to the Company's earnings and cash flows, with minimal investment.

- *Attractive Land Portfolio with Higher and Better Use Potential*. We own approximately 200,000 acres of timberlands located in the vicinity of Interstate 95 primarily north of Daytona Beach, FL and south of Savannah, GA, some of which may have the potential to transition to higher and better uses over time as market conditions support increased demand. These properties provide us with select opportunities to add value to our portfolio through real estate development activities, which we believe will allow us to periodically sell parcels of such land at favorable valuations relative to timberland values through one of our taxable REIT subsidiaries.

- *Dedicated HBU Platform with Established Track Record.* We have a dedicated HBU platform led by an experienced team with an established track record of selling rural and development HBU properties across our U.S. South holdings at strong premiums to timberland values. We maintain a detailed land classification analysis of our portfolio, which allows us to identify the highest-value use of our lands and then capitalize on identified HBU opportunities through strategies uniquely tailored to maximize value, including selectively pursuing land-use entitlements and infrastructure improvements.

- *Advantageous Structure and Capitalization*. Under our REIT structure, we are generally not required to pay federal income taxes on our earnings from timber harvest operations and other REIT-qualifying activities, which allows us to optimize the value of our portfolio in a tax efficient manner. We also maintain a strong credit profile and have an investment grade debt rating. As of December 31, 2015, our net debt to enterprise value was 22%. We believe that our advantageous REIT structure and conservative capitalization provide us with a competitive cost of capital and significant financial flexibility to pursue growth initiatives relative to other owners, managers and buyers of timberlands.

Our Strategy

Our business strategy consists of the following key elements:

- *Manage our Timberlands on a Sustainable Yield Basis for Long-term Results.* We generate recurring income and cash flow from the harvest and sale of timber and intend to actively manage our timberlands to maximize net present value over the long term by achieving an optimal balance among biological timber growth, generation of cash flow from harvesting activities, and responsible environmental stewardship. Our harvesting strategy is designed to produce a long-term, sustainable yield, although we may adjust harvest levels periodically to capitalize on then-current economic conditions in our markets.

- *Apply Advanced Silviculture to Increase the Productivity of our Timberlands.* We use our forestry expertise and disciplined financial approach to determine the appropriate silviculture programs and investments to maximize returns. This includes re-planting a significant portion of our harvested acres with improved seedlings we have developed through decades of research and cultivation. Over time, we expect these improved seedlings will result in higher volumes per acre and a higher value product mix.

- *Increase the Size and Quality of our Timberland Holdings through Acquisitions.* We intend to selectively pursue timberland acquisition opportunities that improve the average productivity of our timberland holdings and support cash flow generation from our annual harvesting activities. We expect there will be an ample supply of attractive timberlands available for sale as a result of anticipated sales from a number of Timberland Investment Management Organizations ("TIMOs"). This acquisition strategy requires a disciplined approach and rigorous adherence to strategic and financial metrics. Generally, we expect to focus our acquisition efforts on the most commercially desirable timber-producing regions of the U.S. South, the U.S. Pacific Northwest and New Zealand, particularly on timberlands with an age class profile that complements the age class profile of our existing timberland holdings. We acquired 37,000 acres of timberland in 2015, 62,000 acres in 2014, and 17,000 acres in 2013.

- *Optimize our Portfolio Value.* We continuously assess potential alternative uses of our timberlands, as some of our properties may become more valuable for development, residential, recreation or other purposes. We intend to capitalize on such higher-valued uses by opportunistically monetizing HBU properties in our portfolio. While the majority of our HBU sales involve rural and recreational land, we also selectively pursue various land-use entitlements on certain properties for residential, commercial and industrial development in order to fully realize the enhanced long-term value potential of such properties. For selected development properties, we also invest in infrastructure improvements, such as roadways and utilities, to accelerate the marketability and improve the value of such properties. We generally expect that sales of HBU property will comprise approximately 1% of our Southern timberland holdings on an annual basis.

- *Focus on Timberland Operations to Support Cash Flow Generation.* As described above, we rely primarily on annual harvesting activities and ongoing sales of HBU properties to generate cash flow from our timberland holdings. However, we also periodically generate income and cash flow from the sale of non-strategic and/or non-HBU timberlands in particular as we seek to optimize our portfolio by disposing of less desirable properties or to fund capital allocation priorities, including share repurchases, debt repayment or acquisitions. Our strategy is to limit reliance on planned sales of non-HBU timberlands to augment cash flow generation and instead rely primarily on supporting cash flow from the operation, rather than sale, of our timberlands. We believe this strategy will support the sustainability of our harvesting activities over the long term.

- *Promote Best-in-Class Disclosure and Responsible Stewardship.* We intend to be an industry leader in transparent disclosure, particularly relating to our timberland holdings, harvest schedules, inventory and age-class profiles. In addition, we are committed to responsible stewardship and environmentally and economically sustainable forestry. We believe our continued commitment to transparency and the stewardship of our assets and capital will allow us to maintain our timberlands' productivity, more effectively attract and deploy capital and enhance our reputation as a preferred timber supplier.

Segment Information

Rayonier operates in five reportable business segments: Southern Timber, Pacific Northwest Timber, New Zealand Timber, Real Estate and Trading. The Southern Timber, Pacific Northwest Timber and New Zealand Timber segments reflect all activities related to the harvesting of timber and other value-added activities, such as recreational leases, within each respective geography. The New Zealand Timber segment also reflects any land sales that occur within our New Zealand portfolio. Our Real Estate segment reflects all U.S. land sales, which are reported in five sales categories: Improved Development, Unimproved Development, Rural, Non-Strategic / Timberlands, and Large Dispositions. The Trading segment reflects the log trading activities that support our New Zealand operations.

Discussion of Timber Inventory and Sustainable Yield

We define gross timber inventory as an estimate of all standing timber volume beyond the specified age at which we commence calculating our timber inventory for inclusion in our inventory tracking systems. The age at which we commence calculating our timber inventory is 10 years for our Southern timberlands, 20 years for our Pacific Northwest timberlands, and 20 years for our New Zealand timberlands. Our estimate of gross timber inventory is based on an inventory system that involves periodic statistical sampling and growth modeling. Periodic adjustments are made on the basis of growth estimates, harvest information, and environmental and operational restrictions. Gross timber inventory includes certain timber that we do not deem to be of a merchantable age as well as certain timber located in restricted, environmentally sensitive or economically inaccessible areas.

We define merchantable timber inventory as an estimate of timber volume beyond a specified age that approximates such timber's earliest economically harvestable age. Our estimate includes certain timber located in restricted or environmentally sensitive areas based on an estimate of lawfully recoverable volumes from such areas. The estimate does not include volumes in restricted or environmentally sensitive areas that may not be lawfully harvested or volumes located in economically inaccessible areas. The merchantable age (*i.e.*, the age at which timber moves from pre-merchantable to merchantable) is 15 years for our Southern timberlands, with the exception of Oklahoma which is 17 years, 35 years for our Pacific Northwest timberlands, and 20 years for radiata pine and 30 years for Douglas-fir in our New Zealand timberlands. Our estimated merchantable timber inventory changes over time as timber is harvested, as pre-merchantable timber transitions to merchantable timber, as existing merchantable timber inventory grows, as we acquire and sell timberland and as we periodically update our statistical sampling and growth and yield models. We estimate our merchantable timber inventory annually for purposes of calculating per unit depletion rates.

Timber inventory is generally measured and expressed in short green tons (SGT) in our Southern Timberlands, in thousand board feet (MBF) or million board feet (MMBF) in our Pacific Northwest Timberlands, and in cubic meters (m^3) in our New Zealand Timberlands. For conversion purposes, one MBF and one m^3 is equal to approximately 8.0 and 1.13 short green tons, respectively. For comparison purposes, we provide inventory estimates for our Pacific Northwest and New Zealand timberlands in MBF and cubic meters, respectively, as well as in short green tons.

The following table sets forth the estimated volumes of merchantable timber inventory by location in short green tons as of September 30, 2015 for the South and Pacific Northwest and as of December 31, 2015 for New Zealand:

(volumes in thousands of SGT)

Location	**Merchantable Inventory (a)**	**%**
South	65,689	76
Pacific Northwest	5,321	6
New Zealand	15,674	18
	86,684	100

(a) For all regions, depletion rate calculations for the upcoming year are based on estimated volumes of merchantable inventory at December 31, 2015.

We define sustainable yield as the average harvest level that can be sustained into perpetuity based on our estimates of biological growth and the expected productivity resulting from our reforestation and silvicultural efforts. Our estimated sustainable yield may change over time based on changes in silvicultural techniques and resulting timber yields, changes in environmental laws and restrictions, changes in the statistical sampling and estimates of our merchantable timber inventory, acquisitions and dispositions of timberlands, the expiration or renewal of timberland leases, casualty losses, and other factors. Moreover, our harvest level in any given year may deviate from our estimated sustainable yield due to variations in the age class of our timberlands, the product mix of our harvest (*i.e.*, pulpwood versus sawtimber), our deliberate acceleration or deferral of harvest in response to market conditions, our thinning activity (in which we periodically remove some smaller trees from a stand to enhance long-term sawtimber potential of the remaining timber), or other factors.

We manage our U.S. timberlands in accordance with the requirements of the Sustainable Forestry Initiative® ("SFI") program. The timberland holdings of the New Zealand JV are certified under the Forest Stewardship Certification® ("FSC") program. Both programs are a comprehensive system of environmental principles, objectives and performance measures that combines the perpetual growing and harvesting of trees with the protection of wildlife, plants, soil and water quality. Through application of our site-specific silvicultural expertise and financial discipline, we manage timber in a way that is designed to optimize site preparation, tree species selection, competition control, fertilization, timing of thinning and final harvest. We also have a genetic seedling improvement program to enhance the productivity and quality of our timberlands and overall forest health. In addition, non-timber income opportunities associated with our timberlands such as recreational leases, as well as considerations for the future higher and better uses of the land, are integral parts of our site-specific management philosophy. All these activities are designed to maximize value while complying with SFI and FSC requirements.

Southern Timber

As of December 31, 2015, our Southern timberlands acreage consisted of approximately 1.9 million acres (including approximately 242,000 acres of leased lands) located in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee and Texas. Approximately two-thirds of this land supports intensively managed plantations of predominantly loblolly and slash pine. The other one-third of this land is too wet to support pine plantations, but supports productive natural stands primarily consisting of natural pine and a variety of hardwood species. Rotation ages typically range from 21 to 28 years for pine plantations and from 35 to 60 years for natural stands. Key consumers of our timber include pulp, paper, wood products and biomass facilities.

We estimate that the gross timber inventory and merchantable timber inventory of our Southern timberlands was 84 million tons and 66 million tons, respectively, as of September 30, 2015. We estimate that the sustainable yield of our Southern timberlands, including both pine and hardwoods, is approximately 5.5 to 5.8 million tons annually. We expect that the average annual harvest volume of our Southern timberlands over the next five years (2016 to 2020) will be generally within this range. For additional information, see Item 1 — *Business — Discussion of Timber Inventory and Sustainable Yield*.

In 2015, we acquired approximately 29,000 acres of timberlands in the Southern region. For additional information, see Note 3 — *Timberland Acquisitions*.

The following table provides a breakdown of our Southern timberlands acreage and timber inventory by product as of September 30, 2015 (inventory volumes are estimated at December 31 to calculate a depletion rate for the upcoming year):

(volumes in thousands of SGT)

Age Class	Acres (000's)	Pine Pulpwood	Pine Sawtimber	Hardwood Pulpwood	Hardwood Sawtimber	Total
Pine Plantation						
0 to 4 years (a)	218	—	—	—	—	—
5 to 9 years	243	—	—	—	—	—
10 to 14 years	249	10,282	750	51	1	11,084
15 to 19 years	261	13,499	4,283	101	4	17,887
20 to 24 years	144	6,642	5,518	98	4	12,262
25 to 29 years	67	2,443	3,872	87	4	6,406
30 + years	26	814	1,800	88	8	2,710
Total Pine Plantation	1,208	33,680	16,223	425	21	50,349
Natural Pine (Plantable) (b)	64	740	1,416	1,128	275	3,559
Natural Mixed Pine/Hardwood (c)	542	4,305	6,706	15,200	4,012	30,223
Forested Acres and Gross Inventory	1,814	38,725	24,345	16,753	4,308	84,131
Plus: Non-Forested Acres (d)	82					
Gross Acres	1,896					
Less: Pre-Merchantable Age Class Inventory (e)						(11,585)
Less: Volume in Environmentally Sensitive/Legally Restricted Areas						(6,857)
Merchantable Timber Inventory						65,689

(a) 0 to 4 years includes clearcut acres not yet replanted.
(b) Consists of natural stands that are convertible into pine plantations once harvested.
(c) Consists of all non-plantable natural stands, including those that are in environmentally sensitive or economically inaccessible areas.
(d) Includes roads, rights of way and all other non-forested areas.
(e) Includes inventory that is less than 15 years old or less than 17 years old in Oklahoma.

Pacific Northwest Timber

As of December 31, 2015, our Pacific Northwest timberlands consisted of approximately 373,000 acres located in Oregon and Washington, of which approximately 285,000 acres were designated as productive acres, meaning land that is capable of growing merchantable timber and where the harvesting of timber is not constrained by physical, environmental or regulatory restrictions. These timberlands primarily comprise second and third rotation western hemlock and Douglas-fir, as well as a small amount of other softwood species, such as western red cedar. A small percentage also consists of natural hardwood stands of predominantly red alder. In the Pacific Northwest, rotation ages typically range from 35 to 50 years. Our product mix in the Pacific Northwest is heavily weighted to sawtimber, which is sold to domestic wood products facilities as well as into export markets primarily serving Pacific Rim markets.

We estimate that the gross timber inventory and merchantable timber inventory of our Pacific Northwest timberlands was 2,164 MMBF and 666 MMBF, respectively, as of September 30, 2015. We estimate that the sustainable yield of our Pacific Northwest timberlands is approximately 165 MMBF (or 1.3 million tons) annually. However, due to historical harvesting in excess of our sustainable yield in this region, we anticipate reducing the harvest level in our Pacific Northwest timberlands to 125 MMBF (or 1.0 million tons) by 2017 and maintaining that level for approximately five years thereafter in order to allow for inventory replenishment and age class smoothing. We expect to gradually reach our long-term sustainable yield of 165 MMBF (or 1.3 million tons) during the course of the next full rotation cycle. We expect that the average annual harvest volume of our Pacific Northwest timberlands over the next five years (2016 to 2020) will be approximately 130 MMBF (or 1.0 million tons). For additional information, see Item 1 — *Business — Discussion of Timber Inventory and Sustainable Yield.*

In 2015, we acquired approximately 6,000 acres of timberlands in the Pacific Northwest region. For additional information, see Note 3 — *Timberland Acquisitions*.

The following table provides a breakdown of our Pacific Northwest timberland acreage and timber inventory by product and age class as of September 30, 2015 (inventory volumes are estimated at December 31 to calculate a depletion rate for the upcoming year):

(volumes in MBF or SGT as noted)

Age Class	Acres (000's)	Softwood Pulpwood (b)	Softwood Sawtimber (a)	Total
Commercial Forest				
0 to 4 years (a)	38	—	—	—
5 to 9 years	51	—	—	—
10 to 14 years	39	—	—	—
15 to 19 years	20	—	—	—
20 to 24 years	23	33,201	81,716	114,917
25 to 29 years	43	77,944	352,564	430,508
30 to 34 years	34	79,726	465,208	544,934
35 to 39 years	16	39,045	245,635	284,680
40 to 44 years	7	19,512	137,611	157,123
45 to 49 years	2	6,830	47,170	54,000
50+ years	6	16,561	128,947	145,508
Total Commercial Forest	279	272,819	1,458,851	1,731,670
Non-Commercial Forest (c)	6	4,041	28,111	32,152
Productive Forested Acres	285			
Restricted Forest (d)	48	47,896	352,750	400,646
Total Forested Acres and Gross Inventory	333	324,756	1,839,712	2,164,468
Plus: Non-Forested Acres (e)	40			
Gross Acres	373			
Less: Pre-Merchantable Age Class Inventory (f)				(1,091,446)
Less: Volume in Environmentally Sensitive/Legally Restricted Areas				(407,023)
Merchantable Timber Inventory (MBF)				665,999
Conversion factor for MBF to SGT				7.99
Merchantable Timber Inventory (SGT)				5,321,332

(a) 0 to 4 years includes clearcut acres not yet replanted.
(b) Includes a negligible amount of red alder hardwood.
(c) Includes non-commercial forests with limited productivity.
(d) Includes significant portions of riparian management zones, legally restricted forests, and environmentally sensitive areas.
(e) Includes core riparian management zones, roads, rights of way, and all other non-forested areas.
(f) Includes commercial forest and non-commercial forest inventory that is less than 35 years old.

New Zealand Timber

As of December 31, 2015, our New Zealand timberlands consisted of approximately 439,000 acres (including approximately 254,000 acres of leased lands), of which approximately 299,000 acres (including approximately 164,000 acres of leased lands) were designated as productive or plantation acres, meaning land that is capable of growing merchantable timber and where the harvesting of timber is not constrained by physical, environmental or regulatory restrictions. The leased acres are generally leased through long-term arrangements including Crown Forest Licenses ("CFLs"), forestry rights and other leases. Our New Zealand timberlands serve a domestic sawmilling market and also export logs to Pacific Rim markets.

Our New Zealand timber operations are conducted by Matariki Forestry Group, a joint venture with Phaunos Timber Fund Limited. In April 2013, we acquired an additional 39% interest in the New Zealand JV, bringing our total ownership to 65%. As a result, the New Zealand JV's results of operations have been consolidated and comprise the New Zealand Timber segment. The minority owner's interest in the New Zealand JV and its earnings are reported as noncontrolling interest in our financial statements. Rayonier's wholly-owned subsidiary, Rayonier New Zealand Limited ("RNZ"), serves as the manager of the New Zealand JV. In August 2015, we announced a recapitalization of the New Zealand JV, which will result in our ownership increasing to approximately 77%. We expect this transaction to close in the first quarter of 2016. For additional information, see Note 7 — *Joint Venture Investment.*

We estimate that the gross timber inventory and merchantable timber inventory of our New Zealand timberlands were both 13.9 million cubic meters as of December 31, 2015. We estimate that the sustainable yield of our New Zealand timberlands is approximately 2 million cubic meters (or 2.3 million tons) annually. We expect that the average annual harvest volume of our New Zealand timberlands over the next five years (2016 to 2020) will be generally in line with our sustainable yield. For additional information, see Item 1 — *Business — Discussion of Timber Inventory and Sustainable Yield*.

The following table provides a breakdown of our New Zealand timberland acreage and merchantable timber inventory by age class estimated as of December 31, 2015 (inventory volumes at December 31 are used to calculate a depletion rate for the upcoming year):

(volumes in M m^3)

Age Class	Acres (000's)	Pulpwood	Sawtimber	Total
Radiata Pine				
0 to 4 years (a)	57	—	—	—
5 to 9 years	44	—	—	—
10 to 14 years	52	—	—	—
15 to 19 years	50	—	—	—
20 to 24 years	35	1,330	4,919	6,249
25 to 29 years	19	1,015	2,843	3,858
30 + years	6	373	828	1,201
Total Radiata Pine	263	2,718	8,590	11,308
Other (b)	36	1,350	1,213	2,563
Forested Acres and Merchantable Timber Inventory	299	4,068	9,803	13,871
Conversion factor for m^3 to SGT				1.13
Total Merchantable Timber (thousands of SGT)				15,674
Plus: Non-Productive Acres (c)	140			
Gross Acres	439			

(a) 0 to 4 years includes clearcut acres not yet replanted.
(b) Includes primarily Douglas-fir age 30 and over.
(c) Includes natural forest and other non-planted acres.

Real Estate

All of our U.S. land sales, including HBU and non-HBU, are reported in our Real Estate segment. We report our Real Estate sales in five categories: Improved Development, Unimproved Development, Rural, Non-Strategic / Timberlands and Large Dispositions.

The Improved Development category comprises properties sold for development for which Rayonier, through a taxable REIT subsidiary, has invested in site improvements such as infrastructure, roadways, utilities, amenities and/or other improvements designed to enhance marketability and create parcels, pads and/or lots for sale. The Unimproved Development category comprises properties sold for development for which Rayonier has not invested in site improvements such as infrastructure.

The Rural category comprises properties sold in rural markets to buyers interested in the property for rural residential or recreational use.

The Non-Strategic / Timberlands category includes: 1) sales of non-core timberlands that do not meet our strategic criteria, 2) sales of core timberlands for which we obtain attractive values, and 3) sales of properties to conservation interests that wish to preserve the land for habitat, public recreation, natural growth, buffer zones or other environmental purposes.

In the fourth quarter of 2015, we added a fifth sales category entitled “Large Dispositions.” This category includes sales of timberland that exceed $20 million in size and do not have any identified HBU premium relative to timberland value. Previously, these sales were reported as Non-Strategic / Timberlands. All prior period amounts have been presented to reflect the revised sales categories. Proceeds from Large Dispositions will generally be used to fund capital allocation priorities, which could include share repurchases, debt repayment or acquisitions. Sales designated as Large Dispositions are excluded from our calculation of Adjusted EBITDA and CAD. See Item 7 —*Performance and Liquidity Indicators* for the definition of Adjusted EBITDA and CAD.

We maintain a detailed land classification analysis for all of our timberland and HBU acres. The vast majority of our HBU properties are managed as timberland and generate cash flow from timber operations prior to their sale or, in the case of Improved Development properties, prior to improvement.

Trading

Our Trading segment reflects log trading activities in New Zealand and Australia conducted by our New Zealand JV. Our Trading segment complements the New Zealand Timber segment by providing added market intelligence, increasing the scale of export operations and achieving cost savings that directly benefit the New Zealand Timber segment.

Trading activities are broadly categorized as either managed export services or procured logs. For managed export services, the New Zealand JV does not take title to the log cargo but arranges sales, shipping and export documentation services for other forest owners for an agreed commission. For procured logs, the New Zealand JV buys logs directly from other forest owners at New Zealand ports and exports them in its own name. Income from this business is generated by achieving a sales margin over the purchase price of the procured logs. The Trading segment generally utilizes a managed export service arrangement for logs sourced from third parties outside of New Zealand, and generally utilizes a procured log arrangement for logs sourced from third parties within New Zealand. For managed export services, Trading segment revenues reflect only the commission earned on the sale. For procured logs sales, Trading segment revenues reflect the full sales price of the logs.

In 2015, Trading volume was approximately 1.3 million cubic meters of logs. Approximately 590,000 cubic meters of logs were sourced from outside New Zealand, primarily Australia, of which 90% were undertaken through managed export service arrangements. Approximately 730,000 cubic meters of logs were purchased directly from third parties in New Zealand through procured log arrangements, with 54% purchased from two key suppliers. Approximately 53% of third-party purchases in New Zealand were purchased at spot prices, with the New Zealand JV thereby assuming some price risk on subsequent resale. The remaining 47% were purchased on a fixed margin basis, with the New Zealand JV thereby earning a spread on the resale price irrespective of subsequent price fluctuations. The New Zealand JV generally seeks to mitigate its risk of loss on procured logs by securing export orders prior to or concurrent with its spot purchases of logs.

Discontinued Operations and Dispositions

In June 2014, we completed the tax-free spin-off of our Performance Fibers business. The spin-off resulted in two independent, publicly-traded companies, with the Performance Fibers business being spun off to Rayonier shareholders as a newly formed public company named Rayonier Advanced Materials Inc. ("Rayonier Advanced Materials"). On June 27, 2014, the shareholders of record received one share of Rayonier Advanced Materials common stock for every three common shares of Rayonier held as of the close of business on the record date of June 18, 2014. In March 2013, the Company sold its Wood Products business to International Forest Products Limited for $80 million plus a working capital adjustment. Accordingly, the operating results of the Performance Fibers and Wood Products business segments are reported as discontinued operations in the Company's Consolidated Statements of Income and Comprehensive Income for all periods presented. Certain administrative and general costs historically allocated to the businesses that remained with Rayonier are reported in continuing operations.

The December 31, 2014 Consolidated Balance Sheet reports only continuing operations and reflects the contribution of approximately $1.2 billion of assets and corresponding liabilities and equity to Rayonier Advanced Materials in connection with the spin-off of the Performance Fibers business.

The Consolidated Statements of Cash Flows for 2014 and 2013 have not been restated to exclude Performance Fibers and Wood Products cash flows. Cash flows for the year ended December 31, 2014 also reflect transactions related to the Performance Fibers spin-off, including borrowings to arrange the capital structure prior to the separation, proceeds received upon the spin-off and the use of proceeds to pay down debt and pay a special dividend.

See Note 21 — *Discontinued Operations* for additional information regarding the spin-off of the Performance Fibers business and sale of the Wood Products business.

Foreign Sales and Operations

Sales from non-U.S. operations originate from our New Zealand Timber and Trading segments and comprised approximately 45% of consolidated 2015 sales. See Note 4 — *Segment and Geographical Information* for additional information.

Competition

Timber

Timber markets in our Southern and Pacific Northwest regions are relatively fragmented. In the Southern region, we compete with Weyerhaeuser Company, CatchMark Timber Trust and TIMOs such as Hancock Timber Resource Group, Resource Management Service, Forest Investment Associates and Campbell Global, as well as numerous other large and small privately held timber companies. In the Pacific Northwest region, we compete with Weyerhaeuser Company, Hancock Timber Resource Group, Green Diamond Resource Company, Campbell Global, Port Blakely Tree Farms, Pope Resources, the State of Washington Department of Natural Resources and the Bureau of Indian Affairs. In all markets, price is the principal method of competition.

In New Zealand, there are four major private timberland owners — Hancock Natural Resources Group, Kaingaroa Timberlands, Matariki Forests (our New Zealand JV) and Ernslaw One. These owners account for approximately 36% of New Zealand planted forests. The New Zealand JV competes with these and other smaller New Zealand timber companies for supply into New Zealand domestic and export markets, predominantly China, South Korea and India. Logs supplied into Asian markets compete with export supply from both Russia and North America.

Real Estate

In our Real Estate business, we compete with other owners of entitled and unentitled properties. Each property has unique attributes, but overall quantity of supply and price for residential, commercial, industrial and rural properties in the geographic areas in which we operate are the most significant competitive drivers.

Trading

Our log trading operations are based out of New Zealand and performed by our New Zealand JV. The New Zealand market remains very competitive with over 20 entities competing for export log supply at different ports across the country. We are one of the larger log trading companies in the region with access to multiple export ports and a range of different export markets.

Customers

In 2015, no individual customer (or group of customers under common control) represented 10% or more of 2015 consolidated sales. As such, there is not a risk that the loss of one customer would have a material adverse effect on our results of operations.

Seasonality

Across all our segments, results are normally not impacted by seasonal changes. However, particularly wet weather in areas of our Southern Timber operations can hinder access for harvesting, thereby temporarily reducing supply in the affected areas and generally strengthening prices. Conversely, extended dry weather in an area tends to suppress prices as timber is more accessible for harvesting.

Environmental Matters

See Item 1A — *Risk Factors* and Note 22 — *Liabilities for Dispositions and Discontinued Operations.*

Research and Development

The research and development activities of our timber operations include genetic seedling improvement, growth and yield modeling, and applied silvicultural programs to identify management practices that will improve financial returns from our timberlands. We also contribute to research cooperatives that undertake forestry research and development.

Employee Relations

We currently employ approximately 325 people, of which approximately 240 are in the United States. We believe relations with our employees are satisfactory.

Availability of Reports and Other Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and amendments to those reports filed or furnished pursuant to Sections 13(a) or 14 of the Securities Exchange Act of 1934 are made available to the public free of charge in the Investor Relations section of our website *www.rayonier.com*, shortly after we electronically file such material with, or furnish them to, the Securities and Exchange Commission ("SEC"). Our corporate governance guidelines and charters of all committees of our board of directors are also available on our website. The information on the Company's website is not incorporated by reference into this annual report on Form 10-K.

Item 1A. RISK FACTORS

Our operations are subject to a number of risks. When considering an investment in our securities, you should carefully read and consider these risks, together with all other information in this Annual Report on Form 10-K. If any of the events described in the following risk factors actually occur, our business, financial condition or operating results, as well as the market price of our securities, could be materially adversely affected.

We are exposed to the cyclicality of the markets in which we operate and other factors beyond our control, which could adversely affect our results of operations.

Some of the industries in which our end-use customers participate, such as the construction and home building industries, the global pulp, packaging and paper industries and the real estate industry, are cyclical in nature, exposing us to risks beyond our control, including general macroeconomic conditions, both in the U.S. and globally, as well as local economic conditions.

In our Timber segments, the level of new residential construction activity and, to a lesser extent, home repair and remodeling activity, is the primary driver of sawtimber demand. In addition, demand for logs can be affected by the demand for wood chips in the pulp and paper and engineered wood products markets, as well as the bio-energy production markets. The ongoing level of activity in these markets is subject to fluctuation due to future changes in economic conditions, interest rates, credit availability, population growth, weather conditions and other factors. Changes in global economic conditions, such as new timber supply sources and changes in currency exchange rates, foreign interest rates and foreign and domestic trade policies, can also negatively impact demand for our timber and logs. In addition, the industries in which these customers participate are highly competitive and may experience overcapacity or reductions in demand, all of which may affect demand for and pricing of our products. For example, the supply of timber and logs has historically increased during favorable pricing environments, which then causes downward pressure on prices, and can have an adverse effect on our business.

In our Real Estate segment, our inability to sell our HBU properties at attractive prices could have a significant effect on our results of operations. Demand for real estate can be affected by the availability of capital, changes in interest rates, availability and terms of financing, governmental agencies, developers, conservation organizations, individuals and others seeking to purchase our timberlands, our ability to obtain land use entitlements and other permits necessary for our development activities, local real estate market economic conditions, competition from other sellers of land and real estate developers, the relative illiquidity of real estate investments, employment rates, new housing starts, population growth, demographics and federal, state and local land use, zoning and environmental protections laws or regulations (including any changes in laws or regulations). In addition, changes in investor interest in purchasing timberlands could reduce our ability to execute sales of non-strategic timberlands.

These macroeconomic and cyclical factors impacting our operations are beyond our control and, if such conditions deteriorate or do not continue to improve, could have an adverse effect on our business.

Weather and other natural conditions may limit our timber harvest and sales.

Weather conditions and extreme events, timber growth cycles and restrictions on access (for example, due to prolonged wet conditions) and other factors, including damage by fire, insect infestation, disease, prolonged drought and natural disasters such as wind storms and hurricanes, may limit harvesting of our timberlands. The volume and value of timber that can be harvested from our timberlands may be reduced by any such fire, insect infestation, disease, severe weather, prolonged drought, natural disasters and other causes beyond our control. As is typical in the forestry industry, we do not maintain insurance for any loss to our timber, including losses due to fire and these other causes. These and other factors beyond our control could reduce our timber inventory and accordingly, our sustainable yield, thereby adversely affecting our financial results and cash flows.

Entitlement and development of real estate entail a lengthy, uncertain and costly approval process, which could adversely affect our ability to grow the businesses in our Real Estate segment.

Entitlement and development of real estate entail extensive approval processes involving multiple regulatory jurisdictions. It is common for a project to require multiple approvals, permits and consents from U.S. federal, state and local governing and regulatory bodies. For example, in Florida, real estate projects must generally comply with the provisions of the Community Planning Act and local land use, zoning and development regulations. In addition, development projects in Florida that exceed certain specified regulatory thresholds (and are not located in a jurisdiction classified as a dense urban land area) may require approval pursuant to specialized Comprehensive Plan evaluation and process standards. Compliance with these and other regulations and standards is more time intensive and costly and may require additional long range infrastructure review and approvals which can add to project cost. In addition, development of properties containing delineated wetlands may require one or more permits from the U.S. federal government and/or state and local governmental agencies. Any of these issues can materially affect the cost, timing and economic viability of our real estate projects.

The real estate entitlement process is frequently a political one, which involves uncertainty and often extensive negotiation and concessions in order to secure the necessary approvals and permits. In the U.S., a significant amount of our development property is located in counties in which local governments face challenging issues relating to growth and development, including zoning and future land use, public services, water availability, transportation and other infrastructure, and funding for same, and the requirements of state law, especially in the case of Florida under the Community Planning Act process standards. In addition, anti-development groups are active, especially in Florida, in filing litigation to oppose particular entitlement activities and development projects, and in seeking legislation and other anti-development limitations on real estate development activities. We expect this type of anti-development activity to continue in the future.

Issues affecting real estate development also include the availability of potable water for new development projects. For example, the Georgia Legislature enacted the Comprehensive Statewide Watershed Management Planning Act, which, among other things, created a governmental entity called the Georgia Water Council which was charged with preparing a comprehensive water management plan for the state and presenting it to the Georgia Legislature. It is unclear at this time how the plan will affect the cost and timing of real estate development along the southern Georgia coast, where the Company has significant timberland holdings with downstream real estate development potential. Concerns about the availability of potable water also exist in certain Florida counties, which could impact future growth opportunities.

Changes in the laws, or interpretation or enforcement thereof, regarding the use and development of real estate, changes in the political composition of state and local governmental bodies, and the identification of new facts regarding our properties could lead to new or greater costs and delays and liabilities that could materially adversely affect our business, profitability or financial condition.

Changes in energy and fuel costs could affect our results of operations and financial condition.

Energy costs are a significant operating expense for our logging and hauling contractors and for the contractors who support the customers of our standing timber. Energy costs can be volatile and are susceptible to rapid and substantial increases or decreases due to factors beyond our control, such as changing economic conditions, political unrest, instability in energy-producing nations, and supply and demand considerations. Although the price of oil has recently decreased, increases in the price of oil could adversely affect our business, financial condition and results of operations. In addition, an increase in fuel costs, and its impact on the cost and availability of transportation for our products, both domestically and internationally, and the cost and availability of third party logging and hauling contractors, could have a material adverse effect on the operating costs of our contractors and our standing timber customers, as well as in defining economically accessible timber stands. Such factors could in turn have a material adverse effect on our business, financial condition and results of operations, particularly in our Timber segments and Trading segment.

We depend on third parties for logging and transportation services and increases in the costs or decreases in the availability of quality service providers could adversely affect our business.

Our Timber segments depend on logging and transportation services provided by third parties, both domestically and internationally, including by railroad, trucks, or ships. If any of our transportation providers were to fail to deliver timber supply or logs to our customers in a timely manner, or were to damage timber supply or logs during transport, we may be unable to sell it at full value, or at all. During the global financial crisis and subsequent downturn in U.S. housing starts, timber harvest volumes declined significantly. As a result, many logging contractors, particularly cable logging operators in the U.S. West, permanently shut down their operations. As harvest levels have returned to higher levels with the recovery in U.S. housing starts, this shortage of logging contractors has resulted in sharp increases in logging costs and in the availability of logging contractors. It is expected that the supply of qualified logging contractors will be impacted by the availability of debt financing for equipment purchases as well as a sufficient supply of adequately trained loggers. As housing starts continue to recover, harvest levels are expected to increase, placing more pressure on the existing supply of logging contractors. Any significant failure or unavailability of third-party logging or transportation providers, or increases in transportation rates or fuel costs, may result in higher logging costs or the inability to capitalize on stronger log prices to the extent logging contractors cannot be secured at a competitive cost. Such events could harm our reputation, negatively affect our customer relationships and adversely affect our business.

We are subject to risks associated with doing business outside of the U.S.

Although the majority of our customers are in the U.S., a portion of our sales are to end markets outside of the U.S., including China, South Korea, Japan, Taiwan, India and New Zealand. The export of our products into international markets results in risks inherent in conducting business pursuant to international laws, regulations and customs. We expect that international sales will continue to contribute to future growth. The risks associated with our business outside the U.S. include:

- changes in and reinterpretations of the laws, regulations and enforcement priorities of the countries in which our products are sold;
- responsibility to comply with anti-bribery laws such as the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions;
- trade protection laws, policies and measures and other regulatory requirements affecting trade and investment, including loss or modification of exemptions for taxes and tariffs, imposition of new tariffs and duties and import and export licensing requirements;
- difficulty in establishing, staffing and managing non-U.S. operations;
- product damage or losses incurred during shipping;
- potentially negative consequences from changes in or interpretations of tax laws;
- economic or political instability, inflation, recessions and interest rate and exchange rate fluctuations; and
- uncertainties regarding non-U.S. judicial systems, rules and procedures.

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

We and certain of our current and former officers and directors have been named as parties to various lawsuits relating to matters arising out of our previously announced internal review and the restatement of our consolidated financial statements, and may be named in further litigation or become subject to regulatory proceedings or government enforcement actions.

The matters that led to our internal review and the restatement of our consolidated financial statements have exposed us to greater risks associated with litigation, regulatory proceedings and government enforcement actions. We and certain of our current and former officers and directors are the subjects of a number of purported class action lawsuits and demand letters. In addition, we are currently the subject of an ongoing private SEC inquiry. These actions arise from our announcement on November 10, 2014 regarding the results of our internal review and the restatement of our consolidated financial statements for the first and second quarters of 2014. We and our current and former officers and directors may, in the future, be subject to additional private and governmental actions relating to such matters. We cannot predict the duration, outcome or impact of these pending matters, but the lawsuits could result in judgments against us and officers and directors who are now or may become named as defendants. In addition, subject to certain limitations, we are obligated to indemnify and advance expenses for our current and former officers and directors in connection with such lawsuits and regulatory proceedings or government enforcement actions and any related litigation or settlements amounts.

Regardless of the outcome, these lawsuits, and any other litigation, regulatory proceedings, or government enforcement actions that may be brought against us or our current or former officers and directors, could be time-consuming, result in significant expense, and divert the attention and resources of our management and other key employees. Our legal expenses incurred in defending the lawsuits and responding to any government inquiries could be significant. In addition, an unfavorable outcome in any of these matters could exceed coverage provided under potentially applicable insurance policies, which is limited. Any such unfavorable outcomes could have a material adverse effect on our business, financial condition, results of operations and cash flows. Further, we could be required to pay damages or additional penalties, or have other remedies imposed against us, or our current or former directors or officers, which could harm our reputation, business, financial condition, results of operations or cash flows.

Our estimates of timber inventories and growth rates may be inaccurate, include risks inherent to such estimates and may impair our ability to realize expected revenues.

We rely upon estimates of merchantable timber inventories (which include judgments regarding inventories that may be lawfully and economically harvested), timber growth rates and end-product yields when acquiring and managing working forests. These estimates, which are inherently inexact and uncertain in nature, are central to forecasting our anticipated timber revenues and expected cash flows. Growth rates and end-product yield estimates are developed using statistical sampling and growth and yield modeling in conjunction with industry research cooperatives and by in-house forest biometricians using measurements of trees in research plots spread across our timberland holdings. The growth equations predict the rate of height and diameter growth of trees so that foresters can estimate the volume of timber that may be present in the tree stand at a given age. Tree growth varies by soil type, geographic area, and climate. Inappropriate application of growth equations in forest management planning may lead to inaccurate estimates of future volumes. If the assumptions we rely upon change or these estimates are inaccurate, our ability to manage our timberlands in a sustainable or profitable manner may be diminished, which may cause our results of operations and our stock price to be adversely affected.

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

Environmental laws and regulations are constantly changing and are generally becoming more restrictive. Laws, regulations and related judicial decisions and administrative interpretations affecting our business are subject to change, and new laws and regulations are frequently enacted. These changes may adversely affect our ability to harvest and sell timber, remediate contaminated properties and/or entitle real estate. These laws and regulations may relate to, among other things, the protection of timberlands and endangered species, recreation and aesthetics, protection and restoration of natural resources, wastewater discharges, receiving water quality, timber harvesting practices, and remedial standards for contaminated property and groundwater. Over time, the complexity and stringency of these laws and regulations have increased and the enforcement of these laws and regulations has intensified. Moreover, environmental policies of the current U.S. administration are more restrictive in the aggregate for industry and landowners than those of the previous administration. For example, the U.S. Environmental Protection Agency (“EPA”) has pursued a number of initiatives that, if implemented, could impose additional operational and pollution control obligations on industrial facilities like those of Rayonier’s customers, especially in the area of air emissions and wastewater and stormwater control. In addition, as a result of certain judicial rulings and EPA initiatives, including some that would require timberland operators to obtain permits to conduct certain ordinary course forestry activities, silvicultural practices on our timberlands could be impacted in the future. Environmental laws and regulations will likely continue to become more restrictive and over time could adversely affect our business, financial condition and results of operations.

If regulatory and environmental permits are delayed, restricted or rejected, a variety of our operations could be adversely affected. We are required to seek permission from government agencies in the states and countries in which we operate to perform certain activities related to our properties. Any of these agencies could delay review of, or reject, any of our filings. In our Southern Timber, Pacific Northwest Timber and New Zealand Timber segments, any delay associated with a filing could result in a delay or restriction in replanting, thinning, insect control, fire control or harvesting, any of which could have an adverse effect on our operating results. For example, in Washington State, we are required to file a Forest Practice Application for each unit of timberland to be harvested. These applications may be denied, conditioned or restricted by the regulatory agency. Actions by the regulatory agencies could delay or restrict timber harvest activities pursuant to these permits. Delays or harvest restrictions on a significant number of applications could have an adverse effect on our operating results. Delays in obtaining these environmental permits could have an adverse effect on our results of operations.

Environmental groups and interested individuals may seek to delay or prevent a variety of operations. We expect that environmental groups and interested individuals will intervene with increasing frequency in the regulatory processes in the states and countries where we own, lease or manage timberlands. For example, in Washington State, environmental groups and interested individuals may appeal individual forest practice applications or file petitions with the Forest Practices Board to challenge the regulations under which forest practices are approved. These and other challenges could materially delay or prevent operations on our properties. For example, interveners at times may bring legal action in Florida in opposition to entitlement and change of use of timberlands to commercial, industrial or residential use. Delays or restrictions due to the intervention of environmental groups or interested individuals could adversely affect our operating results. In addition to intervention in regulatory proceedings, interested groups and individuals may file or threaten to file lawsuits that seek to prevent us from obtaining permits, implementing capital improvements or pursuing operating plans. Any threatened or actual lawsuit could delay harvesting on our timberlands, affect how we operate or limit our ability to modify or invest in our real estate. Among the remedies that could be enforced in a lawsuit is a judgment preventing or restricting harvesting on a portion of our timberlands.

The impact of existing regulatory restrictions on future harvesting activities may be significant. U.S. federal, state and local laws and regulations, as well as those of other countries, which are intended to protect threatened and endangered species, as well as waterways and wetlands, limit and may prevent timber harvesting, road building and other activities on our timberlands. Restrictions relating to threatened and endangered species apply to activities that would adversely impact a protected species or significantly degrade its habitat. The size of the restricted area varies depending on the protected species, the time of year and other factors, but can range from less than one acre to several thousand acres. A number of species that naturally live on or near our timberlands, including, among others, the northern spotted owl, marbled murrelet, several species of salmon and trout in the Pacific Northwest, and the red cockaded woodpecker, red hills salamander and eastern indigo snake in the Southeast, are protected under the Federal Endangered Species Act (the "ESA") or similar U.S. federal and state laws. A significant number of other species, such as the southeastern gopher tortoise and certain species of southern pine snake are currently under review for possible protection under the ESA. As we gain additional information regarding the presence of threatened or endangered species on our timberlands, or if other regulations, such as those that require buffers to protect water bodies, become more restrictive, the amount of our timberlands subject to harvest restrictions could increase.

We formerly owned or operated or may own or acquire timberlands or properties that may require environmental remediation or otherwise be subject to environmental and other liabilities. We owned or operated manufacturing facilities and discontinued operations that we do not currently own, and we may currently own or may acquire timberlands and other properties in the future that are subject to environmental liabilities, such as remediation of soil, sediment and groundwater contamination and other existing or potential liabilities. In connection with the spin-off of our Performance Fibers business, and pursuant to the related Separation and Distribution Agreement between us and Rayonier Advanced Materials, Rayonier Advanced Materials has assumed any environmental liability of ours in connection with the manufacturing facilities and discontinued operations related to the Performance Fibers business and has agreed to indemnify and hold us harmless in connection with such environmental liabilities. However, in the event we seek indemnification from Rayonier Advanced Materials, we cannot provide any assurance that a court will enforce our indemnification right if challenged by Rayonier Advanced Materials or that Rayonier Advanced Materials will be able to fund any amounts for indemnification owed to us. In addition, the cost of investigation and remediation of contaminated timberlands and properties that we currently own or acquire in the future could increase operating costs and adversely affect financial results. We could also incur substantial costs, such as civil or criminal fines, sanctions and enforcement actions (including orders limiting our operations or requiring corrective measures, installation of pollution control equipment or other remedial actions), clean-up and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws and regulations related to such timberlands or properties.

The industries in which we operate are highly competitive.

The markets in which we operate are highly competitive, and we compete with companies that have substantially greater financial resources than we do in each of these businesses. The competitive pressures relating to our Timber segments are primarily driven by quantity of product supply and quality of the timber offered by competitors in the domestic and export markets, each of which may impact pricing. With respect to our Real Estate segment, we compete with other owners of entitled and unentitled properties. Each property has unique attributes, but overall quantity of supply and price for residential, commercial, industrial and rural properties in the geographic areas in which we operate are the most significant competitive drivers. The market in which our Trading segment operates remains very competitive with over 20 entities competing for export log supply at different ports across New Zealand.

Our business will be adversely affected if we are unable to make future acquisitions.

We have pursued, and intend to continue to pursue, acquisitions of timberland and real estate properties that meet our investment criteria and achieve our strategic goals of growing the size and average quality of our land base. The ability to grow through acquisitions or other investments depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions or joint venture partnerships. In addition, the discount rate we use in our acquisition underwriting has to meet our internal hurdle rate while also being competitive with that of other timberland REITs and TIMOs. In particular, our future success and growth depend upon our ability to make acquisitions that increase merchantable timber inventory and complement the existing age class structure of our ownership. If we are unable to make acquisitions on acceptable terms or that do not support our strategic goals, our revenues and cash flows may stagnate or decline.

Our inability to access the capital markets could adversely affect our business and competitive position.

Due to the REIT income distribution requirements, we rely significantly on external sources of capital to finance growth and acquisitions. Both our ability to obtain financing and the related costs of borrowing are affected by a number of factors, many of which are outside of our control, including a decline in general market conditions, decreased market liquidity, a downgrade to our public debt rating, increases in interest rates, an unfavorable market perception of our growth potential, a decrease in our current or estimated future earnings or a decrease in the market price of our common stock. If capital is not available when needed, or is available only on unfavorable terms relative to other timberland REITs or TIMOs, or not at all, we may be unable to complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures. As of December 31, 2015, our credit ratings from S&P and Moody's Investors Service (Moody's) were BBB- and Baa2, respectively. Any combination of the factors described above, including our failure to maintain our investment grade credit rating, could prevent us from obtaining the capital we require on terms that are acceptable to us, or at all, which could adversely affect our business, liquidity and competitive position.

Increases in market interest rates may adversely affect the price of our common shares.

One of the factors that may influence the price of our common shares is our annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect relative attractiveness of an investment in the Company and, accordingly, the price of our common shares.

There are risks to the Company associated with the spin-off of our Performance Fibers business.

The Company faces a number of risks related to the spin-off of our Performance Fibers business on June 27, 2014, including the following:

- *We may not achieve the expected benefits from the spin-off.* After the spin-off, we believe that we will be able to, among other things, better focus our financial and operational resources, and design and implement corporate strategies and policies targeted toward our specific businesses' growth profile and strategic priorities, implement and maintain a capital structure designed to meet our specific needs and more effectively respond to industry dynamics. However, the Company may not achieve some or all of the expected benefits of the spin-off, and the spin-off could lead to disruption of our operations, loss of, or inability to recruit or retain, key personnel needed to operate and grow our business. If we fail to achieve some or all of the benefits that we expect to achieve as a standalone company, or do not achieve them in a timely or cost-effective manner, our business, financial condition and results of operations could be materially and adversely affected.
- *Our business is less diversified.* Our operational and financial profile has changed as a result of the spin-off of the Performance Fibers business. As a result, our diversification of revenue sources has diminished without the revenue previously generated by the Performance Fibers business, and it is possible that our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility related to the timber business and the markets we serve. If we are unable to manage that volatility, our business, financial condition and results of operations could be materially and adversely affected.

Investment returns on pension assets may be lower than expected or interest rates may decline, requiring us to make significant additional cash contributions to our benefit plans.

We sponsor defined benefit pension plans, which cover a portion of our salaried and hourly employees. The Federal Pension Protection Act of 2006 requires that certain capitalization levels be maintained in each of these benefit plans. At December 31, 2015, our qualified plan was underfunded by $32 million, but we are not subject to any pension contribution requirements in 2016. Because it is unknown what the investment return on pension assets will be in future years or what interest rates may be at any point in time, we cannot provide any assurance that applicable law will not require us to make future material plan contributions. Any such contributions could adversely affect our financial condition. See Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Use of Estimates* for additional information about these plans, including funding status.

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

There continue to be numerous international, U.S. federal and state-level initiatives and proposals to address domestic and global climate issues. Within the U.S., most of these proposals would regulate and/or tax the production of carbon dioxide and other "greenhouse gases" to facilitate the reduction of carbon compound emissions into the atmosphere, and provide tax and other incentives to produce and use "cleaner" energy.

In late 2009, the EPA issued an "endangerment finding" under the Clean Air Act with respect to certain greenhouse gases, leading to the regulation of carbon dioxide as a pollutant under the Clean Air Act and having significant ramifications for Rayonier and the industry in general. In this regard, the EPA has published various regulations, affecting the operation of existing and new industrial facilities that emit carbon dioxide. As a result of the EPA's decision to regulate greenhouse gases under the Clean Air Act, states will now have to consider them in permitting new or modified facilities.

Overall, it is reasonably likely that legislative and regulatory activity in this area will in some way affect Rayonier and the U.S. customers of our Southern Timber and Pacific Northwest Timber segments, but it is unclear at this time what the nature of the impact will be. We continue to monitor political and regulatory developments in this area, but their overall impact on Rayonier, from a cost, benefit and financial performance standpoint remains uncertain at this time. In addition, the EPA has yet to finalize the treatment of biomass under greenhouse gas regulatory schemes leaving Rayonier's biomass customers in a position of uncertainty.

REIT and Tax-Related Risks

If we fail to remain qualified as a REIT, we will have reduced funds available for distribution to our shareholders because our REIT income will be subject to taxation.

We intend to continue to operate in accordance with REIT requirements pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and related U.S. Treasury regulations and administrative guidance. Qualification as a REIT involves the application of highly technical and complex provisions of the Code, which are subject to change, perhaps retroactively, and which are not within our control. We cannot assure that we will remain qualified as a REIT or that new legislation, U.S. Treasury regulations, administrative interpretations or court decisions will not significantly affect our ability to remain qualified as a REIT or the U.S. federal income tax consequences of such qualification.

We continually monitor and test our compliance with all REIT requirements. In particular, we regularly test our compliance with the REIT "asset tests," which require generally that, at the close of each calendar quarter, (1) at least 75% of the market value of our total assets must consist of REIT-qualifying interests in real property (such as timberlands), including leaseholds and options to acquire real property and leaseholds, as well as cash and cash items and certain other specified assets, (2) no more than 25% of the market value of our total assets may consist of other assets that are not qualifying assets for purposes of the 75% test in clause (1) above and (3) for calendar years prior to 2018, no more than 25% of the market value of our total assets may consist of the securities of one or more "taxable REIT subsidiaries."

If in any taxable year we fail to qualify as a REIT, we will not be allowed a deduction for dividends paid to shareholders in computing our taxable income and we will be subject to U.S. federal income tax on our REIT taxable income. In addition, we will be disqualified from qualification as a REIT for the four taxable years following the year during which the qualification was lost, unless we are entitled to relief under certain provisions of the Code. As a result, our net income and the cash available for distribution to our shareholders could be reduced for up to five years or longer, which could have a material adverse effect on our financial condition.

As of December 31, 2015, Rayonier is in compliance with the asset tests described above.

If we fail to remain qualified as a REIT, we may need to borrow funds or liquidate some investments or assets to pay any resulting additional tax liability. Accordingly, cash available for distribution to our shareholders would be reduced.

Certain of our business activities are potentially subject to prohibited transactions tax.

As a REIT, we will be subject to a 100% tax on any net income from "prohibited transactions." In general, prohibited transactions are sales or other dispositions of property to customers in the ordinary course of business. Sales of logs, and dealer sales of timberlands or other real estate, constitute prohibited transactions.

We intend to avoid the 100% prohibited transactions tax by conducting activities that would otherwise be prohibited transactions through one or more taxable REIT subsidiaries. We may not, however, always be able to identify timberland properties that become part of our "dealer" real estate sales business. Therefore, if we sell timberlands which we incorrectly identify as property not held for sale to customers in the ordinary course of business or which subsequently become properties held for sale to customers in the ordinary course of business, we may be subject to the 100% prohibited transactions tax.

Our cash dividends are not guaranteed and may fluctuate.

Generally, REITs are required to distribute 90% of their ordinary taxable income, but not their net capital gains income. Accordingly, we do not generally believe that we are required to distribute material amounts of cash since substantially all of our taxable income is generally treated as capital gains income. However, a REIT must pay corporate level tax on its undistributed taxable income and capital gains.

Our Board of Directors, in its sole discretion, determines the amount of quarterly dividends to be paid to our shareholders based on consideration of a number of factors. These factors include, but are not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands, including those timberland properties that have higher and better uses. Consequently, our dividend levels may fluctuate.

Lack of shareholder ownership and transfer restrictions in our articles of incorporation may affect our ability to qualify as a REIT.

In order to qualify as a REIT, an entity cannot have five or fewer individuals who own, directly or indirectly after applying attribution of ownership rules, 50% or more of the value of its outstanding shares during the last six months in each calendar year. Although it is not required by law or the REIT provisions of the Code, almost all REITs have adopted ownership and transfer restrictions in their articles of incorporation or organizational documents which seek to assure compliance with that rule. While we are not in violation of the ownership rules, we do not have, nor do we have any current plans to adopt, share ownership and transfer restrictions. As such, the possibility exists that five or fewer individuals could acquire 50% or more of the value of our outstanding shares, which could result in our disqualification as a REIT.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The following table provides a breakdown of our timberland holdings as of September 30, 2015 and December 31, 2015:

(acres in 000s)	As of September 30, 2015			As of December 31, 2015		
	Owned	Leased	Total	Owned	Leased	Total
Southern						
Alabama	302	24	326	302	24	326
Arkansas	—	17	17	—	15	15
Florida	280	93	373	275	93	368
Georgia	573	120	693	571	109	680
Louisiana	148	1	149	149	1	150
Mississippi	91	—	91	91	—	91
Oklahoma	92	—	92	92	—	92
Tennessee	1	—	1	1	—	1
Texas	154	—	154	153	—	153
	1,641	255	1,896	1,634	242	1,876
Pacific Northwest						
Oregon	6	—	6	6	—	6
Washington	366	1	367	366	1	367
	372	1	373	372	1	373
New Zealand (a)	185	259	444	185	254	439
Total	2,198	515	2,713	2,191	497	2,688

(a) Represents legal acres owned and leased by the New Zealand JV, in which Rayonier owns a 65% interest. As of December 31, 2015, legal acres in New Zealand were comprised of 299,000 plantable acres and 140,000 non-productive acres.

The following tables detail activity for owned and leased acres in our timberland holdings by state from December 31, 2014 to December 31, 2015:

(acres in 000s)	Acres Owned				
	December 31, 2014	Acquisitions	Sales	Other (a)	December 31, 2015
Southern					
Alabama	309	—	(7)	—	302
Florida	281	3	(9)	—	275
Georgia	575	1	(5)	—	571
Louisiana	126	25	(2)	—	149
Mississippi	91	—	—	—	91
Oklahoma	92	—	—	—	92
Tennessee	1	—	—	—	1
Texas	158	—	(5)	—	153
	1,633	29	(28)	—	1,634
Pacific Northwest					
Oregon	—	6	—	—	6
Washington	371	—	(5)	—	366
	371	6	(5)	—	372
New Zealand (b)	185	—	—	—	185
Total	2,189	35	(33)	—	2,191

(a) Includes changes in classifications between acres owned and leased.

(b) Represents legal acres owned by the New Zealand JV, in which Rayonier has a 65% interest.

(acres in 000s)	Acres Leased				
	December 31, 2014	New Leases	Expired Leases (a)	Other (b)	December 31, 2015
Southern					
Alabama	24	—	—	—	24
Arkansas	18	—	(3)	—	15
Florida	105	—	(12)	—	93
Georgia	125	—	(16)	—	109
Louisiana	1	—	—	—	1
	273	—	(31)	—	242
Pacific Northwest					
Washington	1	—	—	—	1
New Zealand (c)	266	2	(2)	(12)	254
Total	540	2	(33)	(12)	497

(a) Includes acres previously under lease that have been harvested.

(b) Includes activity for the sale / relinquishment of leased acres and adjustments for land mapping reviews.

(c) Represents legal acres leased by the New Zealand JV, in which Rayonier has a 65% interest.

Timberland Leases

U.S. timberland leases typically have initial terms of approximately 30 to 65 years, with renewal provisions in some cases. New Zealand timberland lease terms typically range between 30 and 99 years. New Zealand lease arrangements are generally comprised of Crown Forest Licenses ("CFLs") and forestry rights. A CFL is a license arrangement with the New Zealand government to use public or government-owned land to operate a commercial forest. CFLs generally extend indefinitely and may only be terminated upon a 35-year termination notice from the government. If no termination notice is given, the CFLs renew automatically each year for a one-year term. Alternatively, some CFLs extend for a specific term. A forestry right is a license arrangement with a private entity or native tribal group to use their lands to operate a commercial forest. Forestry rights terminate either upon the issuance of a termination notice, which can last 35 to 45 years, or completion of harvest.

As of December 31, 2015, the New Zealand JV has four CFLs comprising 20,000 acres under termination notice, terminating in 2034, two in 2044 and 2049, and two fixed-term CFLs comprising 3,000 acres expiring in 2062. Additionally, the New Zealand JV has two forestry rights comprising 10,000 acres under termination notice, terminating in 2028 and 2031.

The following table details the Company's acres under lease as of December 31, 2015 by type of lease and estimated lease expiration:

(acres in 000s)

Location	Type of Lease	Total	2016 - 2025	2026 - 2035	2036 - 2045	Thereafter
Southern U.S.	Fixed Term	217	158	13	40	6
	Fixed Term with Renewal Option	25	24	1	—	—
Pacific Northwest	Fixed Term	1	1	—	—	—
New Zealand	CFL - Perpetual (a) (b)	87	87	—	—	—
	CFL - Fixed Term (a)	3	—	—	—	3
	CFL - Terminating (a)	20	—	3	16	1
	Forestry Right (a)	128	28	29	2	69
	Fixed Term	16	—	—	1	15
Total Acres under Long-term Leases		497	298	46	59	94

(a) Estimated lease expiration / termination based on the earlier of: (1) the scheduled expiration / termination date, or (2) the estimated year of final harvest before such expiration / termination date.

(b) Perpetual CFLs are under automatic annual renewal pending Treaty of Waitangi settlement.

The following table details the Company's estimated leased acres, lease expirations and lease costs over the next five years:

(acres and dollars in 000s, except per acre amounts)

Location		2016	2017	2018	2019	2020
Southern U.S.						
	Leased Acres Expiring	4	59	19	17	5
	Year-end Leased Acres	238	179	160	143	138
	Estimated Annual Lease Cost (a)	$6,871	$6,696	$5,205	$4,731	$4,298
	Average Lease Cost per Acre	$25.17	$26.37	$30.65	$30.57	$30.22
Pacific Northwest (b)						
	Leased Acres Expiring	—	1	—	—	—
	Year-End Leased Acres	1	—	—	—	—
New Zealand						
	Leased Acres Expiring	1	17	1	1	—
	Year-end Leased Acres	253	236	235	234	234
	Estimated Annual Lease Cost (a)	$4,303	$4,177	$4,167	$4,143	$4,134
	Average Lease Cost per Acre	$21.04	$20.82	$20.87	$20.73	$21.08

(a) Represents capitalized and expensed lease payments.
(b) The 659 acre lease in the Pacific Northwest expires in 2017 and does not require a lease payment.

Other Non-Timberland Leases

In addition to our timberland holdings, we lease properties for our office locations. Our significant leased properties include our corporate headquarters in Jacksonville, Florida; our Southern Timber and Real Estate operations in Fernandina Beach, Florida and Lufkin, Texas; our Pacific Northwest Timber operations in Hoquiam, Washington and our New Zealand Timber and Trading headquarters in Auckland, New Zealand.

Item 3. LEGAL PROCEEDINGS

The information set forth under "Contingencies" in Note 10 in the notes to the consolidated financial statements under Item 8 of Part II of this report "Financial Statements and Supplementary Data," is incorporated herein by reference.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Prices of our Common Shares; Dividends

The table below reflects, for the quarters indicated, the dividends declared per share and the highest and lowest intraday sales prices of our common shares as reported in the consolidated transaction reporting system of the NYSE, the only exchange on which our shares are listed, under the trading symbol **RYN**, adjusted as described below.

On June 27, 2014, we spun off our Performance Fibers business to our shareholders as a newly formed publicly traded company named Rayonier Advanced Materials. On June 27, 2014, the shareholders of record received one share of Rayonier Advanced Materials common stock for every three common shares of Rayonier held as of the close of business on the record date of June 18, 2014. The high end of the second quarter 2014 range as well as the first quarter 2014 range in the following table reflects share prices adjusted for the spin-off. Dividends for the first and second quarter 2014 have also been adjusted for the spin-off.

	High	Low	Dividends
2015			
Fourth Quarter	$24.83	$21.83	$0.25
Third Quarter	$26.49	$21.84	$0.25
Second Quarter	$27.03	$24.70	$0.25
First Quarter	$29.88	$26.19	$0.25
2014			
Fourth Quarter	$34.04	$25.87	$0.25
Third Quarter	$35.79	$30.46	$0.80 (a)
Second Quarter	$36.44	$34.76	$0.37
First Quarter	$35.29	$30.46	$0.37

(a) Third quarter 2014 dividends included a $0.50 per share special dividend related to restricted cash proceeds received from Rayonier Advanced Materials in connection with the spin-off.

The table below summarizes the tax characteristics of the dividend paid to shareholders on a percentage basis for the three years ended December 31, 2015:

	2015	2014	2013
Total cash dividend per common share	$1.00	$2.03	$1.86
Tax characteristics:			
Capital gain	90.47%	79.28%	38.71%
Qualified	—	—	61.29%
Non-dividend distribution	9.53%	20.72%	—

Holders

There were approximately 6,873 shareholders of record of our Common Shares on February 19, 2016.

Securities Authorized for Issuance Under Equity Compensation Plans

See Note 16 — *Incentive Stock Plans* for information on securities that are authorized for issuance under The Rayonier Incentive Stock Plan ("the Stock Plan").

Shelf Registrations

In May 2004, we completed a Form S-4 acquisition shelf registration to offer and issue 7.0 million common shares for the acquisition of other businesses, assets or properties. As of December 31, 2015, no common shares have been offered or issued under the Form S-4 shelf registration. In April 2015, we filed a universal shelf registration giving us the ability to issue and sell an indeterminate amount of various types of debt and equity securities. As of December 31, 2015, no securities have been offered or issued under the universal shelf registration.

Issuer Repurchases

In June 2015, the Board of Directors approved the repurchase of up to $100 million of Rayonier's common shares (the "share repurchase program") to be made at management's discretion. A total of 1,034,713 shares were repurchased under this program in the fourth quarter of 2015. No remaining shares were available for repurchase under this program as of December 31, 2015.

In 1996, we began a Common Share repurchase program (the "anti-dilutive program") to minimize the dilutive effect of our employee incentive stock plans on earnings per share. This program limits the number of shares that may be purchased each year to the greater of 1.5% of outstanding shares at the beginning of the year or the number of incentive shares issued to employees during the year. In October 2000, July 2003 and October 2011, our Board of Directors authorized the purchase of additional shares in the program totaling 2.1 million shares. The anti-dilutive program does not have an expiration date. There were no shares purchased under this program in the fourth quarter of 2015 and there were 3,836,655 shares available for purchase at December 31, 2015.

The following table provides information regarding our purchases of Rayonier common stock during the quarter ended December 31, 2015:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (c)
October 1 to October 31	17,000	22.00	17,000	4,906,605
November 1 to November 30	478,081	23.55	478,081	4,399,347
December 1 to December 31	540,580	23.15	539,632	3,836,655
Total	1,035,661		1,034,713	3,836,655

(a) Includes 948 shares of the Company's common stock purchased in December, respectively, from employees in non-open market transactions. The shares of stock were sold by current and former employees of the Company in exchange for cash that was used to pay withholding taxes associated with the vesting of restricted stock awards under the Company's stock incentive plan. The price per share surrendered is based on the closing price of the company's stock on the respective vesting dates of the awards.

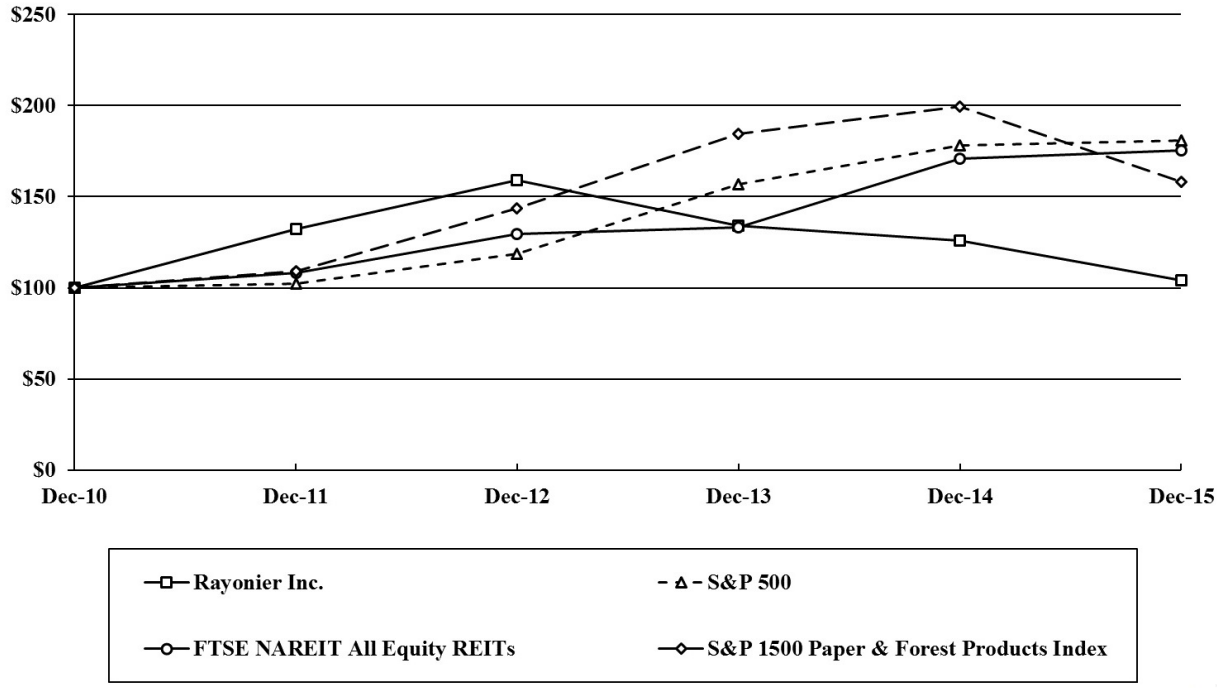
(b) Purchases made in open-market transactions under the $100 million share repurchase program announced on June 16, 2015.

(c) Maximum number of shares authorized to be purchased as of December 31, 2015 include 3,836,655 under the 1996 anti-dilutive program.

Stock Performance Graph

The following graph compares the performance of Rayonier's Common Shares (assuming reinvestment of dividends) with a broad-based market index (Standard & Poor's ("S&P") 500), and two industry-specific indices (the Financial Times Stock Exchange ("FTSE") National Association of Real Estate Investment Trusts ("NAREIT") All Equity REITs Index and the S&P 1500 Paper and Forest Products Index). This graph has been adjusted to reflect the spin-off of the Performance Fibers business in 2014.

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



The data in the following table was used to create the above graph as of December 31:

	2010	2011	2012	2013	2014	2015
Rayonier Inc.	$100	$132	$159	$134	$126	$104
S&P 500®	100	102	118	157	178	181
FTSE NAREIT All Equity REITs	100	108	130	133	171	176
S&P© 1500 Paper & Forest Products Index	100	109	144	184	199	158

Item 6. SELECTED FINANCIAL DATA

The following financial data should be read in conjunction with our Consolidated Financial Statements.

	At or For the Years Ended December 31,				
	2015	2014	2013	2012	2011
	(dollar amounts in millions, except per share data)				
Profitability:					
Sales (a)	$544.9	$603.5	$659.7	$378.6	$391.3
Operating income (a)(b)	77.8	98.3	108.7	32.1	55.1
Income from continuing operations attributable to Rayonier Inc. (a)(b)	46.2	55.9	103.9	16.8	58.3
Diluted earnings per common share from continuing operations	0.37	0.43	0.80	0.13	0.47
Financial Condition:					
Total assets (a)	$2,319.3	$2,453.1	$3,685.5	$3,123.0	$2,569.3
Total debt (a)	833.9	751.6	1,574.2	1,270.1	847.3
Shareholders' equity	1,361.7	1,575.2	1,755.2	1,438.0	1,323.1
Shareholders' equity — per share	11.09	12.51	13.90	11.66	10.84
Cash Flows:					
Cash provided by operating activities	$177.2	$320.4	$546.8	$447.7	$433.7
Cash used for investing activities	166.3	196.7	470.5	474.7	490.1
Cash used for (provided by) financing activities	116.5	161.4	157.1	(229.0)	215.1
Depreciation, depletion and amortization	113.7	120.0	116.9	84.6	76.5
Cash dividends paid	124.9	257.5	237.0	206.6	185.3
Dividends paid — per share	$1.00	$2.03	$1.86	$1.68	$1.52
Non-GAAP Financial Measures:					
Adjusted EBITDA (c)					
Southern Timber	$101.0	$97.9	$87.2	$76.1	$56.7
Pacific Northwest Timber	21.7	50.8	54.1	42.8	49.0
New Zealand Timber	33.0	46.0	38.3	2.2	4.4
Real Estate (d)	70.8	48.4	57.8	44.8	39.2
Trading	1.2	1.7	1.8	(0.1)	1.5
Corporate and other	(19.7)	(31.3)	(45.3)	(44.4)	(39.5)
Total Adjusted EBITDA (c)(d)	$208.0	$213.5	$193.9	$121.4	$111.3
Other:					
Timberland and real estate acres — owned, leased, or managed, in millions of acres	2.7	2.7	2.7	2.7	2.7

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
Selected Operating Data:					
Timber					
Sales volume (thousands of tons)					
Southern	5,492	5,296	5,292	5,322	4,741
Pacific Northwest (e)	1,243	1,664	1,979	1,947	1,665
New Zealand Domestic (f)	1,346	1,462	1,271	—	—
New Zealand Export (f)	1,065	898	651	—	—
Total Sales Volume	9,146	9,320	9,193	7,269	6,406
Real Estate — acres sold					
Development (Improved)	74	—	45	—	—
Development (Unimproved)	699	852	281	261	606
Rural	8,754	18,077	13,833	13,307	10,880
Non-Strategic / Timberlands	23,602	6,363	13,360	17,355	9,824
Large Dispositions (g)(h)	—	19,556	149,428	—	6,308
Total Acres Sold	33,129	44,848	176,947	30,923	27,618

(a) On April 4, 2013, the Company increased its interest in the New Zealand JV to 65% and began consolidating the New Zealand JV's results of operations and balance sheet.

(b) The 2013 results included a $16.2 million gain related to the consolidation of the New Zealand JV.

(c) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and real estate sold, costs related to shareholder litigation, costs related to spin-off of the Performance Fibers business, internal review and restatement costs, large dispositions, discontinued operations, and the gain related to the consolidation of the New Zealand joint venture.

(d) Previously reported Adjusted EBITDA for 2014, 2013 and 2011 has been restated to exclude large dispositions.

(e) 2013 and prior results include sales volumes from New York timberlands.

(f) New Zealand sales volume for 2013 includes volumes sold subsequent to the April 2013 consolidation.

(g) Large Dispositions are defined as transactions involving the sale of timberland that exceed $20 million in size and do not have any identified HBU premium relative to timberland value. Sales designated as Large Dispositions are excluded from our calculation of Adjusted EBITDA and CAD.

(h) The 2013 results included a fourth quarter sale of approximately 128,000 acres of New York timberlands.

Reconciliation of Operating Income (Loss) by Segment to Adjusted EBITDA by Segment
(dollars in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and other	Total
2015							
Operating income (loss)	$46.7	$6.9	$2.8	$44.3	$1.2	($24.1)	$77.8
Less: Non-operating expense	—	—	—	—	—	(0.1)	(0.1)
Add: Depreciation, depletion and amortization	54.3	14.8	29.7	14.5	—	0.4	113.7
Add: Non-cash cost of land and real estate sold	—	—	0.5	12.0	—	—	12.5
Add: Costs related to shareholder litigation (a)	—	—	—	—	—	4.1	4.1
Adjusted EBITDA (b)	$101.0	$21.7	$33.0	$70.8	$1.2	($19.7)	$208.0
2014							
Operating income (loss)	$45.7	$29.5	$9.5	$47.5	$1.7	($35.6)	$98.3
Add: Depreciation, depletion and amortization	52.2	21.3	32.2	13.4	—	0.9	120.0
Add: Non-cash cost of land and real estate sold	—	—	4.3	8.9	—	—	13.2
Less: Large dispositions (c)	—	—	—	(21.4)	—	—	(21.4)
Add: Internal review and restatement costs	—	—	—	—	—	3.4	3.4
Adjusted EBITDA (b)	$97.9	$50.8	$46.0	$48.4	$1.7	($31.3)	$213.5
2013							
Operating income (loss)	$37.8	$32.7	$10.6	$55.9	$1.8	($30.1)	$108.7
Add: Depreciation, depletion and amortization	49.4	21.4	27.7	17.4	—	1.0	116.9
Add: Non-cash cost of land and real estate sold	—	—	—	10.2	—	—	10.2
Less: Large dispositions (c)	—	—	—	(25.7)	—	—	(25.7)
Less: Gain related to consolidation of New Zealand JV	—	—	—	—	—	(16.2)	(16.2)
Adjusted EBITDA (b)	$87.2	$54.1	$38.3	$57.8	$1.8	($45.3)	$193.9
2012							
Operating income (loss)	$23.4	$20.6	$2.0	$32.0	($0.1)	($45.8)	$32.1
Add: Depreciation, depletion and amortization	52.7	22.2	0.2	8.1	—	1.4	84.6
Add: Non-cash cost of land and real estate sold	—	—	—	4.7	—	—	4.7
Adjusted EBITDA (b)	$76.1	$42.8	$2.2	$44.8	($0.1)	($44.4)	$121.4
2011							
Operating income (loss)	$13.4	$29.5	$4.2	$47.3	$1.5	($40.8)	$55.1
Add: Depreciation, depletion and amortization	43.3	19.5	0.2	12.2	—	1.3	76.5
Add: Non-cash cost of land and real estate sold	—	—	—	4.3	—	—	4.3
Less: Large dispositions (c)	—	—	—	(24.6)	—	—	(24.6)
Adjusted EBITDA (b)	$56.7	$49.0	$4.4	$39.2	$1.5	($39.5)	$111.3

(a) Costs related to shareholder litigation include expenses incurred as a result of the securities litigation, the shareholder derivative demands and the Securities and Exchange Commission investigation. See Note 10 - *Contingencies*.

(b) Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and real estate sold, costs related to shareholder litigation, costs related to spin-off of the Performance Fibers business, internal review and restatement costs, large dispositions, discontinued operations, and the gain related to the consolidation of the New Zealand joint venture.

(c) Large Dispositions include sales of timberland that exceed $20 million in size and do not have any identified HBU premium relative to timberland value.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

Our Company

We are a leading timberland real estate investment trust ("REIT") with assets located in some of the most productive timber growing regions in the U.S. and New Zealand. Our revenues, operating income and cash flows are primarily derived from the following core business segments: Southern Timber, Pacific Northwest Timber, New Zealand Timber, Real Estate and Trading. We own or lease under long-term agreements approximately 2.3 million acres of timberland and real estate in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Oregon, Tennessee, Texas and Washington. We also have a 65% ownership interest in Matariki Forestry Group, a joint venture ("New Zealand JV"), that owns or leases approximately 0.4 million gross acres (0.3 million net plantable acres) of New Zealand timberlands.

Across our timberland management segments, we sell standing timber (primarily at auction to third parties) and delivered logs. Sales from these segments also include all activities related to the harvesting of timber and other value-added activities such as the leasing of properties for hunting, mineral extraction and cell towers. We believe we are the third largest publicly-traded timberland REIT and the seventh largest private landowner in the United States. Our Real Estate business manages all property sales and seeks to maximize the value of our properties that are more valuable for development, recreational or residential uses than for growing timber, and opportunistically sells non-strategic timberlands. Our Trading segment, also part of the New Zealand JV, markets and sells timber owned or acquired from third parties in New Zealand and Australia.

Current Year Developments

On June 16, 2015, we announced approval by our Board of Directors of a $100 million share repurchase program. Under this program, we repurchased approximately 4.2 million shares at an average price of $23.79 per share and completed the program in December 2015.

During 2015, we acquired approximately 35,000 acres of timberlands primarily in Florida, Georgia, Louisiana, Mississippi and Oregon for $88.5 million. We also acquired forestry rights covering approximately 1,800 acres of timberland with mature timber in New Zealand for $9.9 million. For additional information, see Note 3 — *Timberland Acquisitions.*

On August 5, 2015 we entered into a credit agreement with CoBank, ACB, as administrative agent, and a syndicate of Farm Credit institutions and other commercial banks to provide $550 million of new credit facilities, including a five-year $200 million revolving credit facility and a nine-year $350 million term loan facility. These new credit facilities were used to refinance the company's existing revolving credit facility and senior exchangeable notes due in August 2015. We also intend to use the credit facilities to fund a capital infusion into the company's New Zealand JV for repayment of JV indebtedness. We expect this transaction to close in first quarter 2016. For additional information, see Note 5 — *Debt.*

Industry and Market Conditions

In 2015, pricing in the South was comparable to 2014 while pricing in the Pacific Northwest was negatively impacted by weaker demand from China and the shutdown of some local mills. We continue to believe that U.S. housing starts will improve gradually, but that in 2016 we will not reach conditions favorable to significantly improve sawlog pricing. In our New Zealand Timber segment, domestic pricing was generally comparable to 2014 while we experienced decreased export demand throughout most of the year with some recovery in the fourth quarter. We expect 2016 average prices in New Zealand to be broadly in line with 2015 average prices.

In Real Estate, we expect steady demand for rural properties and a strengthening interest in selected development properties, particularly as we begin to sell parcels within our East Nassau mixed-used development project.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements requires us to establish accounting policies and make estimates, assumptions and judgments that affect our assets, liabilities, revenues and expenses, and to disclose contingent assets and liabilities in our Annual Report on Form 10-K. We base these estimates and assumptions on historical data and trends, current fact patterns, expectations and other sources of information we believe are reasonable. Actual results may differ from these estimates.

Merchantable inventory and depletion costs as determined by forestry timber harvest models

Timber is stated at the lower of cost or market value. Costs related to acquiring, planting and growing timber including real estate taxes, lease rental payments, site preparation and direct support costs relating to facilities, vehicles and supplies are capitalized. Payroll and other employee benefit costs are capitalized only for time spent on these activities, while interest or any other intangible costs aside from those mentioned above are not capitalized.

An annual depletion rate is established for each particular region by dividing the cost of merchantable inventory by standing merchantable inventory volume. Pre-merchantable records are maintained for each planted year age class, recording acres planted, stems per acre and costs of planting and tending.

Significant assumptions and estimates are used in the recording of timber inventory and depletion costs. Factors that can impact timber volume include weather changes, losses due to natural causes, differences in actual versus estimated growth rates and changes in the age when timber is considered merchantable. A 3% company-wide change in estimated standing merchantable inventory would cause an estimated change of approximately $2.4 million to 2016 depletion expense.

Merchantable standing timber inventory is estimated by our land information services group annually, using industry-standard computer software. The inventory calculation takes into account growth, in-growth (annual transfer of oldest pre-merchantable age class into merchantable inventory), timberland sales and the annual harvest specific to each business unit. The age at which timber is considered merchantable is reviewed periodically and updated for changing harvest practices, future harvest age profiles and biological growth factors.

Acquisitions of timberland can also affect the depletion rate. Upon the acquisition of timberland, we make a determination whether to combine the newly acquired merchantable timber with an existing depletion pool or to create a new pool. The determination is based on the geographic location of the new timber, the customers/markets that will be served and species mix. During 2015, we acquired approximately 35,000 acres of timberlands primarily in Florida, Georgia, Louisiana, Mississippi and Oregon. We also acquired forestry rights covering approximately 1,800 acres of timberlands in New Zealand. These acquisitions increased 2015 depletion expense by $1.5 million and are expected to increase 2016 depletion expense by approximately $2.2 million.

Capitalized costs included in timber basis

Timber is stated at the lower of cost or market value. Costs relating to acquiring, planting and growing timber including real estate taxes, site preparation and direct support costs relating to facilities, vehicles and supplies are capitalized. Annual lease payments are also capitalized if the remaining lease term is greater than five years. Lease payments made within five years of expiration are expensed as incurred. Payroll costs are capitalized for time spent on timber growing activities, while interest or any other intangible costs are not capitalized.

Revenue recognition for timber sales

Revenue from the sale of timber is recognized when title passes to the buyer. We utilize two primary methods or sales channels for the sale of timber: a stumpage model and a delivered log model. The sales method the Company employs depends upon local market conditions and which method management believes will provide the best overall margins. Under the stumpage model, standing timber is sold generally under pay-as-cut contracts, with specified duration (typically one year or less) and fixed prices, whereby revenue is recognized as timber is severed and the sales volume is determined. We also sell stumpage under lump-sum contracts where the Company receives cash for the full agreed value of the timber prior to harvest and title and risk of loss pass to the buyer upon signing the contract. Any uncut timber remaining at the end of the contract period reverts to the Company. We recognize revenue for lump-sum timber sales when cash is received, the contract is signed and title and risk of loss pass to the buyer. A third type of stumpage sale is an agreed-volume sale whereby revenue is recognized as periodic physical observations are made of the percentage of acreage harvested.

Under the delivered log model, the Company hires third-party loggers and haulers to harvest timber and deliver it to a buyer. Revenue is recognized when the logs are delivered and title and risk of loss transfer to the buyer. Sales of delivered logs generally do not require an initial payment and are made to third-party customers on open credit terms.

In the Trading business, revenue on sales of logs is recognized when title and risk of loss passes to the buyer. For domestic log sales, title and risk are considered passed to the buyer as the logs are delivered to the customer. For export log sales, title and risk are considered passed to the buyer at the time the ship leaves the port.

Non-timber income included in “Other Operating Income, Net” is primarily hunting and recreational leases. Lease income is recognized ratably over the period of the lease.

Revenue recognition for real estate sales

The Company recognizes revenue on sales of real estate generally when cash has been received, the sale has closed, and title and risk of loss have passed to the buyer. Cost of sales associated with real estate sold comprises the cost of the land, the cost of any timber on the property that was conveyed to the buyer, and any closing costs including sales commissions that may be borne by the Company. Costs incurred to obtain land use entitlements or for infrastructure such as utilities, roads or other improvements are charged to cost of sales for a project as a percentage of revenue earned to total anticipated revenue and costs for each project. Sales of improved or entitled land have been limited, but the Company expects such sales to increase in future years.

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

We have one qualified non-contributory defined benefit pension plan covering a portion of our employees and an unfunded plan that provides benefits in excess of amounts allowable under current tax law in the qualified plan. The qualified plan is closed to new participants.

In 2015, we recognized $4.6 million of pension and postretirement expense. Numerous estimates and assumptions are required to determine the proper amount of pension and postretirement liabilities and annual expense to record in our financial statements. The key assumptions include discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees. Although there is authoritative guidance on how to select most of the assumptions, some degree of judgment is exercised in selecting these assumptions based on input from our actuary. Different assumptions, as well as actual versus expected results, would change the periodic benefit cost and funded status of the benefit plans recognized in the financial statements. See Note 15 — *Employee Benefit Plans* for additional information.

Realizability of both recorded and unrecorded tax assets and tax liabilities

The Timber and Real Estate operations conducted within our REIT are generally not subject to U.S. income taxation. Prior to the June 27, 2014 spin-off of Rayonier Advanced Materials, our taxable REIT subsidiary operations included the Performance Fibers business. As such, during 2014 and prior periods, our income taxes varied significantly. Therefore, our projection of estimated income tax for the year and our provision for quarterly income taxes, in accordance with generally accepted accounting principles, may have varied significantly. Post-spin, we do not expect significant variability in our effective tax rate and the amount of cash taxes to be paid as the majority of our business operations are conducted within our REIT. However, the assessment of the ability to realize certain deferred tax assets, or estimate deferred tax liabilities, remains subjective. See Note 9 — *Income Taxes* for additional information about our unrecognized tax benefits.

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

Financial Information (in millions)	2015	2014	2013
Sales			
Southern Timber	$139.1	$141.8	$123.8
Pacific Northwest Timber	76.5	102.2	110.5
New Zealand Timber (a)	161.6	182.4	147.7
Real Estate			
Development (Improved)	2.6	—	1.6
Development (Unimproved)	6.4	4.8	2.8
Rural	22.7	41.0	27.5
Non-Strategic / Timberlands	54.8	9.5	37.1
Large Dispositions (b)	—	22.0	80.0
Total Real Estate	86.5	77.3	149.0
Trading	81.2	103.7	131.7
Intersegment Eliminations	—	(3.9)	(3.0)
Total Sales	$544.9	$603.5	$659.7
Operating Income			
Southern Timber	$46.7	$45.7	$37.8
Pacific Northwest Timber	6.9	29.5	32.7
New Zealand Timber (a)	2.8	9.5	10.6
Real Estate (b)	44.3	47.5	55.9
Trading	1.2	1.7	1.8
Corporate and other (c)	(24.1)	(35.6)	(30.1)
Operating Income	77.8	98.3	108.7
Interest Expense	(31.7)	(44.2)	(40.9)
Interest/Other (Expense) Income	(3.0)	(9.3)	2.4
Income Tax Benefit	0.8	9.6	35.7
Income from Continuing Operations	43.9	54.4	105.8
Discontinued Operations, Net	—	43.4	268.0
Net Income	43.9	97.8	373.8
Less: Net (Loss) Income Attributable to Noncontrolling Interest	(2.3)	(1.5)	1.9
Net Income Attributable to Rayonier Inc.	$46.2	$99.3	$371.9
Adjusted EBITDA (d)			
Southern Timber	$101.0	$97.9	$87.2
Pacific Northwest Timber	21.7	50.8	54.1
New Zealand Timber (a)	33.0	46.0	38.3
Real Estate (e)	70.8	48.4	57.8
Trading	1.2	1.7	1.8
Corporate and other	(19.7)	(31.3)	(45.3)
Total Adjusted EBITDA (d)(e)	$208.0	$213.5	$193.9

(a) 2013 included $146.0 million in sales from the consolidation of the New Zealand JV.

(b) The 2013 results included a fourth quarter sale of approximately 128,000 acres of New York timberland holdings for $57.3 million.

(c) The 2013 results included a $16.2 million gain related to the consolidation of the New Zealand JV.

(d) Adjusted EBITDA is a non-GAAP measure defined and reconciled at Item 6 — *Selected Financial Data*.

(e) Previously reported 2014 and 2013 Adjusted EBITDA have been restated to exclude large dispositions.

Southern Timber Overview	2015	2014	2013
Sales Volume (in thousands of tons)			
Pine Pulpwood	3,614	3,284	3,181
Pine Sawtimber	1,581	1,701	1,676
Total Pine Volume	5,195	4,985	4,857
Hardwood	297	311	435
Total Volume	5,492	5,296	5,292
Percentage Delivered Sales	27%	33%	28%
Percentage Stumpage Sales	73%	67%	72%
Net Stumpage Prices (dollars per ton)			
Pine Pulpwood	$18.13	$18.48	$16.12
Pine Sawtimber	27.62	26.45	24.06
Weighted Average Pine	$21.01	$21.20	$18.86
Hardwood	14.65	13.01	12.89
Weighted Average Total	$20.66	$20.72	$18.37
Summary Financial Data (in millions of dollars)			
Sales	$139.1	$141.8	$123.8
Less: Cut and Haul	(25.7)	(32.1)	(26.0)
Net Stumpage Sales	$113.4	$109.7	$97.8
Operating Income	$46.7	$45.7	$37.8
Adjusted EBITDA (a)	$101.0	$97.9	$87.2
Other Data			
Non-Timber Income, net (in millions of dollars) (b)	$15.2	$13.2	$14.9
Year-End Acres (in thousands)	1,876	1,906	1,893

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled at Item 6 — *Selected Financial Data*.

(b) Non-Timber Income is presented net of direct charges and allocated overhead.

Pacific Northwest Timber Overview	2015	2014	2013
Sales Volume (in thousands of tons)			
Northwest Pulpwood	308	262	305
Northwest Sawtimber	935	1,402	1,538
Total Northwest Volume	1,243	1,664	1,843
Northeast - New York	—	—	136
Total Volume	1,243	1,664	1,979
Northwest Sales Volume (converted to MBF)			
Northwest Pulpwood	29,208	24,761	28,840
Northwest Sawtimber	120,932	178,898	197,431
Total Northwest Volume	150,140	203,659	226,271
Percentage Delivered Sales	88%	55%	56%
Percentage Stumpage Sales	12%	45%	44%
Delivered Log Prices (in dollars per ton)			
Northwest Pulpwood	$44.61	$39.20	$37.14
Northwest Sawtimber	72.13	82.05	78.06
Weighted Average Log Price	$64.83	$74.44	$71.08
Summary Financial Data (in millions of dollars)			
Sales	$76.5	$102.2	$110.5
Less: Cut and Haul	(35.4)	(30.1)	(35.0)
Net Stumpage Sales	$41.1	$72.1	$75.5
Operating Income	$6.9	$29.5	$32.7
Adjusted EBITDA (a)	$21.7	$50.8	$54.1
Other Data			
Non-Timber Income, net (in millions of dollars) (b)	$2.8	$1.7	$2.0
Year-End Acres (in thousands)	373	372	372
Northwest Sawtimber (in dollars per MBF)	$565	$632	$608
Estimated Percentage of Export Volume	22%	25%	26%

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled at Item 6 — *Selected Financial Data*.

(b) Non-Timber Income is presented net of direct charges and allocated overhead.

New Zealand Timber Overview (a)	2015	2014	2013
Sales Volume (in thousands of tons)			
Domestic Sawtimber (Delivered)	684	644	740
Domestic Pulpwood (Delivered)	434	352	360
Export Sawtimber (Delivered)	982	827	798
Export Pulpwood (Delivered)	83	71	43
Stumpage	228	466	464
Total Volume	2,412	2,360	2,405
Percentage Delivered Sales	91%	80%	81%
Percentage Stumpage Sales	9%	20%	19%
Delivered Log Prices (in dollars per ton)			
Domestic Sawtimber	$64.05	$78.15	$73.82
Domestic Pulpwood	$32.00	$37.84	$36.05
Export Sawtimber	$88.59	$111.75	$125.77
Summary Financial Data (in millions of dollars)			
Sales	$155.7	$177.3	$185.8
Less: Cut and Haul	(71.5)	(78.9)	(82.0)
Less: Port and Freight Costs	(32.0)	(35.8)	(35.0)
Net Stumpage Sales	$52.2	$62.6	$68.8
Land Sales / Other	$5.9	$5.1	$3.0
Total Sales	$161.6	$182.4	$188.8
Operating Income	$2.8	$9.5	$11.2
Adjusted EBITDA (b)	$33.0	$46.0	$45.9
Other Data			
New Zealand Dollar to U.S. Dollar Exchange Rate (c)	0.7031	0.8299	0.8156
Net Plantable Year-End Acres (in thousands)	299	309	314
Domestic Sawtimber (in $NZD per tonne)	$100.47	$103.59	$99.66
Export Sawtimber (in dollars per JAS m^3)	$103.49	$129.66	$145.92

(a) New Zealand Timber was consolidated on April 4, 2013 when we acquired a majority interest in the New Zealand JV. Prior to the acquisition date, we accounted for our 26% interest in the New Zealand JV as an equity method investment. The 2013 information shown above reflects results as if the New Zealand JV had been consolidated for the full year, though information presented elsewhere throughout this Annual Report on Form 10-K reflects results only to the extent they were included in our consolidated financial results.

(b) Adjusted EBITDA is a non-GAAP measure defined and reconciled at Item 6 — *Selected Financial Data*.

(c) Represents the average of the month-end exchange rates for each year.

Real Estate Overview	2015	2014	2013
Sales (in millions of dollars)			
Improved Development (a)	2.6	—	1.6
Unimproved Development	6.4	4.8	2.8
Rural	22.7	41.0	27.5
Non-Strategic / Timberlands	54.8	9.5	37.1
Large Dispositions (b)	—	22.0	80.0
Total Sales	$86.5	$77.3	$149.0
Sales (Development and Rural) (d)	$29.1	$45.8	$30.3
Acres Sold			
Improved Development (a)	74	—	45
Unimproved Development	699	852	281
Rural	8,754	18,077	13,833
Non-Strategic / Timberlands	23,602	6,363	13,360
Large Dispositions (b)	—	19,556	149,428
Total Acres Sold	33,129	44,848	176,947
Acre Sold (Development and Rural) (d)	9,454	18,929	14,114
Percentage of U.S. South acreage sold (c)	0.6%	1.2%	0.8%
Price per Acre (dollars per acre)			
Improved Development (a)	$35,131	—	$34,680
Unimproved Development	9,148	5,623	10,116
Rural	2,588	2,265	1,986
Non-Strategic / Timberlands	2,324	1,498	2,773
Large Dispositions (b)	—	1,125	535
Weighted Average (Total excluding Large Dispositions)	$2,611	$2,186	$2,507
Weighted Average (Development and Rural) (d)	$3,073	$2,417	$2,148

(a) Reflects land with capital invested in infrastructure improvements.

(b) Includes 128,000 acres of timberlands in New York sold in the fourth quarter of 2013 for $57.3 million.

(c) Calculated as Southern development and rural acres sold over U.S. South acres owned.

(d) Excludes Improved Development.

Capital Expenditures By Segment	2015	2014	2013
Timber Capital Expenditures (in millions of dollars)			
Southern Timber			
Reforestation, silvicultural and other capital expenditures	$17.7	$18.7	$20.6
Property taxes	5.9	6.5	6.8
Lease payments	5.7	6.1	6.2
Allocated overhead	3.9	4.7	4.5
Subtotal Southern Timber	$33.2	$36.0	$38.1
Pacific Northwest Timber			
Reforestation, silvicultural and other capital expenditures	6.2	7.5	5.5
Property taxes	0.5	0.5	1.2
Lease payments	—	—	—
Allocated overhead	1.8	1.8	1.7
Subtotal Pacific Northwest Timber	$8.5	$9.8	$8.4
New Zealand Timber (a)			
Reforestation, silvicultural and other capital expenditures	8.0	9.8	7.4
Property taxes	0.7	0.8	0.6
Lease payments	4.1	3.7	4.8
Allocated overhead	2.4	3.0	3.2
Subtotal New Zealand Timber	$15.2	$17.3	$16.0
Total Timber Segments Capital Expenditures	$56.9	$63.1	$62.5
Real Estate	0.3	0.2	0.4
Corporate	0.1	0.4	0.3
Total Capital Expenditures	$57.3	$63.7	$63.2
Timberland Acquisitions			
Southern Timber	$54.4	$125.7	$20.4
Pacific Northwest Timber	34.1	1.9	—
New Zealand Timber (b)	9.9	0.9	139.9
Real Estate	—	2.4	—
Subtotal Timberland Acquisitions	$98.4	$130.9	$160.3
Total Capital Expenditures (including Timberland Acquisitions)	$155.7	$194.6	$223.5
Real Estate Development Investments	$2.7	$3.7	$1.3

(a) 2013 includes full year results of New Zealand Timber, which was consolidated on April 4, 2013.
(b) 2013 includes $139.9 million for the acquisition of an additional interest in the New Zealand JV.

Results of Operations, 2015 versus 2014
(millions of dollars)

The following tables summarize the sales, operating income and Adjusted EBITDA variances for 2015 versus 2014:

Sales	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Intersegment Eliminations	Total
2014	$141.8	$102.2	$182.4	$77.3	$103.7	($3.9)	$603.5
Volume/Mix	(1.6)	(14.0)	18.2	17.1	6.1	—	25.8
Price	(1.1)	(11.7)	(27.9)	14.1	(26.3)	—	(52.9)
Foreign exchange (a)	—	—	(12.7)	—	—	—	(12.7)
Other (b)	—	—	1.6	(22.0)	(2.3)	3.9	(18.8)
2015	$139.1	$76.5	$161.6	$86.5	$81.2	—	$544.9

Operating Income	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
2014	$45.7	$29.5	$9.5	$47.5	$1.7	($35.6)	$98.3
Volume/Mix	2.2	(12.6)	0.8	11.5	—	—	1.9
Price	(0.5)	(11.2)	(13.9)	14.1	—	—	(11.5)
Cost	(2.5)	(1.1)	0.2	(2.3)	0.6	10.9	5.8
Non-timber income	1.9	1.1	2.5	—	—	—	5.5
Foreign exchange (a)	—	—	2.3	—	(1.1)	—	1.2
Depreciation, depletion & amortization	(0.1)	1.2	2.4	(3.6)	—	0.6	0.5
Non-cash cost of land and real estate sold	—	—	(0.5)	(1.1)	—	—	(1.6)
Other (c)	—	—	(0.5)	(21.8)	—	—	(22.3)
2015	$46.7	$6.9	$2.8	$44.3	$1.2	($24.1)	$77.8

Adjusted EBITDA (d)	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
2014	$97.9	$50.8	$46.0	$48.4	$1.7	($31.3)	$213.5
Volume/Mix	4.2	(17.9)	1.4	16.6	—	—	4.3
Price	(0.5)	(11.2)	(13.9)	14.1	—	—	(11.5)
Cost	(2.5)	(1.1)	0.2	(2.5)	0.6	11.6	6.3
Non-timber income	1.9	1.1	2.5	—	—	—	5.5
Foreign exchange (a)	—	—	(3.1)	—	(1.1)	—	(4.2)
Other	—	—	(0.1)	(5.8)	—	—	(5.9)
2015	$101.0	$21.7	$33.0	$70.8	$1.2	($19.7)	$208.0

(a) Net of currency hedging impact.
(b) 2014 Real Estate sales included $22.0 million in large dispositions.
(c) 2014 Real Estate operating income included $16.0 million in large dispositions and $5.8 million in proceeds from a bankruptcy settlement with respect to a former land sale customer.
(d) Adjusted EBITDA is a non-GAAP measure defined and reconciled at Item 6 — *Selected Financial Data*.

Southern Timber

Full-year 2015 Southern Timber sales of $139.1 million decreased $2.7 million, or 2%, versus the prior year due to a higher mix of pulpwood (70% versus 66% in the prior year) and a lower proportion of delivered sales (27% versus 33% in the prior year), partially offset by higher harvest volumes and stronger sawlog pricing. Harvest volumes increased 4% to 5.49 million tons versus 5.30 million tons in the prior year. Average sawtimber stumpage prices increased 4% to $27.62 per ton versus $26.45 per ton in the prior year, while average pulpwood stumpage prices decreased 2% to $18.13 per ton versus $18.48 per ton in the prior year. The increase in average sawtimber prices was driven primarily by selling stumpage when demand was strongest, generating favorable prices throughout the year, partially offset by reduced harvest activity in higher-priced sawtimber regions. The decrease in average pulpwood prices was primarily attributable to geographic mix and to a price decline in the fourth quarter on the east coast due to a temporary mill shutdown. Overall, weighted average stumpage prices (including hardwood) were comparable to the prior year at $20.66 per ton.

Operating income of $46.7 million increased $1.0 million versus the prior year due to higher volumes ($2.2 million), higher non-timber income ($1.9 million) and lower depletion ($0.1 million), which were partially offset by higher costs ($2.5 million) and lower pulpwood prices ($0.5 million). Full year 2015 Adjusted EBITDA of $101.0 million increased $3.1 million above the prior year period.

Pacific Northwest Timber

Full-year 2015 Pacific Northwest Timber sales of $76.5 million decreased $25.7 million, or 25%, versus the prior year due to the planned reduction of harvest volumes and, to a lesser extent, lower sawtimber prices. Harvest volumes declined 25% to 1.24 million tons versus 1.66 million tons in the prior year. Average delivered sawtimber prices decreased 12% to $72.13 per ton versus $82.05 per ton in the prior year, while average delivered pulpwood prices increased 14% to $44.61 per ton versus $39.20 per ton in the prior year. The decrease in average sawtimber prices was driven by weaker demand from China and the shutdown of some local mills. The increase in average pulpwood prices was driven by strong local demand for pulpwood logs.

Operating income of $6.9 million decreased $22.6 million versus the prior year due to lower volumes ($12.6 million), lower prices ($11.2 million) and higher costs ($1.1 million), which were partially offset by higher non-timber income ($1.1 million) and lower depletion rates ($1.2 million). Full year Adjusted EBITDA of $21.7 million was $29.1 million below the prior year period.

New Zealand Timber

Full-year 2015 New Zealand Timber sales of $161.6 million decreased $20.8 million, or 11%, versus the prior year due to lower domestic and export product prices, which were partially offset by higher delivered volumes. Harvest volumes increased 2% to 2.41 million tons versus 2.36 million tons in the prior year. Average delivered prices for export sawtimber declined 21% to $88.59 per ton versus $111.75 per ton in the prior year, while average delivered prices for domestic sawtimber declined 18% to $64.05 per ton versus $78.15 per ton in the prior year. The decline in export sawtimber prices was primarily due to weaker demand from China, while the decline in domestic sawtimber prices (in U.S. dollar terms) was driven primarily by the fall in the NZ$/US$ exchange rate (US$0.70 per NZ$1.00 versus US$0.83 per NZ$1.00). Excluding the impact of foreign exchange rates, domestic sawtimber prices declined 3% versus the prior year.

Operating income of $2.8 million decreased $6.7 million versus the prior year due to the decrease in prices ($13.9 million) and higher non-cash costs of land sold and forestry right relinquishments ($1.0 million), which were partially offset by higher volume ($0.8 million), lower depletion rates ($2.4 million), higher non-timber income ($2.5 million), the impact of foreign exchange rate changes ($2.3 million) and lower costs ($0.2 million). Full-year Adjusted EBITDA of $33.0 million was $13.0 million below the prior year period.

Real Estate

Full-year 2015 sales of $86.5 million increased $9.2 million versus the prior year, while operating income of $44.3 million decreased $3.2 million versus the prior year period. Full-year 2015 operating income decreased as the prior year included $5.8 million in proceeds from a bankruptcy settlement with respect to a former land sale customer. Excluding the proceeds from the bankruptcy settlement and large dispositions, operating income increased $18.6 million due to higher weighted average prices ($2,611 per acre versus $2,186 per acre in the prior year), and higher volumes (33,129 acres sold versus 25,292 acres in the prior year).

Full-year 2015 Adjusted EBITDA of $70.8 million was $22.4 million above the prior year.

Trading

Full-year 2015 sales of $81.2 million decreased $22.5 million versus the prior year due to lower prices as a result of unfavorable China market conditions, partially offset by higher volumes. Sales volumes increased 6% to 926,000 tons versus 873,000 tons in the prior year. Average prices decreased 25% to $86.89 per ton versus $115.27 per ton in the prior year. Operating income decreased $0.5 million versus the prior year, primarily due to a NZ$/US$ exchange gain ($1.1 million) in the prior year, partially offset by lower sourcing and export costs ($0.6 million).

Corporate and Other Expense/Eliminations

Corporate and other expense was $24.1 million in 2015 versus $35.6 million in 2014. The 2015 results included $4.1 million of costs related to shareholder litigation, while 2014 included $3.4 million of internal review and restatement costs. Excluding these items, 2015 expense was favorable due to lower selling, general and administrative expenses as a result of the spin-off of the Performance Fibers business.

Interest Expense

Interest expense of $31.7 million in 2015 decreased $12.5 million from the prior year primarily due to lower outstanding debt. Interest expense in 2015 includes $0.4 million related to the write-off of capitalized financing costs, while 2014 includes $1.7 million related to the write-off of capitalized financing costs.

Interest and Miscellaneous (Expense) Income, Net

Other non-operating expense was $3.0 million in 2015 versus $9.2 million in 2014. The 2015 results were comprised of favorable mark-to-market adjustments on New Zealand joint venture interest rate swaps, while 2014 included $3.8 million of costs related to the spin-off of the Performance Fibers business.

Income Tax Benefit

The full-year 2015 tax benefit from continuing operations was $0.8 million versus $9.6 million in 2014. The current year income tax benefit is principally related to the New Zealand JV, while the prior year benefit related to the Performance Fibers business. See Note 9 — *Income Taxes* for additional information regarding the provision for income taxes.

Outlook for 2016

In 2016, we expect a modest increase in Southern harvest volume, reflecting recent acquisitions, at prices generally comparable to 2015. We continue to believe that U.S. housing starts will improve gradually, but that in 2016 we will not reach conditions favorable to significantly improve sawlog pricing. In the Pacific Northwest, we expect volumes comparable to 2015 and are cautiously optimistic that prices will improve from current levels, which will largely depend upon export market conditions. In our New Zealand joint venture, we anticipate a reduction in harvest volume of approximately 10% due to timber age-class variations, with average prices broadly in line with 2015. Also, we are on track with our previously announced plans to recapitalize our New Zealand joint venture and thereby reduce consolidated interest expense while increasing our ownership interest from 65% to an estimated 77%.

In our Real Estate segment, we expect continued steady demand for rural properties. We also anticipate strengthening interest in selected development properties, particularly as we begin to sell parcels within Wildlight, our East Nassau mixed use development project, which we anticipate in the second half of 2016. We are also planning on a higher level of investment in 2016 as we ramp up our development efforts on this project.

Our 2016 outlook is subject to a number of variables and uncertainties, including those discussed at Item 1A — *Risk Factors*.

Results of Operations, 2014 versus 2013
(millions of dollars)

The following tables summarize the sales, operating income and Adjusted EBITDA variances for 2014 versus 2013:

Sales	Southern Timber	Pacific Northwest Timber	New Zealand Timber (a)	Real Estate	Trading	Other (b)	Total
2013	$123.8	$110.5	$188.8	$149.0	$131.7	($44.1)	$659.7
Volume/Mix	5.1	(11.3)	(2.2)	(5.6)	(12.4)	—	(79.7)
Price	12.9	5.4	(7.8)	(8.1)	(16.2)	—	(13.8)
Foreign exchange	—	—	0.5	—	—	—	0.5
Other (c)	—	(2.4)	3.1	(58.0)	0.6	40.2	(16.5)
2014	$141.8	$102.2	$182.4	$77.3	$103.7	($3.9)	$603.5

Operating Income	Southern Timber	Pacific Northwest Timber	New Zealand Timber (a)	Real Estate	Trading	Corporate and Other (b)	Total
2013	$37.8	$32.7	$11.2	$55.9	$1.8	($30.8)	$108.6
Volume/Mix	0.6	(5.1)	(0.8)	(3.9)	—	—	(9.2)
Price	12.9	5.4	(4.2)	(8.1)	—	—	6.0
Cost	(1.4)	(1.4)	2.7	9.7	0.8	—	10.4
Non-timber income	—	—	2.8	—	—	—	2.8
Foreign exchange	—	—	(0.4)	—	1.6	—	1.2
Depreciation, depletion & amortization	(2.2)	(3.0)	1.7	1.6	—	—	(1.9)
Non-cash cost of land and real estate sold	—	—	—	(1.8)	—	—	(1.8)
Other (d)	(2.0)	0.9	(3.5)	(5.9)	(2.5)	(4.8)	(17.8)
2014	$45.7	$29.5	$9.5	$47.5	$1.7	($35.6)	$98.3

Adjusted EBITDA (e)	Southern Timber	Pacific Northwest Timber	New Zealand Timber (a)	Real Estate (f)	Trading	Corporate and Other (b)	Total
2013	$87.2	$54.1	$45.9	$57.8	$1.8	($52.9)	$193.9
Volume/Mix	1.4	(7.0)	(1.5)	(5.4)	—	—	(12.5)
Price	12.9	5.4	(4.2)	(8.1)	—	—	6.0
Cost	(1.4)	(1.4)	2.7	(2.1)	0.8	—	(1.4)
Non-timber income	—	—	2.8	—	—	—	2.8
Foreign exchange	—	—	0.3	—	1.6	—	1.9
Other	(2.2)	(0.3)	—	6.2	(2.5)	21.6	22.8
2014	$97.9	$50.8	$46.0	$48.4	$1.7	($31.3)	$213.5

(a) New Zealand Timber was consolidated on April 4, 2013 when we acquired a majority interest in the New Zealand JV. Prior to the acquisition date, we accounted for our 26% interest in the New Zealand JV as an equity method investment. The 2013 to 2014 New Zealand Timber variances shown above reflect 2013 results as if the New Zealand JV was consolidated for the entire year, though information presented elsewhere throughout this Annual Report on Form 10-K reflects results only to the extent they were included in our consolidated financial results.

(b) Primarily includes adjustments for 2013 New Zealand Timber sales, operating income, and Adjusted EBITDA that occurred before the consolidation of our New Zealand JV and were not included in our consolidated financial results.

(c) The 2014 Real Estate sales included $22.0 million in large dispositions versus $80.0 million in 2013.

(d) The 2014 Real Estate operating income included $16.0 million from large dispositions and $5.8 million in proceeds from a bankruptcy settlement with respect to a former land sale customer versus $16.1 million from large dispositions in 2013.

(e) Adjusted EBITDA is a non-GAAP measure defined and reconciled at Item 6 — *Selected Financial Data*.

(f) Previously reported 2014 and 2013 Adjusted EBITDA have been restated to exclude large dispositions.

Southern Timber

Full-year 2014 Southern Timber sales of $141.8 million increased $19 million from 2013 primarily due to higher pine pulpwood and sawtimber prices, driven by improved demand as the U.S. housing market and economy continued a slow recovery, as well as by wet weather conditions through much of the year. Weighted average stumpage prices increased 13% to $20.72 per ton in 2014 versus $18.37 per ton in 2013. Additionally, while total harvest volumes were flat at 5.3 million tons in 2014 and 2013, a greater mix of delivered sales versus stumpage sales in 2014 versus 2013 led to increased sales during the period.

The increase in sales was partially offset in operating income by higher cut and haul costs, higher depletion expense and lower non-timber income resulting from a change in income recognition for hunting leases. Full year 2014 Adjusted EBITDA of $97.9 million increased $10.7 million above the prior year period.

Pacific Northwest Timber

Full-year 2014 Pacific Northwest Timber sales of $102.0 million were $7.5 million below 2013, which included $3 million of sales from the formerly-owned New York timberlands. Sales declined in 2014 primarily due to lower harvest volumes, partially offset by improved sawtimber and pulpwood pricing. Harvest volumes declined 16% to 1.7 million tons from 2.0 million tons in 2013. The decline in harvest volumes was driven by the sale of the Company's New York timberlands in fourth quarter 2013 as well as the reduction of harvest volumes pursuant to the Company's revised operating strategy. See Item 1 — *Business — Our Strategy* for additional information. Average delivered sawtimber prices in the Pacific Northwest increased 5% to $82.05 per ton versus $78.06 per ton in 2013 and delivered pulpwood prices increased 6% to 39.20 per ton versus $37.14 per ton in 2013. These increases in average prices reflected strong prices earlier in the year, which weakened in the second half of 2014 primarily due to lower export demand as log inventory levels rose in China.

Operating income declined $3.2 million due to the lower volumes and a $1.9 million cumulative out-of-period adjustment for depletion expense, which were partially offset by higher prices. Full year Adjusted EBITDA of $50.8 million was $3.3 million below the prior year period.

New Zealand Timber

Full-year 2014 New Zealand Timber sales of $182.4 million decreased $6.4 million from 2013, reflecting results as if the New Zealand JV had been consolidated for the full year 2013. Total harvest volumes in 2014 of 2.4 million tons were comparable to 2013. Average delivered prices for domestic sawlogs increased 6% to $78.15 per ton versus $73.82 per ton in 2013, while average delivered prices for export sawlogs declined 11% to $111.75 per ton versus $125.77 per ton in 2013. The increase in domestic sawlog prices was primarily driven by stronger demand in the first half of the year, while the decline in export sawlog prices was primarily driven by weaker demand from China.

Operating income declined due to weaker overall pricing and lower volumes, mostly offset by lower depletion and lower overall logging costs. Full year Adjusted EBITDA of $46.0 million was $0.1 million above the prior year period.

Real Estate

Full-year 2014 sales of $77.3 million decreased $71.7 million versus 2013 primarily due to a $57.3 million sale of New York timberlands in 2013. Excluding large dispositions, operating income of $47.5 million was $8.3 million below the prior year due to lower weighted average prices ($2,186 per acre versus $2,505 per acre in the prior year) and lower volumes (25,293 acres sold versus 27,519 acres in the prior year). Full year Adjusted EBITDA of $48.4 million decreased $9.4 million. Previously reported 2014 and 2013 Adjusted EBITDA have been restated to exclude large dispositions.

Trading

Full year sales of $103.7 million were $28.0 million below 2013, while operating income and Adjusted EBITDA of $1.7 million were comparable to the prior year.

Corporate and Other Expense/Eliminations

Corporate and other expense was $35.6 million in 2014 versus $30.1 million in 2013. The 2013 results included a $16.2 million gain from the consolidation of the New Zealand JV while 2014 included $3.4 million of internal review and restatement costs. Excluding these items, 2014 expense was favorable due to lower selling, general and administrative expenses as a result of the spin-off of the Performance Fibers business.

Interest and Miscellaneous (Expense) Income, Net

Interest expense of $44.2 million in 2014 increased $3.3 million from the prior year as the benefit of lower debt balances was more than offset by additional interest resulting from the consolidation of the New Zealand JV for the full year and a lower allocation of interest expense to discontinued operations. Interest/other expense increased $11.7 million over 2013 primarily due to unfavorable mark-to-market adjustments on New Zealand interest rate swaps.

Income Tax Expense

The full-year 2014 tax benefit from continuing operations including discrete items was $9.6 million versus $35.7 million in 2013. The 2014 income tax benefit reflects a $13.6 million valuation allowance related to the cellulosic biofuel producer credit ("CBPC"), which was recorded in connection with the spin-off due to Rayonier's limited potential use of the CBPC prior to its expiration on December 31, 2017. Income tax expense from discontinued operations was $20.6 million in 2014 versus $106.4 million in 2013. The decline was primarily due to the inclusion of a full year of income from the Performance Fibers business in 2013 discontinued operations versus a half year in 2014. See Note 9 — *Income Taxes* for additional information regarding the provision for income taxes and the discrete tax items.

Liquidity and Capital Resources

Our principal source of cash is cash flow from operations, primarily the harvesting of timber and sales of real estate. As a REIT, our main use of cash is dividends. We also use cash to maintain the productivity of our timberlands through replanting and silviculture. Our operations have generally produced consistent cash flow and required limited capital resources. Short-term borrowings have helped fund working capital needs while acquisitions of timberlands generally require funding from external sources.

Summary of Liquidity and Financing Commitments

	As of December 31,		
(in millions of dollars)	**2015**	**2014**	**2013**
Cash and cash equivalents	$51.8	$161.6	$199.6
Total debt	833.9	751.6	1,574.2
Shareholders' equity	1,361.7	1,575.2	1,755.2
Adjusted EBITDA (a)	208.0	213.5	193.9
Total capitalization (total debt plus equity)	2,195.6	2,326.8	3,329.4
Debt to capital ratio	38%	32%	N/M
Debt to Adjusted EBITDA (a)	4.0	3.5	N/M
Net debt to Adjusted EBITDA (a)	3.8	2.8	N/M
Net debt to enterprise value (b)	22%	14%	N/M

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

(b) Enterprise value is calculated as the number of shares outstanding multiplied by the Company's share price, plus net debt, at December 31, 2015.

Liquidity Facilities

Term Credit Agreement

On August 5, 2015, the Company entered into a credit agreement with CoBank, ACB, as administrative agent, and a syndicate of Farm Credit institutions and other commercial banks to provide $550 million of new credit facilities, including a nine-year $350 million term loan facility. The periodic interest rate on the term loan facility is subject to a pricing grid based on the Company's leverage ratio, as defined in the credit agreement. As of December 31, 2015, the periodic interest rate on the term loan facility was LIBOR plus 1.625%. Concurrent with the closing of the facilities, the Company entered into an interest rate swap transaction to fix the cost of the term loan facility over its nine-year term. The Company also expects to receive annual patronage refunds, which are profit distributions made by a cooperative to its member-users based on the quantity or value of business done with the member-user. The Company estimates the effective interest rate on the term loan facility to be approximately 3.3% after consideration of the interest rate swap and estimated patronage refunds. As of December 31, 2015, the Company had additional draws available of $180 million under the term loan facility.

Revolving Credit Facility

In August 2015, the Company entered into a five-year $200 million unsecured revolving credit facility, replacing the previous $200 million revolving credit facility and $100 million farm credit facility which were scheduled to expire in April 2016 and December 2019, respectively. The periodic interest rate on the revolving credit facility is subject to a pricing grid based on the Company's leverage ratio, as defined in the credit agreement. As of December 31, 2015, the periodic interest rate on the revolving credit facility is LIBOR plus 1.250%, with an unused commitment fee of 0.175%.

Net draws of $97.0 million were made on the revolving credit facility to repay the previous facility and for general corporate purposes. As of December 31, 2015, the Company had available borrowings of $101.2 million under the revolving credit facility, net of $1.8 million to secure its outstanding letters of credit.

4.50% Senior Exchangeable Notes issued August 2009

The Company paid $131 million of its 4.50% Senior Exchangeable Notes upon maturity in August 2015.

Joint Venture Debt

As of December 31, 2015, the New Zealand JV had $161 million of long-term variable rate debt maturing in September 2016. The Company will use proceeds from the term loan facility to fund a capital infusion into the New Zealand JV, which the New Zealand JV will in turn use for repayment of all outstanding amounts under its existing credit facility. The entire balance of the New Zealand JV Revolving Credit Facility remained classified as long-term at December 31, 2015 due to the ability and intent of the Company to refinance it on a long-term basis. This debt is subject to interest rate risk resulting from changes in the 90-day New Zealand Bank bill rate ("BKBM"). However, the New Zealand JV uses interest rate swaps to manage its exposure to interest rate movements on its bank loan by swapping a portion of these borrowings from floating rates to fixed rates. The notional amount of the outstanding interest rate swap contracts at December 31, 2015 was $130 million, or 81% of the variable rate debt. The interest rate swap contracts have maturities extending through January 2020. The periodic interest rate on New Zealand JV debt is BKBM plus 0.80% with an additional 0.80% credit line fee. The Company estimates the periodic interest rate on the New Zealand JV debt for the fourth quarter was approximately 6.3% after consideration of interest rate swaps.

During the year ended December 31, 2015, the New Zealand JV made additional borrowings and repayments of $58.6 million on its working capital facility. Additional draws totaling $27.4 million remain available on the working capital facility. In addition, the New Zealand JV paid $1.4 million of its shareholder loan held with the non-controlling interest party. Favorable changes in exchange rates through December 31, 2015 decreased debt on a U.S. dollar basis for the revolving facility and shareholder loan by $23.1 million and $3.3 million, respectively.

See Note 5 — *Debt* for additional information on these agreements and other outstanding debt, as well as for information on covenants that must be met in connection with our mortgage notes, term credit agreement and the revolving credit facility.

Cash Flows

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

	2015	2014	2013
Total cash provided by (used for):			
Operating activities	$177.2	$320.4	$546.8
Investing activities	(166.3)	(196.7)	(470.5)
Financing activities	(116.5)	(161.4)	(157.1)
Effect of exchange rate changes on cash	(4.2)	(0.4)	(0.2)
(Decrease) increase in cash and cash equivalents	($109.8)	($38.1)	($81.0)

Cash Provided by Operating Activities

The decline in cash provided by operating activities in 2015 was primarily attributable to the inclusion of the results of the Performance Fibers business in the prior year period before the June 27, 2014 spin-off and higher working capital requirements.

Cash Used for Investing Activities

Cash used for investing activities in 2015 decreased $30.4 million compared to 2014 primarily due to a $6.4 million and $61.0 million decrease in capital expenditures from continuing and discontinued operations, respectively, a $1.0 million decrease in real estate development investments and lower timberland acquisitions of $32.5 million and an increase of $2.8 million in proceeds from the settlement of the net investment hedge. These benefits were partially offset by the change in restricted cash of $79.1 million.

Cash Used for Financing Activities

Cash used for financing activities in 2015 declined $44.9 million from the prior year. Of the decrease, $31.4 million was due to the net cash disbursed upon spin-off of the Performance Fibers business. Additionally, dividend payments decreased $132.6 million compared to prior year due to the change in the dividend rate from $0.49 per share to $0.25 per share on a post-spin basis and to the third quarter 2014 special dividend payment of $0.50 per common share. These decreases were partially offset by lower net debt issuances of $18.0 million and repurchases of common stock of $100.0 million in 2015.

Restricted Cash

At December 31, 2015, the Company had $23.5 million of proceeds from real estate sales classified as restricted cash in “Other Assets,” which were deposited with a like-kind exchange (“LKE”) intermediary. These funds can be used for acquiring suitable timberland replacement property, or if the LKE purchases are not completed, returned to the Company after 180 days and reclassified as available cash.

Credit Ratings

Both our ability to obtain financing and the related costs of borrowing are affected by our credit ratings, which are periodically reviewed by the rating agencies. As of December 31, 2015, our credit ratings from S&P and Moody’s were “BBB-” and “Baa2,” respectively, with both services listing our outlook as “Stable.”

Strategy

We continuously evaluate our capital structure. Our strategy is to keep our weighted-average cost of capital competitive with other timberland REITs and TIMOs, while maintaining an investment grade debt rating as well as retaining the flexibility to actively pursue capital allocation opportunities as they become available. Overall, we believe we have adequate liquidity and sources of capital to run our businesses efficiently and effectively and to maximize the value of our timberland and real estate assets under management.

Expected 2016 Expenditures

Capital expenditures in 2016 are forecasted to be between $60 million and $65 million, excluding any strategic timberland acquisitions we may make. Capital expenditures are expected to be primarily comprised of seedling planting, fertilization and other silvicultural activities, property taxes, lease payments, allocated overhead and other capitalized costs. Aside from capital expenditures, we may also acquire timberland as we actively evaluate acquisition opportunities. Real estate development investments are expected to be between $10 million and $15 million.

Our 2016 dividend payments are expected to be approximately $123 million assuming no change in the quarterly dividend rate of $0.25 per share or material changes in the number of shares outstanding.

We made no discretionary pension contributions in 2015 or 2014. We have no mandatory pension contributions in 2016 but may make discretionary contributions in the future. On an ongoing basis, cash income tax payments are expected to be minimal. During 2016, we may repatriate approximately $23 million of proceeds received from the sale of our forestry assets to the New Zealand JV when it was formed in 2005. If this occurs, we anticipate that cash payments for income taxes in 2016 will be approximately $1.7 million.

Performance and Liquidity Indicators

The discussion below is presented to enhance the reader's understanding of our operating performance, liquidity, ability to generate cash and satisfy rating agency and creditor requirements. This information includes two measures of financial results: Adjusted Earnings before Interest, Taxes, Depreciation, Depletion and Amortization ("Adjusted EBITDA"), and Cash Available for Distribution ("CAD"). These measures are not defined by Generally Accepted Accounting Principles ("GAAP") and the discussion of Adjusted EBITDA and CAD is not intended to conflict with or change any of the GAAP disclosures described above. Management considers these measures to be important to estimate the enterprise and shareholder values of the Company as a whole and of its core segments, and for allocating capital resources. In addition, analysts, investors and creditors use these measures when analyzing our operating performance, financial condition and cash generating ability. Management uses Adjusted EBITDA as a performance measure and CAD as a liquidity measure. Adjusted EBITDA and CAD as defined may not be comparable to similarly titled measures reported by other companies.

Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and real estate sold, costs related to shareholder litigation, costs related to the spin-off of the Performance Fibers business, discontinued operations, large dispositions, internal review and restatement costs and the gain related to consolidation of the New Zealand joint venture. Below is a reconciliation of Net Income to Adjusted EBITDA for the five years ended December 31 (in millions of dollars):

	2015	2014	2013	2012	2011
Net Income to Adjusted EBITDA Reconciliation					
Net Income	$43.9	$97.8	$373.8	$278.7	$276.0
Interest, net, continuing operations	34.7	49.7	38.5	42.3	45.1
Income tax benefit, continuing operations	(0.9)	(9.6)	(35.7)	(27.1)	(48.3)
Depreciation, depletion and amortization	113.7	120.0	116.9	84.6	76.5
Non-cash cost of land and real estate sold	12.5	13.2	10.2	4.7	4.3
Large dispositions (a)	—	(21.4)	(25.7)	—	(24.6)
Costs related to shareholder litigation (b)	4.1	—	—	—	—
Cost related to spin-off of Performance Fibers	—	3.8	—	—	—
Internal review and restatement costs	—	3.4	—	—	—
Gain related to consolidation of New Zealand JV	—	—	(16.2)	—	—
Net income from discontinued operations	—	(43.4)	(267.9)	(261.8)	(217.7)
Adjusted EBITDA	$208.0	$213.5	$193.9	$121.4	$111.3

(a) Previously reported Adjusted EBITDA for 2014, 2013 and 2011 has been restated to exclude large dispositions. Large Dispositions are defined as transactions involving the sale of timberland that exceed $20 million in size and do not have any identified HBU premium relative to timberland value.

(b) Costs related to shareholder litigation include expenses incurred as a result of the securities litigation, the shareholder derivative demands and the Securities and Exchange Commission investigation. See Note 10 —*Contingencies*.

See Item 6 — *Selected Financial Data* for a reconciliation of Adjusted EBITDA to Operating Income by segment as well as Item 7 — *Results of Operations* for an analysis of changes in Adjusted EBITDA from the prior year.

CAD is a non-GAAP measure of cash generated during a period which is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. We define CAD as Cash Provided by Operating Activities adjusted for capital spending (excluding timberland acquisitions), large dispositions, cash provided by discontinued operations and working capital and other balance sheet changes. In compliance with SEC requirements for non-GAAP measures, we reduce CAD by mandatory debt repayments which results in the measure entitled "Adjusted CAD." Adjusted CAD generated in any period is not necessarily indicative of the amounts that may be generated in future periods.

Below is a reconciliation of Cash Provided by Operating Activities to Adjusted CAD for the five years ended December 31 (in millions):

	2015	2014	2013	2012	2011
Cash provided by operating activities	$177.2	$320.4	$546.8	$447.7	$433.7
Capital expenditures from continuing operations (a)	(57.3)	(63.7)	(63.2)	(50.5)	(44.4)
Large dispositions (b)	—	(21.4)	(79.7)	—	(24.6)
Cash flow from discontinued operations	—	(102.4)	(276.3)	(314.1)	(270.9)
Working capital and other balance sheet changes	(2.5)	(39.5)	(70.0)	(71.1)	(82.7)
CAD	$117.4	$93.4	$57.6	$12.0	$11.1
Mandatory debt repayments	(131.0)	—	(42.0)	(323.0)	(93.0)
Adjusted CAD	($13.6)	$93.4	$15.6	($311.0)	($81.9)
Cash used for investing activities	($166.3)	($196.7)	($470.5)	($474.7)	($490.1)
Cash (used for) provided by financing activities	($116.5)	($161.4)	($157.1)	$229.0	($215.1)

(a) Capital expenditures exclude timberland acquisitions of $98.4 million and $130.9 million during the years ended December 31, 2015 and December 31, 2014, respectively. Capital expenditures also exclude $139.9 million for the purchase of an additional interest in the New Zealand JV and $20.4 million for timberland acquisitions for the year ended December 31, 2013. In 2012, timberland acquisitions totaled $106.5 million.

(b) Previously reported CAD for 2014, 2013 and 2011 has been restated to exclude large dispositions. Large Dispositions are defined as transactions involving the sale of timberland that exceed $20 million in size and do not have any identified HBU premium relative to timberland value

Off-Balance Sheet Arrangements

We utilize off-balance sheet arrangements to provide credit support for certain suppliers and vendors in case of their default on critical obligations, and collateral for certain self-insurance programs that we maintain. These arrangements consist of standby letters of credit and surety bonds. As part of our ongoing operations, we also periodically issue guarantees to third parties. Off-balance sheet arrangements are not considered a source of liquidity or capital resources and do not expose us to material risks or material unfavorable financial impacts. See Note 11 — *Guarantees* for further discussion.

Contractual Financial Obligations

In addition to using cash flow from operations, we finance our operations through the issuance of debt and by entering into leases. These financial obligations are recorded in accordance with accounting rules applicable to the underlying transaction, with the result that some are recorded as liabilities on the Consolidated Balance Sheets, while others are required to be disclosed in the Notes to Consolidated Financial Statements and Management's Discussion and Analysis.

The following table aggregates our contractual financial obligations as of December 31, 2015 and anticipated cash spending by period:

		Payments Due by Period			
Contractual Financial Obligations (in millions)	**Total**	**2016**	**2017-2018**	**2019-2020**	**Thereafter**
Long-term debt (a)	$833.2	$161.0	$42.0	$112.0	$518.2
Interest payments on long-term debt (b)	135.6	23.6	35.4	33.5	43.1
Operating leases — timberland	156.2	9.2	16.2	13.2	117.6
Operating leases — PP&E, offices	6.8	1.9	2.2	1.1	1.6
Purchase obligations — derivatives (c)	40.7	7.1	11.3	7.2	15.1
Purchase obligations — other	0.8	—	0.3	0.5	—
Total contractual cash obligations	$1,173.3	$202.8	$107.4	$167.5	$695.6

(a) Long-term debt is currently recorded at $833.9 million on the Company's Consolidated Balance Sheet, but upon maturity the liability will be $833.2 million.

(b) Projected interest payments for variable-rate debt were calculated based on outstanding principal amounts and interest rates as of December 31, 2015.

(c) Purchase obligations represent payments expected to be made on derivative instruments. See Note 13 —*Derivative Financial Instruments and Hedging Activities.*

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market and Other Economic Risks

We are exposed to various market risks, including changes in interest rates, commodity prices and foreign exchange rates. Our objective is to minimize the economic impact of these market risks. We use derivatives in accordance with policies and procedures approved by the Audit Committee of the Board of Directors. Derivatives are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. We do not enter into financial instruments for trading or speculative purposes.

As of December 31, 2015 we had $282 million of U.S. long-term variable rate debt. Our primary interest rate exposure on variable rate debt results from changes in LIBOR. However, we use interest rate swaps to manage our exposure to interest rate movements on our term credit agreement by swapping existing and anticipated future borrowings from floating rates to fixed rates. The notional amount of outstanding interest rate swap contracts at December 31, 2015 was $350 million. The interest rate swap contracts and term credit agreement mature in August 2024. At this borrowing level, a hypothetical one-percentage point increase/decrease in interest rates would result in a corresponding increase/decrease of approximately $1.1 million in interest payments and expense over a 12-month period.

The fair market value of our long-term fixed interest rate debt is also subject to interest rate risk. The estimated fair value of our long-term fixed-rate debt at December 31, 2015 was $364 million compared to the $367 million principal amount. We use interest rates of debt with similar terms and maturities to estimate the fair value of our debt. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical one-percentage point increase/decrease in prevailing interest rates at December 31, 2015 would result in a corresponding decrease/increase in the fair value of our long-term fixed-rate debt of approximately $19 million.

We estimate the periodic effective interest rate on U.S. long-term fixed and variable rate debt to be approximately 3.3% after consideration of interest rate swaps and estimated patronage refunds, excluding unused commitment fees on the revolving credit facility.

As of December 31, 2015, our New Zealand JV had $161 million of long-term variable rate debt. This debt is subject to interest rate risk resulting from changes in the 90 day New Zealand Bank bill rate (“BKBM”). However, the New Zealand JV uses interest rate swaps to manage its exposure to interest rate movements on its bank loan by swapping a portion of these borrowings from floating rates to fixed rates. The notional amount of the outstanding interest rate swap contracts at December 31, 2015 was $130 million, or 81% of the New Zealand JV’s variable rate debt. The interest rate swap contracts have maturities extending through January 2020. The periodic interest rate on New Zealand JV debt is BKBM plus 80 basis points with an additional 80 basis point credit line fee. We estimate the periodic effective interest rate on New Zealand JV debt to be approximately 6.3% after consideration of interest rate swaps.

The functional currency of the Company’s New Zealand-based operations and New Zealand JV is the New Zealand dollar. Through these operations and our ownership in the New Zealand JV, we are exposed to foreign currency risk on cash held in foreign currencies and on foreign export sales and ocean freight payments that are predominantly denominated in U.S. dollars. To mitigate these risks, the New Zealand JV routinely enters into foreign currency exchange contracts and foreign currency option contracts to hedge a portion of the New Zealand JV’s foreign exchange exposure. At December 31, 2015, the New Zealand JV had foreign currency exchange contracts with a notional amount of $21 million and foreign currency option contracts with a notional amount of $107 million outstanding. The amount hedged represents 46% of forecast U.S. dollar denominated harvesting sales proceeds over the next 18 months and 40% of log trading sales proceeds over the next 3 months.

In August 2015, we entered into foreign currency option contracts with a notional amount of $331 million. These contracts are designated as net investment hedges of our New Zealand based-operations to mitigate our risk to fluctuations in foreign currency exchange rates. For additional information regarding our derivative balances and activity, see Note 13 — *Derivative Financial Instruments and Hedging Activities*.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To Our Shareholders:

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

Because of the inherent limitations of internal control over financial reporting, misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Rayonier Inc.'s management, under the supervision of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, we used the framework included in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on our evaluation under the criteria set forth in *Internal Control — Integrated Framework*, management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements, has issued an attestation report on the Company's internal control over financial reporting as of December 31, 2015. The report on the Company's internal control over financial reporting as of December 31, 2015, is on page 53.

RAYONIER INC.

By: /s/ DAVID L. NUNES

David L. Nunes
President and Chief Executive Officer
(Principal Executive Officer)
February 29, 2016

By: /s/ MARK MCHUGH

Mark McHugh
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
February 29, 2016

By: /s/ H. EDWIN KIKER

H. Edwin Kiker
Chief Accounting Officer
(Principal Accounting Officer)
February 29, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Rayonier Inc.

We have audited the accompanying consolidated balance sheets of Rayonier Inc. and Subsidiaries (the “Company”) as of December 31, 2015 and 2014, and the related consolidated statements of income and comprehensive income, shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audit also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rayonier Inc. and Subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Rayonier Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Certified Public Accountants

Jacksonville, Florida
February 29, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Rayonier Inc.

We have audited Rayonier Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission "(2013 framework)" (the COSO criteria). Rayonier Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Rayonier Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Rayonier Inc. and Subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015 of Rayonier Inc. and Subsidiaries and our report dated February 29, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Certified Public Accountants

Jacksonville, Florida
February 29, 2016

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Years Ended December 31,
(Thousands of dollars, except per share data)

	2015	2014	2013
SALES	$544,874	$603,521	$659,718
Costs and Expenses			
Cost of sales	441,099	483,860	530,772
Selling and general expenses	45,750	47,883	55,433
Other operating income, net (Note 17)	(19,759)	(26,511)	(18,487)
	467,090	505,232	567,718
Equity in income of New Zealand joint venture	—	—	562
OPERATING INCOME BEFORE GAIN RELATED TO CONSOLIDATION OF NEW ZEALAND JOINT VENTURE	77,784	98,289	92,562
Gain related to consolidation of New Zealand joint venture (Note 7)	—	—	16,098
OPERATING INCOME	77,784	98,289	108,660
Interest expense	(31,699)	(44,248)	(40,941)
Interest and miscellaneous (expense) income, net	(3,003)	(9,199)	2,439
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	43,082	44,842	70,158
Income tax benefit	859	9,601	35,685
INCOME FROM CONTINUING OPERATIONS	43,941	54,443	105,843
DISCONTINUED OPERATIONS, NET (Note 21)			
Income from discontinued operations, net of income tax expense of $0, $20,578 and $106,397	—	43,403	267,955
NET INCOME	43,941	97,846	373,798
Less: Net (loss) income attributable to noncontrolling interest	(2,224)	(1,491)	1,902
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	46,165	99,337	371,896
OTHER COMPREHENSIVE (LOSS) INCOME			
Foreign currency translation adjustment, net of income tax expense (benefit) of $1,066, ($78) and $0	(32,451)	(15,847)	(5,710)
Cash flow hedges, net of income tax (expense) benefit of ($91), $861 and ($248)	(9,961)	(1,855)	3,629
Actuarial change and amortization of pension and postretirement plan liabilities, net of income tax effect of $470, $35,852 and $27,786	2,933	54,046	61,869
	(39,479)	36,344	59,788
COMPREHENSIVE INCOME	4,462	134,190	433,586
Less: Comprehensive loss attributable to noncontrolling interest	(13,027)	(6,462)	(1,550)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	$17,489	$140,652	$435,136
EARNINGS PER COMMON SHARE			
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO RAYONIER INC.			
Continuing Operations	$0.37	$0.44	$0.83
Discontinued Operations	—	0.34	2.13
Net Income	$0.37	$0.78	$2.96
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO RAYONIER INC.			
Continuing Operations	$0.37	$0.43	$0.80
Discontinued Operations	—	0.33	2.06
Net Income	$0.37	$0.76	$2.86

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31,
(Thousands of dollars)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$51,777	$161,558
Accounts receivable, less allowance for doubtful accounts of $42 and $42	20,222	24,018
Inventory (Note 18)	15,351	8,383
Prepaid logging roads	10,563	12,665
Prepaid expenses	2,091	5,049
Other current assets	5,681	2,031
Total current assets	105,685	213,704
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	2,066,780	2,088,501
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS (NOTE 6)	65,450	77,433
PROPERTY, PLANT AND EQUIPMENT		
Land	1,833	1,833
Buildings	9,014	8,961
Machinery and equipment	3,686	3,503
Construction in progress	1,282	579
Total property, plant and equipment, gross	15,815	14,876
Less—accumulated depreciation	(9,073)	(8,170)
Total property, plant and equipment, net	6,742	6,706
OTHER ASSETS (Note 19)	74,606	66,771
TOTAL ASSETS	$2,319,263	$2,453,115
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$21,479	$20,211
Current maturities of long-term debt	—	129,706
Accrued taxes	3,685	11,405
Accrued payroll and benefits	7,037	6,390
Accrued interest	6,153	8,433
Other current liabilities	21,103	25,857
Total current liabilities	59,457	202,002
LONG-TERM DEBT (Note 5)	833,879	621,849
PENSION AND OTHER POSTRETIREMENT BENEFITS (Note 15)	34,137	33,477
OTHER NON-CURRENT LIABILITIES	30,050	20,636
COMMITMENTS AND CONTINGENCIES (Notes 8 and 10)		
SHAREHOLDERS' EQUITY		
Common Shares, 480,000,000 shares authorized, 122,770,217 and 126,773,097 shares issued and outstanding	708,827	702,598
Retained earnings	612,760	790,697
Accumulated other comprehensive loss	(33,503)	(4,825)
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,288,084	1,488,470
Noncontrolling interest	73,656	86,681
TOTAL SHAREHOLDERS' EQUITY	1,361,740	1,575,151
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,319,263	$2,453,115

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Thousands of dollars, except share data)

	Common Shares					
	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interest	Shareholders' Equity
Balance, December 31, 2012	123,332,444	$670,749	$876,634	($109,379)	—	$1,438,004
Net income	—	—	371,896	—	1,902	373,798
Dividends ($1.86 per share)	—	—	(233,321)	—	—	(233,321)
Issuance of shares under incentive stock plans	1,001,426	10,101	—	—	—	10,101
Stock-based compensation	—	11,710	—	—	—	11,710
Excess tax benefit on stock-based compensation	—	8,413	—	—	—	8,413
Repurchase of common shares	(211,221)	(11,326)	—	—	—	(11,326)
Equity portion of convertible debt (Note 5)	—	2,453	—	—	—	2,453
Settlement of warrants (Note 5)	2,135,221	—	—	—	—	—
Actuarial change and amortization of pension and postretirement plan liabilities	—	—	—	61,869	—	61,869
Acquisition of noncontrolling interest	—	—	—	—	96,336	96,336
Noncontrolling interest redemption of shares	—	—	—	—	(713)	(713)
Foreign currency translation adjustment	—	—	—	(1,915)	(3,795)	(5,710)
Joint venture cash flow hedges	—	—	—	3,286	343	3,629
Balance, December 31, 2013	126,257,870	$692,100	$1,015,209	($46,139)	$94,073	$1,755,243
Net income	—	—	99,337	—	(1,491)	97,846
Dividends ($2.03 per share)	—	—	(256,861)	—	—	(256,861)
Contribution to Rayonier Advanced Materials	—	(301)	(61,318)	80,749	—	19,130
Adjustments to Rayonier Advanced Materials	—	—	(5,670)	(2,556)	—	(8,226)
Issuance of shares under incentive stock plans	561,701	5,579	—	—	—	5,579
Stock-based compensation	—	7,869	—	—	—	7,869
Tax deficiency on stock-based compensation	—	(791)	—	—	—	(791)
Repurchase of common shares	(46,474)	(1,858)	—	—	—	(1,858)
Actuarial change and amortization of pension and postretirement plan liabilities	—	—	—	(24,147)	—	(24,147)
Noncontrolling interest redemption of shares	—	—	—	—	(931)	(931)
Foreign currency translation adjustment	—	—	—	(11,526)	(4,321)	(15,847)
Joint venture cash flow hedges	—	—	—	(1,206)	(649)	(1,855)
Balance, December 31, 2014	126,773,097	$702,598	$790,697	($4,825)	$86,681	$1,575,151
Net income	—	—	46,165	—	(2,224)	43,941
Dividends ($1.00 per share)	—	—	(124,943)	—	—	(124,943)
Issuance of shares under incentive stock plans	205,219	2,117	—	—	—	2,117
Stock-based compensation	—	4,484	—	—	—	4,484
Tax deficiency on stock-based compensation	—	(250)	—	—	—	(250)
Repurchase of common shares	(4,208,099)	(122)	(100,000)	—	—	(100,122)
Actuarial change and amortization of pension and postretirement plan liabilities	—	—	—	2,933	—	2,933
Adjustments to Rayonier Advanced Materials	—	—	841	—	—	841
Foreign currency translation adjustment	—	—	—	(21,567)	(10,884)	(32,451)
Cash flow hedges	—	—	—	(10,044)	83	(9,961)
Balance, December 31, 2015	122,770,217	$708,827	$612,760	($33,503)	$73,656	$1,361,740

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31,
(Thousands of dollars)

	2015	2014	2013
OPERATING ACTIVITIES			
Net income	$43,941	$97,846	$373,798
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation, depletion and amortization	113,708	119,980	116,854
Non-cash cost of land and real estate sold	12,509	13,264	10,212
Non-cash cost of New York timberland sale	—	—	53,990
Stock-based incentive compensation expense	4,484	7,869	11,683
Amortization of debt discount/premium	604	1,092	1,215
Deferred income taxes	(1,475)	1,828	5,857
Tax benefit of AFMC for CBPC exchange	—	—	(18,761)
Non-cash adjustments to unrecognized tax benefit liability	135	(6,597)	3,967
Depreciation and amortization from discontinued operations	—	37,985	74,940
Amortization of losses from pension and postretirement plans	3,403	7,276	22,029
Gain on sale of discontinued operations, net	—	—	(42,121)
Gain related to consolidation of New Zealand joint venture	—	—	(16,098)
Loss on early redemption of exchangeable notes	—	—	3,974
Other	350	3,307	(6,082)
Changes in operating assets and liabilities:			
Receivables	2,034	4,300	11,100
Inventories	(9,749)	3,926	(19,986)
Accounts payable	1,863	29,929	(1,655)
Income tax receivable/payable	(894)	838	47,232
All other operating activities	6,251	2,669	(6,474)
Payment to exchange AFMC for CBPC	—	—	(70,311)
Expenditures for dispositions and discontinued operations	—	(5,096)	(8,570)
CASH PROVIDED BY OPERATING ACTIVITIES	177,164	320,416	546,793
INVESTING ACTIVITIES			
Capital expenditures	(57,293)	(63,713)	(63,203)
Capital expenditures from discontinued operations	—	(60,955)	(103,092)
Real estate development investments	(2,676)	(3,674)	(1,292)
Purchase of additional interest in New Zealand joint venture	—	—	(139,879)
Purchase of timberlands	(98,409)	(130,896)	(20,401)
Proceeds from settlement of foreign currency hedge	2,804	—	1,701
Jesup mill cellulose specialties expansion	—	—	(148,262)
Proceeds from disposition of Wood Products business	—	—	62,720
Change in restricted cash	(16,836)	62,256	(58,385)
Other	6,101	306	(447)
CASH USED FOR INVESTING ACTIVITIES	(166,309)	(196,676)	(470,540)
FINANCING ACTIVITIES			
Issuance of debt	472,558	1,426,464	622,885
Repayment of debt	(364,402)	(1,289,637)	(549,485)
Dividends paid	(124,936)	(257,517)	(237,016)
Proceeds from the issuance of common shares	2,117	5,579	10,101
Excess tax benefits on stock-based compensation	—	—	8,413
Proceeds from repurchase of common shares	(100,000)	(1,858)	(11,326)
Debt issuance costs	(1,678)	(12,380)	—
Net cash disbursed upon spin-off of Performance Fibers business	—	(31,420)	—
Other	(122)	(680)	(713)
CASH USED FOR FINANCING ACTIVITIES	(116,463)	(161,449)	(157,141)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(4,173)	(377)	(64)
CASH AND CASH EQUIVALENTS			
Change in cash and cash equivalents	(109,781)	(38,086)	(80,952)
Balance, beginning of year	161,558	199,644	280,596
Balance, end of year	$51,777	$161,558	$199,644

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31,
(Thousands of dollars)

	2015	2014	2013
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year:			
Interest	$33,011	$47,640	$44,156
Income taxes	277	8,789	99,120
Non-cash investing activity:			
Capital assets purchased on account	3,429	2,444	15,522
Purchase of timberlands	700	—	—
Non-cash financing activity:			
Shareholder debt assumed in acquisition of New Zealand joint venture	—	—	125,532
Conversion of shareholder debt to equity noncontrolling interest	—	—	(95,961)
Partial conversion of Senior Exchangeable Notes to equity	—	—	2,453

See Notes to Consolidated Financial Statements.

1. NATURE OF BUSINESS OPERATIONS

Rayonier Inc., a North Carolina corporation, including its consolidated subsidiaries ("Rayonier" or "the Company"), is a leading timberland real estate investment trust ("REIT") with assets located in some of the most productive softwood timber growing regions in the U.S. and New Zealand and its shares have a $0.00 par value. The Company owns or leases approximately 2.7 million acres of timberland, located in the United States and New Zealand. Included in this property is approximately 0.2 million acres of timberlands located primarily along the coastal region from Savannah, Georgia to Daytona Beach, Florida, some of which has long-term potential for real estate development. The Company also engages in the trading of logs, primarily to support the Company's New Zealand export operations.

Rayonier operates in five reportable business segments: Southern Timber, Pacific Northwest Timber, New Zealand Timber, Real Estate and Trading. See Note 4 — *Segment and Geographical Information* for further discussion of its reportable business segments and Note 21 — *Discontinued Operations* for additional information on the sale of the Wood Products business and the spin-off of the Performance Fibers business.

The Company is a REIT and is generally not required to pay federal income taxes on its U.S. timber harvest earnings and other U.S. REIT operations contingent upon meeting applicable distribution, income, asset, shareholder and other tests. The U.S. timber operations are primarily conducted by the Company's wholly-owned REIT subsidiaries. Non-REIT qualifying and certain foreign operations, which are subject to corporate-level tax on earnings, are operated by taxable subsidiaries. These operations include the Real Estate segment's entitlement activities, limited development activities and sale of higher and better use ("HBU") properties as well as the log trading business. The Company's consolidated joint venture, Matariki Forestry Group ("New Zealand JV"), is subject to entity-level tax in New Zealand.

Southern, Pacific Northwest and New Zealand Timber

The Company's Timber segments own or lease approximately 2.7 million acres of timberlands located in the U.S. and New Zealand. The Timber segments conduct timber harvesting activities, manage timberlands and sell timber and logs to third parties. On April 4, 2013, the Company acquired an additional 39% interest in the New Zealand JV, which currently owns or leases approximately 439,000 gross acres (299,000 net plantable acres) of New Zealand timberlands. The acquisition of additional interest brought the Company's ownership to 65%. As a result, the New Zealand JV's results of operations have been consolidated and included within the New Zealand Timber segment since the date Rayonier acquired control. Rayonier's wholly-owned subsidiary, Rayonier New Zealand Limited ("RNZ") serves as the manager of the New Zealand JV forests. See Note 7 — *Joint Venture Investment.*

During 2015, the Company acquired approximately 35,000 acres of timberlands in Florida, Georgia, Louisiana, Mississippi and Oregon for $88.5 million. The Company also acquired forestry rights covering approximately 1,800 acres of timberland with mature timber in New Zealand for $9.9 million. During 2014, the Company acquired approximately 62,000 acres of timberlands in the U.S. and approximately 500 acres in New Zealand. See Note 3 — *Timberland Acquisitions* for additional information.

Real Estate

The vast majority of the Company's HBU properties are managed as timberland and generate cash flow from timber operations prior to their sale or, in the case of Improved Development properties, prior to improvement. All of the Company's U.S. land sales, including HBU and non-HBU, are reported in the Real Estate segment. Rayonier employs a detailed land classification process for all of its timberland and HBU acres.

Trading

The Company's trading business comprises log trading in New Zealand conducted by the New Zealand JV in two core areas of business: managed export services on behalf of third parties and procured logs for export sale by the New Zealand JV. The Trading segment complements the New Zealand Timber segment by adding scale and achieving cost savings that directly benefit the New Zealand Timber segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These statements include the accounts of Rayonier Inc. and its subsidiaries, in which it has a majority ownership or controlling interest. As of April 2013, the Company held a controlling interest (65%) in its New Zealand JV, and, as such, consolidates its results of operations and Balance Sheet. The Company also records a noncontrolling interest in its consolidated financial statements representing the minority ownership interest (35%) of the New Zealand JV's results of operations and equity. All intercompany balances and transactions are eliminated.

Use of Estimates

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 and to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. There are risks inherent in estimating and therefore actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits with original maturities of three months or less. The consolidated cash balance includes time deposits of $23.4 million and $0 million at December 31, 2015 and December 31, 2014, respectively.

Accounts Receivable

Accounts receivable are primarily amounts due to the Company for the sale of timber and are presented net of an allowance for doubtful accounts.

Inventory

HBU real estate properties that are expected to be sold within one year are included in inventory at lower of cost or market value. HBU properties that are expected to be sold after one year are included in a separate balance sheet line, entitled "Higher and Better Use Timberlands and Real Estate Development Investments." See below for additional information.

Inventory also includes logs available to be sold by the Trading segment. Log inventory is recorded at the lower of cost or market and expensed to cost of goods sold when sold to third-party buyers.

Prepaid Logging Roads

Costs for roads in the Pacific Northwest built to access particular tracts to be harvested in the upcoming 24 months are recorded as prepaid logging roads. The Company charges such costs to expense as timber is harvested using an amortization rate determined annually as the total cost of prepaid roads divided by the estimated tons of timber to be accessed by those roads. The prepaid balance is classified as short-term or long-term based on the upcoming harvest schedule.

Timber and Timberlands

Timber is stated at the lower of cost or market value. Costs relating to acquiring, planting and growing timber including real estate taxes, site preparation and direct support costs relating to facilities, vehicles and supplies are capitalized. Annual lease payments are also capitalized if the remaining lease term is greater than five years. Lease payments made within five years of expiration are expensed as incurred. Payroll costs are capitalized for time spent on timber growing activities, while interest or any other intangible costs are not capitalized. An annual depletion rate is established for each particular region by dividing merchantable inventory cost by standing merchantable inventory volume, which is estimated annually. The Company charges accumulated costs attributed to merchantable timber to depletion expense (cost of sales), at the time the timber is harvested or when the underlying timberland is sold based on the relationship of timber sold to the estimated volume of currently merchantable timber.

Upon the acquisition of timberland, the Company makes a determination on whether to combine the newly acquired merchantable timber with an existing depletion pool or to create a new, separate pool. This determination is based on the geographic location of the new timber, the customers/markets that will be served and the species mix. If the acquisition is similar, the cost of the acquired timber is combined into an existing depletion pool and a new depletion rate is calculated for the pool. This determination and depletion rate adjustment normally occurs in the quarter following the acquisition.

Higher and Better Use Timberlands and Real Estate Development Investments

HBU timberland is recorded at the lower of cost or market value. These properties are managed as timberlands until sold or developed with sales and depletion expense related to the harvesting of timber accounted for within the respective timber segment. At the time of sale, the cost basis of any unharvested timber is recorded as depletion expense, a component of cost of goods sold, within the Real Estate segment.

Real estate development investments include capitalized costs for targeted infrastructure improvements, such as roadways and utilities. HBU timberland and real estate development investments expected to be sold within twelve months are recorded as inventory. See Note 6 — *Higher and Better Use Timberlands and Real Estate Development Investments* for additional information.

Property, Plant, Equipment and Depreciation

Property, plant and equipment additions are recorded at cost, including applicable freight, interest, construction and installation costs. The Company depreciates its assets, including office and transportation equipment, using the straight-line depreciation method over 3 to 25 years. Buildings and land improvements are depreciated using the straight-line method over 15 to 35 years and 5 to 30 years, respectively.

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

Fair Value Measurements

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

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

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

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

Goodwill

Goodwill represents the excess of the acquisition cost of the New Zealand Timber segment over the fair value of the net assets acquired. Goodwill is not amortized, but is periodically reviewed for impairment. An impairment test for this reporting unit’s goodwill is performed annually and whenever events or circumstances indicate that the value of goodwill may be impaired. In performing Step 1 (recoverability test) of the impairment test as outlined in Accounting Standards Codification (“ASC”) 360-10-35, *Impairment or Disposal of Long-Lived Assets,* the Company compares the fair value of the New Zealand Timber segment to its carrying value including goodwill. If the carrying value including goodwill were to exceed the fair value of the New Zealand Timber segment, Step 2 of the test would be performed. Step 2 of the impairment test requires the carrying value of goodwill to be reduced to its fair value, if lower, as of the test date.

For Step 1 of the test, the Company estimates the reporting unit's fair value using an independent valuation for the New Zealand forest assets. The independent valuation of the New Zealand forest assets is based on discounted cash flow models where the fair value is calculated using cash flows from sustainable forest management plans. The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational, and market restrictions. These cash flow valuations involve a number of estimates that require broad assumptions and significant judgment regarding future performance. The annual impairment test was performed as of October 1, 2015; the estimated fair value of the New Zealand Timber segment exceeded its carrying value and no impairment was recorded.

Foreign Currency Translation

The functional currency of the Company's New Zealand-based operations is the New Zealand dollar. All assets and liabilities are translated into U.S. dollars at the exchange rate in effect at the respective balance sheet dates. Translation gains and losses are recorded as a separate component of Accumulated Other Comprehensive Income/(Loss), ("AOCI"), within Shareholders' Equity.

U.S. denominated transactions of the New Zealand JV are translated into New Zealand dollars at the exchange rate in effect on the date of the transaction and recognized in earnings, net of related cash flow hedges. All income statement items of the New Zealand JV are translated into U.S. dollars for reporting purposes using monthly average exchange rates with translation gains and losses being recorded as a separate component of AOCI, within Shareholders' Equity.

Revenue Recognition

The Company generally recognizes revenues when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred or services rendered, (iii) the Company's price to the buyer is fixed and determinable, and (iv) collectibility is reasonably assured.

Timber Sales

Revenue from the sale of timber is recognized when title passes to the buyer. The Company utilizes two primary methods or sales channels for the sale of timber, a stumpage or standing timber model and delivered logs. Under the stumpage model, standing timber is sold primarily under pay-as-cut contracts, with specified duration (typically one year or less) and fixed prices, whereby revenue is recognized as timber is severed and the sales volume is determined. The Company also sells stumpage under lump-sum contracts for specified parcels where the Company receives cash for the full agreed value of the timber prior to harvest and title and risk of loss pass to the buyer upon signing the contract. The Company retains interest in the land, slash products, and the use of the land for recreational and other purposes. Any uncut timber remaining at the end of the contract period reverts to the Company. Revenue is recognized for lump-sum timber sales when payment is received, the contract is signed and title and risk of loss pass to the buyer. A third type of stumpage sale the Company utilizes is an agreed-volume sale, whereby revenue is recognized as periodic physical observations are made of the percentage of acreage harvested.

In delivered log sales, the Company hires third-party loggers and haulers to harvest timber and deliver it to a buyer. Revenue is recognized when the logs are delivered and title and risk of loss transfer to the buyer. Sales of delivered logs generally do not require an initial payment and are made to third-party customers on open credit terms. The sales method the Company employs for a given tract of timber depends upon local market conditions and which method is expected to provide the best overall margin.

Non-timber income included in "Other Operating Income, Net" is primarily comprised of hunting and recreational leases. Lease income is recognized ratably over the period of the lease.

Log Trading

Domestic log trading revenue for sales within New Zealand is recorded when the goods are received by the customer and title passes. Export log trading revenue is recorded when the ship leaves the port, at which time title passes to the customer.

Real Estate

The Company recognizes revenue on sales of real estate when the sale is consummated, generally when payment is received and title and risk of loss have passed to the buyer. Cost of sales associated with real estate sold comprises the cost of the land, the cost of any timber on the property that was conveyed to the buyer, and any closing costs including sales commissions that may be borne by the Company. Costs incurred to obtain land use entitlements or for infrastructure such as utilities, roads or other improvements are charged to cost of sales for a project as a percentage of revenue earned to total anticipated revenue and costs for each project.

Employee Benefit Plans

The determination of expense and funding requirements for Rayonier's defined benefit pension plan, its unfunded excess pension plan and its postretirement life insurance plan are largely based on a number of actuarial assumptions. The key assumptions include discount rate, return on assets, salary increases, mortality rates, longevity and service lives of employees. See Note 15 — *Employee Benefit Plans* for assumptions used to determine benefit obligations, and the net periodic benefit cost for the year ended December 31, 2015.

Periodic pension and other postretirement expense is included in “Cost of sales,” “Selling and general expenses” and “Income from discontinued operations, net” in the Consolidated Statements of Income and Comprehensive Income. At December 31, 2015 and 2014, the Company’s pension plans were in a net liability position (underfunded) of $33.0 million and $31.8 million, respectively. The estimated amount to be paid in the next 12 months is recorded in “Accrued payroll and benefits” on the Consolidated Balance Sheets, with the remainder recorded as a long-term liability in “Pension and Other Postretirement Benefits.” Changes in the funded status of the Company’s plans are recorded through comprehensive income (loss) in the year in which the changes occur. The Company measures plan assets and benefit obligations as of the fiscal year-end. See Note 15 — *Employee Benefit Plans* for additional information.

Income Taxes

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

In determining the provision for income taxes, the Company computes an annual effective income tax rate based on annual income by legal entity, permanent differences between book and tax, and statutory income tax rates by jurisdiction. Inherent in the effective tax rate is an assessment of the ultimate outcome of current period uncertain tax positions. The Company adjusts its annual effective tax rate as additional information on outcomes or events becomes available. Discrete items such as taxing authority examination findings or legislative changes are recognized in the period in which they occur.

The Company’s income tax returns are subject to audit by U.S. federal, state and foreign taxing authorities. In evaluating the tax benefits associated with various tax filing positions, the Company records a tax benefit for an uncertain tax position if it is more-likely-than-not to be realized upon ultimate settlement of the issue. The Company records a liability for an uncertain tax position that does not meet this criterion. The Company adjusts its liabilities for uncertain tax benefits in the period in which it is determined the issue is settled with the taxing authorities, the statute of limitations expires for the relevant taxing authority to examine the tax position or when new facts or information becomes available. Liabilities for unrecognized tax benefits are included in “Other Non-Current Liabilities” in the Company’s Consolidated Balance Sheets. See Note 9 — *Income Taxes* for additional information.

Reclassifications

Certain 2014 and 2013 amounts have been reclassified to conform with the current year presentation, including the Consolidated Balance Sheet and Consolidated Statement of Cash Flows to better reflect the intended use of the assets and funds. These reclassifications did not affect revenue, total costs and expenses, operating income, or net income.

The following summarizes reclassifications at December 31, 2015:

- Seeds and seedlings have been reclassified on the Consolidated Balance Sheet from “Inventory” and “Other Assets” to “Timber and Timberlands, Net” to better reflect the intended use of the assets. As of December 31, 2015 and 2014, seeds and seedlings were $5.5 million and $4.8 million, respectively.

- HBU timberlands and real estate development investments have been reclassified on the Consolidated Balance Sheet from “Other Assets” to a separate balance sheet caption. As of December 31, 2015 and 2014, the cost of Rayonier’s HBU real estate not expected to be sold within the next 12 months was $65.4 million and $77.4 million, respectively.
- Consistent with the reclassification of HBU timberland and real estate development investments from “Other Assets” to a separate balance sheet caption, real estate development investments have been reclassified on the Consolidated Statement of Cash Flows from “Cash Provided by Operating Activities” to “Cash Used for Investing Activities.” For the years ended December 31, 2015 and 2014, real estate development investments were $2.7 million and $3.7 million, respectively.
- Silvicultural expenditures on Rayonier’s HBU real estate have been reclassified on the Consolidated Statement of “Cash Flows from Cash Provided by Operating Activities” to “Cash Used for Investing Activities.” For the years ended December 31, 2015 and 2014, silvicultural expenditures on Rayonier’s HBU property were $0.3 million and $0.2 million, respectively.

New or Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board ("IASB") jointly issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, a comprehensive new revenue recognition standard that will supersede current revenue recognition guidance. The guidance provides a unified model to determine when and how revenue is recognized and will require enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date*. ASU No. 2015-14 provides a one-year deferral of the effective date of the new standard, with an option for organizations to adopt early based on the original effective date. This standard will be effective for Rayonier beginning January 1, 2018 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the impact of adopting this new guidance on the consolidated financial statements and has completed a preliminary analysis of the specific impacts to our New Zealand Timber segment.

In April 2015, the FASB issued ASU No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs.* ASU No. 2015-03 requires that debt issuance costs be presented in the Balance Sheet as a direct reduction from the carrying amount of the debt liability. ASU No. 2015-03 is effective for annual reporting periods beginning after December 31, 2015, including interim periods within that reporting period, and is required to be applied on a retrospective basis. Early adoption is permitted. In August 2015, the FASB issued ASU No. 2015-15 which clarified and amended the guidance so that debt issuance costs related to a line-of-credit arrangement can continue to be deferred and presented as an asset on the balance sheet, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. Rayonier intends to adopt ASU No. 2015-03 in the Company's first quarter 2016 Form 10-Q and as required will present debt issuance costs as a deduction of the carrying amount of debt while presenting debt issuance costs related to the Company's revolving credit facility as an asset with subsequent amortization over the life of the facility. As of December 31, 2015, the Company had approximately $3.3 million and $0.6 million of capitalized debt costs related to its outstanding non-revolving debt and revolving credit facilities, respectively.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. ASU No. 2015-07 requires that investments for which the fair value is measured at NAV using the practical expedient (investments in funds measured at NAV) under "Fair Value Measurements and Disclosures" (Topic 820) be excluded from the fair value hierarchy. ASU No. 2015-07 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. ASU No. 2015-07 is required to be applied retrospectively to all periods presented beginning in the period of adoption. Early adoption is permitted. Rayonier intends to adopt ASU No. 2015-07 in the Company's first quarter 2016 Form 10-Q filing, which will not have a material impact on the consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740) – Balance Sheet Classification of Deferred Taxes.* ASU No. 2015-17 requires deferred tax assets and liabilities to be classified as noncurrent in a classified balance sheet. ASU No. 2015-17 is effective for annual periods beginning after December 15, 2016, and interim periods within that reporting period. Early adoption is permitted. Rayonier adopted ASU No. 2015-17 in its Consolidated Balance Sheet as of December 31, 2015 in this annual report on Form 10-K. The Consolidated Balance Sheet as of December 31, 2014 was not retrospectively adjusted. See Note 9 — *Income Taxes* for additional information.

Subsequent Events

The Company has evaluated events occurring from December 31, 2015 to the date of issuance for potential recognition or disclosure in the consolidated financial statements.

Share Repurchase

On February 10, 2016, the Board of Directors approved the repurchase of an additional $100 million of Rayonier's common shares (the "share repurchase program"). The program has no time limit and may be suspended or discontinued at any time.

(Dollar amounts in thousands unless otherwise stated)

3. TIMBERLAND ACQUISITIONS

In eight separate transactions throughout 2015, Rayonier purchased approximately 35,000 acres of timberland located in Florida, Georgia, Louisiana, Mississippi and Oregon, for approximately $88.5 million. These acquisitions were funded with cash on hand, like-kind exchange proceeds from real estate and timberland sales, or through the revolving credit facility and were accounted for as asset purchases. Additionally, in one transaction during 2015, the Company acquired forestry rights covering approximately 1,800 acres of timberland with mature timber in New Zealand for approximately $9.9 million. This acquisition was funded with cash on hand.

In 12 separate transactions throughout 2014, Rayonier purchased approximately 62,000 acres of timberland located in Alabama, Florida, Georgia, Texas and Washington, for approximately $130 million. These acquisitions were funded with cash on hand, like-kind exchange proceeds from real estate and timberland sales, or through the revolving credit facility and were accounted for as asset purchases. Additionally, in one transaction during 2014, approximately 500 acres were purchased in New Zealand for approximately $0.9 million. This acquisition was funded with cash on hand.

The following table summarizes the timberland acquisitions at December 31, 2015 and 2014:

	2015		2014	
	Cost	Acres	Cost	Acres
Alabama	—	—	$41,453	18,113
Florida	5,031	3,428	22,157	15,774
Georgia	1,495	1,443	46,525	16,573
Louisiana	47,840	24,494	—	—
Mississippi	42	40	—	—
Oregon	34,052	5,578	—	—
Texas	—	—	17,960	10,900
Washington	—	—	1,878	438
New Zealand (a)	9,949	1,767	923	546
Total Acquisitions	$98,409	36,750	$130,896	62,344

(a) The 2015 New Zealand transaction represents the purchase of a forestry right.

4. SEGMENT AND GEOGRAPHICAL INFORMATION

Rayonier operates in five reportable segments: Southern Timber, Pacific Northwest Timber, New Zealand Timber, Real Estate and Trading.

The Company’s timber businesses are disaggregated into Southern Timber, Pacific Northwest Timber and New Zealand Timber segments. Sales in the Timber segments include all activities related to the harvesting of timber and other non-timber income activities such as the leasing of properties for hunting, mineral extraction and cell towers.

Real Estate sales include all U.S. property sales, including those lands designated as higher and better use (HBU). The Company’s Real Estate sales categories include Improved Development, Unimproved Development, Rural and Non-Strategic / Timberlands. In the fourth quarter of 2015, the Company added a fifth sales category entitled “Large Dispositions.” This category includes sales of timberland that exceed $20 million in size and do not have any identified HBU premium relative to timberland value. Previously, these sales were reported as Non-Strategic / Timberlands. All prior period amounts have been presented to reflect the newly realigned sales categories.

Improved development includes sales of development property for which Rayonier, through one of its taxable REIT subsidiaries, has invested in infrastructure to enhance the value and marketability of the property. The unimproved development sales category comprises properties sold for commercial, industrial or residential development purposes and for which Rayonier has not invested in improvements such as utilities or roads.

(Dollar amounts in thousands unless otherwise stated)

The Trading segment comprises log trading in New Zealand, conducted by the Company's New Zealand JV in two core areas of business, managed export services on behalf of third parties and procured logs for export sale by the New Zealand JV. The Trading segment complements the New Zealand Timber segment by adding scale and achieving cost savings that directly benefit the New Zealand Timber segment, and by contributing to income with minimal investment.

Sales between operating segments are made based on estimated fair market value, and intercompany sales, purchases and profits (losses) are eliminated in consolidation. The Company evaluates financial performance based on segment operating income and Adjusted EBITDA. Asset information is not reported by segment, as the company does not produce asset information by segment internally.

Operating income as presented in the Consolidated Statements of Income and Comprehensive Income is equal to segment income. Certain income (loss) items in the Consolidated Statements of Income and Comprehensive Income are not allocated to segments. These items, which include gains (losses) from certain asset dispositions, interest income (expense), miscellaneous income (expense) and income tax (expense) benefit, are not considered by management to be part of segment operations and are included under "Corporate and other."

Segment information for each of the three years ended December 31, 2015 follows:

	Sales		
	2015	2014	2013
Southern Timber	$139,093	$141,833	$123,804
Pacific Northwest Timber	76,488	102,232	110,494
New Zealand Timber	161,570	182,421	147,716
Real Estate (a)	86,493	77,281	148,955
Trading	81,230	103,678	131,711
Intersegment Eliminations	—	(3,924)	(2,962)
Total	$544,874	$603,521	$659,718

(a) 2013 included a fourth quarter sale of approximately 128,000 acres of New York timberlands for $57.3 million.

	Operating Income/(Loss)		
	2015	2014	2013
Southern Timber	$46,669	$45,651	$37,847
Pacific Northwest Timber	6,917	29,539	32,669
New Zealand Timber	2,775	9,474	10,566
Real Estate	44,263	47,474	55,894
Trading	1,247	1,687	1,823
Corporate and other (a)	(24,087)	(35,536)	(30,139)
Total Operating Income	77,784	98,289	108,660
Unallocated interest expense and other	(34,702)	(53,447)	(38,502)
Total income from continuing operations before income taxes	$43,082	$44,842	$70,158

(a) 2013 included a $16.2 million gain related to the consolidation of the New Zealand JV. See Note 7 — *Joint Venture Investment*.

(Dollar amounts in thousands unless otherwise stated)

	Gross Capital Expenditures		
	2015	2014	2013
Capital Expenditures (a)			
Southern Timber	$33,245	$36,033	$38,093
Pacific Northwest Timber	8,515	9,742	8,404
New Zealand Timber	15,143	17,344	16,030
Real Estate	313	195	366
Trading	—	—	—
Corporate and other	77	399	310
Total capital expenditures	$57,293	$63,713	$63,203
Timberland Acquisitions			
Southern Timber	$54,408	$125,650	$20,364
Pacific Northwest Timber	34,052	1,878	—
New Zealand Timber (b)	9,949	923	139,879
Real Estate	—	2,445	37
Trading	—	—	—
Corporate and other	—	—	—
Total timberland acquisitions	$98,409	$130,896	$160,280
Total Gross Capital Expenditures	$155,702	$194,609	$223,483

(a) Excludes timberland acquisitions presented separately.

(b) Includes $139.9 million related to the purchase price of the additional 39 percent JV interest acquired in 2013. See Note 7 — *Joint Venture Investment* for additional information.

	Depreciation, Depletion and Amortization		
	2015	2014	2013
Southern Timber	$54,299	$52,307	$49,402
Pacific Northwest Timber	14,842	21,282	21,371
New Zealand Timber	29,741	32,161	27,650
Real Estate	14,533	13,355	17,365
Trading	—	—	—
Corporate and other	293	875	1,066
Total	$113,708	$119,980	$116,854

(Dollar amounts in thousands unless otherwise stated)

	Non-Cash Cost of Land and Real Estate Sold		
	2015	2014	2013
Southern Timber	—	—	—
Pacific Northwest Timber	—	—	—
New Zealand Timber	467	4,328	—
Real Estate	12,042	8,936	10,212
Trading	—	—	—
Corporate and other	—	—	—
Total	$12,509	$13,264	$10,212

	Sales by Product Line		
	2015	2014	2013
Southern Timber	$139,093	$141,833	$123,804
Pacific Northwest Timber	76,488	102,232	110,494
New Zealand Timber	161,570	182,421	147,716
Real Estate			
Improved Development	2,610	—	1,568
Unimproved Development	6,399	4,794	2,839
Rural	22,653	40,954	27,471
Non-Strategic / Timberlands	54,831	9,533	37,049
Large Dispositions (a)	—	22,000	80,028
Total Real Estate	86,493	77,281	148,955
Trading	81,230	103,678	131,711
Intersegment eliminations	—	(3,924)	(2,962)
Total Sales	$544,874	$603,521	$659,718

(a) 2013 included a fourth quarter sale of approximately 128,000 acres of New York timberlands for $57.3 million.

	Geographical Operating Information							
	Sales			Operating Income			Identifiable Assets	
	2015	2014	2013	2015	2014	2013	2015	2014
United States	$302,074	$317,422	$380,575	$73,749	$87,116	$80,158	$1,826,462	$1,884,585
New Zealand (a)	242,800	286,099	279,143	4,035	11,173	28,502	492,801	568,530
Total	$544,874	$603,521	$659,718	$77,784	$98,289	$108,660	$2,319,263	$2,453,115

(a) 2013 included a $16.2 million operating income gain from the consolidation of the New Zealand JV. See Note 7 — *Joint Venture Investment.*

(Dollar amounts in thousands unless otherwise stated)

5. DEBT

Rayonier's debt consisted of the following at December 31, 2015 and 2014:

	2015	2014
Senior Notes due 2022 at a fixed interest rate of 3.75%	$325,000	$325,000
Senior Exchangeable Notes due 2015 at a fixed interest rate of 4.50%	—	129,706
Mortgage notes due 2017 at fixed interest rates of 4.35% (a)	42,638	53,801
Solid waste bonds due 2020 at a variable interest rate of 1.3% at December 31, 2015	15,000	15,000
Revolving Credit Facility borrowings at a variable interest rate of 1.34% at December 31, 2014	—	16,000
Revolving Credit Facility borrowings due 2020 at a variable interest rate of 1.6% at December 31, 2015	97,000	—
Term Credit Agreement borrowings due 2024 at a variable interest rate of 1.9% at December 31, 2015	170,000	—
New Zealand JV Revolving Credit Facility due 2016 at a variable interest rate of 3.54% at December 31, 2015	160,999	184,099
New Zealand JV Noncontrolling interest shareholder loan at 0% interest rate	23,242	27,949
Total debt	833,879	751,555
Less: Current maturities of long-term debt	—	(129,706)
Long-term debt	$833,879	$621,849

Principal payments due during the next five years and thereafter are as follows:

2016 (a)	$160,999
2017 (b)	42,000
2018	—
2019	—
2020	112,000
Thereafter	518,242
Total debt	$833,241

(a) The Company will refinance this debt in 2016 with proceeds from the term loan facility.

(b) The mortgage notes due in 2017 were recorded at a premium of $0.6 million and $1.3 million as of December 31, 2015 and 2014, respectively. Upon maturity the liability will be $42 million.

Term Credit Agreement

On August 5, 2015, the Company entered into a credit agreement with CoBank, ACB, as administrative agent, and a syndicate of Farm Credit institutions and other commercial banks to provide $550 million of new credit facilities, including a five-year $200 million unsecured revolving credit facility (see below) and a nine-year $350 million term loan facility. The Company has entered into an interest rate swap transaction to fix the cost of the term loan facility over its nine-year term. The periodic interest rate on the term credit agreement is LIBOR plus 1.625%, with an unused commitment fee of 0.175%. The Company receives annual patronage refunds, which are profit distributions made by a cooperative to its member-users based on the quantity or value of business done with the member-user. The Company estimates the effective interest rate to be approximately 3.3% after consideration of the estimated patronage refunds and interest rate swaps. As of December 31, 2015, the Company had additional draws available of $180.0 million under the term credit agreement.

Revolving Credit Facility

In August 2015, the Company entered into a five-year $200 million unsecured revolving credit facility, replacing the previous $200 million revolving credit facility and $100 million farm credit facility which were scheduled to expire in April 2016 and December 2019, respectively. The periodic interest rate on the revolving credit facility is LIBOR plus 1.250%, with an unused commitment fee of 0.175%. At December 31, 2015, the Company had $101.2 million of available borrowings under this facility, net of $1.8 million to secure its outstanding letters of credit.

Joint Venture Debt

On April 4, 2013, Rayonier acquired an additional 39% interest in its New Zealand JV, bringing its total ownership to 65% and as a result, the New Zealand JV's debt was consolidated effective on that date. See Note 7 — *Joint Venture Investment* for further information.

Senior Secured Facilities Agreement

The New Zealand JV is party to a $188 million variable rate Senior Secured Facilities Agreement comprised of two tranches. Tranche A, a $161 million revolving cash advance facility expires September 2016 and Tranche B, a $27 million working capital facility expires June 2016. Although the maximum amounts available under the agreement are denominated in New Zealand dollars, advances on Tranche A are also available in U.S. dollars. This agreement is secured by a Security Trust Deed that provides recourse to the New Zealand JV's assets, as well as recourse to Rayonier Inc. and any of its subsidiaries.

Revolving Credit Facility

As of December 31, 2015 the Senior Secured Facilities Agreement had $161 million outstanding on Tranche A at 3.54% due September 2016, with a commitment fee of 80 basis points. In 2016, the Company will use proceeds from the term loan facility to fund a capital infusion into the New Zealand JV, which the New Zealand JV will in turn use for repayment of all outstanding amounts under its existing credit facility. The entire balance of the New Zealand JV Revolving Credit Facility remained classified as long-term debt at December 31, 2015 due to the ability and intent of the Company to refinance it on a long-term basis. The interest rate is indexed to the 90 day New Zealand Bank bill rate and is generally repriced quarterly. The margin on the index rate fluctuates based on the interest coverage ratio. The New Zealand JV manages these rates through interest rate swaps, as discussed at Note 13 — *Derivative Financial Instruments and Hedging Activities*. The notional amounts of the outstanding interest rate swap contracts at December 31, 2015 were $130 million, or 81% of the variable rate debt. The interest rate swaps have maturities extending through January 2020. The periodic interest rate on New Zealand JV debt is BKBM plus 0.80% with an additional 0.80% credit line fee. The periodic effective interest rate on New Zealand JV debt is approximately 6.3% after consideration of the interest rate swaps.

Working Capital Facility

The $27 million Working Capital Facility is available for short-term operating cash flow needs of the New Zealand JV. This facility holds a variable interest rate indexed to the Official Cash Rate set by the Reserve Bank of New Zealand. The margin ranges from 0.94% to 1.04% based on the interest coverage ratio and the length of time each borrowing is outstanding. At December 31, 2015, there was no outstanding balance on the Working Capital Facility.

Shareholder Loan

The shareholder loan is an interest-free loan from the noncontrolling New Zealand JV partner in the amount of $23 million. This loan represents part of the noncontrolling party's investment in the New Zealand JV. The loan is secured by timberlands owned by the New Zealand JV and is subordinated to the Senior Secured Facilities Agreement. Although Rayonier Inc. is not liable for this loan, the shareholder loan instrument contains features with characteristics of both debt and equity and is therefore required to be classified as debt and consolidated. As the loan is effectively at par, the carrying amount is deemed to be the fair value. The entire balance of the shareholder loan remained classified as long-term debt at December 31, 2015 due to its absence of a fixed maturity date.

3.75% Senior Notes issued March 2012

In March 2012, Rayonier Inc. issued $325 million of 3.75% Senior Notes due 2022, guaranteed by certain subsidiaries. The guarantors were revised in October 2012, leaving TRS and Rayonier Operating Company LLC as the remaining guarantors.

(Dollar amounts in thousands unless otherwise stated)

$105 Million Secured Mortgage Notes Assumed

In November 2011, in connection with the acquisition of approximately 250,000 acres of timberlands, the Company assumed notes totaling $105 million, secured by mortgages on certain parcels of the timberlands acquired. The notes bear fixed interest rates of 4.35% with original terms of seven years maturing in August 2017. The Company prepaid $21.0 million of principal on the mortgage notes concurrent with the acquisition and an additional $10.5 million during each of the years 2012 through 2015, the maximum amounts allowed without penalty at the respective dates. The notes were recorded at fair value on the date of acquisition. At December 31, 2015, the carrying value of the debt outstanding was $42.6 million; however, the liability will be $42.0 million at maturity.

4.50% Senior Exchangeable Notes issued August 2009

The Company paid $131 million of its 4.50% Senior Exchangeable Notes upon maturity in August 2015.

The amounts related to convertible debt in the Consolidated Balance Sheets as of December 31, 2014 are as follows:

	2014
Liabilities:	
Principal amount of debt	
4.50% Senior Exchangeable Notes	$130,973
Unamortized discount (a)	
4.50% Senior Exchangeable Notes	(1,267)
Net carrying amount of debt	$129,706
Equity:	
Common stock	$8,850

(a) The discount for the 4.50% notes was amortized through August 2015.

The amount of interest related to the convertible debt recognized in the Consolidated Statements of Income and Comprehensive Income for the years December 31, 2015, 2014 and 2013 is as follows:

	2015	2014	2013
Contractual interest coupon			
4.50% Senior Exchangeable Notes	$3,438	$5,930	$7,271
Amortization of debt discount			
4.50% Senior Exchangeable Notes	1,267	1,957	2,281
Total interest expense recognized	$4,705	$7,887	$9,552

The effective interest rate on the liability component for the years ended December 31, 2015, 2014 and 2013 was 6.21%.

Debt Covenants

In connection with the Company's $350 million term credit agreement and $200 million revolving credit facility, customary covenants must be met, the most significant of which include interest coverage and leverage ratios. In connection with the New Zealand JV's Senior Secured Facilities Agreement, customary covenants must be met, the most significant of which include interest coverage and leverage ratios.

In addition to the financial covenants listed above, the mortgage notes, senior notes, term credit agreement and revolving credit facility include customary covenants that limit the incurrence of debt and the disposition of assets, among others. At December 31, 2015, the Company was in compliance with all covenants.

(Dollar amounts in thousands unless otherwise stated)

6. HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS

Rayonier continuously assesses potential alternative uses of its timberlands, as some properties may become more valuable for development, residential, recreation or other purposes. The Company periodically transfers, via a sale or contribution from the REIT to TRS, HBU timberlands to enable land-use entitlement, development or marketing activities. The Company also acquires HBU properties in connection with timberland acquisitions. These properties are managed as timberlands until sold or developed. While the majority of HBU sales involve rural and recreational land, the Company also selectively pursues various land-use entitlements on certain properties for residential, commercial and industrial development in order to enhance the long-term value of such properties. For selected development properties, Rayonier also invests in targeted infrastructure improvements, such as roadways and utilities, to accelerate the marketability and improve the value of such properties.

An analysis of higher and better use timberlands and real estate development costs from December 31, 2014 to December 31, 2015 is shown below:

	Higher and Better Use Timberlands and Real Estate Development Investments		
	Land and Timber	Development Investments	Total
Non-current portion at December 31, 2014	$65,959	$11,474	$77,433
Plus: Current portion (a)	4,875	57	4,932
Total Balance at December 31, 2014	70,834	11,531	82,365
Non-cash cost of land and real estate sold	(5,101)	(344)	(5,445)
Timber depletion from harvesting activities and basis of timber sold in real estate sales	(4,820)	—	(4,820)
Capitalized real estate development investments	—	2,676	2,676
Capital expenditures (silviculture)	308	—	308
Intersegment transfers	2,695	—	2,695
Other	—	(77)	(77)
Total Balance at December 31, 2015	63,916	13,786	77,702
Less: Current portion (a)	(6,019)	(6,233)	(12,252)
Non-current portion at December 31, 2015	$57,897	$7,553	$65,450

(a) The current portion of Higher and Better Use Timberlands and Real Estate Development Investments is recorded in Inventory. See Note 18 — *Inventory* for additional information.

7. JOINT VENTURE INVESTMENT

On April 4, 2013 (the “acquisition date”), the Company acquired an additional 39 percent ownership interest in Matariki Forestry Group, a joint venture ("New Zealand JV") that owns or leases approximately 0.4 million legal acres of New Zealand timberlands. As a result of the acquisition, Rayonier is a 65 percent owner of the New Zealand JV and subsequent to April 4, 2013 it consolidated the JV’s Balance Sheet and results of operations. The portions of the consolidated financial position and results of operations attributable to the New Zealand JV’s 35 percent noncontrolling interest are also shown separately. Rayonier New Zealand Limited (“RNZ”), a wholly-owned subsidiary of Rayonier Inc., serves as the manager of the New Zealand JV forests.

Prior to the acquisition date, the Company accounted for its 26 percent interest in the New Zealand JV as an equity method investment. The additional 39 percent interest was acquired for $139.9 million and resulted in the Company obtaining a controlling financial interest in the New Zealand JV and accordingly, the purchase was accounted for as a step-acquisition. Upon consolidation, the Company recognized a $10.1 million deferred gain, which resulted from the original sale of its New Zealand operations to the joint venture in 2005 and a $6.1 million benefit due to the required fair market value remeasurement of the Company’s equity interest in the New Zealand JV held before the purchase of the additional interest. The acquisition-date fair value of the previous equity interest was $93.3 million.

(Dollar amounts in thousands unless otherwise stated)

The Company's operating results for the year ended December 31, 2013 reflect 26 percent of the New Zealand JV's income prior to the acquisition date, as reported in "Equity in income of New Zealand joint venture" in the Consolidated Statements of Income and Comprehensive Income. The following represents the pro forma (unaudited) consolidated sales and net income for the three years ended December 31, 2015 as if the additional interest in the New Zealand JV had been acquired on January 1, 2013.

	2015	2014	2013
Sales	$544,874	$603,521	$1,742,348
Net Income	43,941	97,846	372,039

8. COMMITMENTS

The Company leases certain buildings, machinery and equipment under various operating leases. Total rental expense for operating leases amounted to $2.3 million, $1.9 million and $2.3 million in 2015, 2014 and 2013, respectively. The Company also has long-term lease agreements on certain timberlands in the Southern U.S. and New Zealand. U.S. leases typically have initial terms of approximately 30 to 65 years, with renewal provisions in some cases. New Zealand timberland lease terms range between 30 and 99 years. Such leases are generally non-cancellable and require minimum annual rental payments. Total expenditures for long-term leases and deeds on timberlands (including Crown Forest Licenses) amounted to $11.3 million, $12.8 million and $13.2 million in 2015, 2014 and 2013, respectively.

At December 31, 2015, the future minimum payments under non-cancellable operating and timberland leases were as follows:

	Operating Leases	Timberland Leases (a)	Purchase Obligations (b)	Total
2016	$1,865	$11,174	$7,253	$20,292
2017	1,444	10,873	6,023	18,340
2018	736	9,372	5,585	15,693
2019	606	8,874	4,114	13,594
2020	521	8,432	3,455	12,408
Thereafter (c)	1,584	161,101	15,057	177,742
	$6,756	$209,826	$41,487	$258,069

(a) The majority of timberland leases are subject to increases or decreases based on either the Consumer Price Index, Producer Price Index or market rates.

(b) Purchase obligations include payments expected to be made on derivative financial instruments (foreign exchange contracts and interest rate swaps) and standby letters of credit fees for industrial revenue bonds.

(c) Includes 20 years of future minimum payments for perpetual Crown Forest Licenses ("CFL"). A CFL consists of a license to use public or government owned land to operate a commercial forest. The CFL's extend indefinitely and may only be terminated upon a 35 year termination notice from the government. If no termination notice is given, the CFLs renew automatically each year for a one year term. As of December 31, 2015, the New Zealand JV has four CFL's under termination notice, terminating in 2034, two in 2044 and 2049 as well as two fixed term CFL's expiring in 2062. The annual license fee is determined based on current market rental value, with triennial rent reviews.

(Dollar amounts in thousands unless otherwise stated)

9. INCOME TAXES

The operations conducted by the Company's REIT entities are generally not subject to U.S. federal and state income taxation. The New Zealand JV is subject to corporate level tax in New Zealand. Non-REIT qualifying operations are conducted by the Company's taxable REIT subsidiaries. Prior to the June 27, 2014 spin-off of Rayonier Advanced Materials, the Company's taxable REIT subsidiaries ("TRS") operations included the Performance Fibers manufacturing business. During 2014 and 2013, the income tax benefit from continuing operations was significantly impacted by the TRS businesses. During 2015, the primary businesses performed in Rayonier's taxable REIT subsidiaries included log trading and certain real estate activities, such as the sale and entitlement of development HBU properties.

The Company was subject to U.S. federal corporate income tax on built-in gains (the excess of fair market value over tax basis for property held upon REIT election at January 1, 2004) on taxable sales of such property during calendar years 2004 through 2013. In 2013, the law provided a built-in gains tax holiday, which impacted the Company's 2013 tax provision.

Alternative Fuel Mixture Credit ("AFMC") and Cellulosic Biofuel Producer Credit ("CBPC")

The U.S. Internal Revenue Code allowed two credits for taxpayers that produced and used an alternative fuel in the operation of their business during calendar year 2009. The AFMC is a $0.50 per gallon refundable excise tax credit (which is not taxable), while the CBPC is a $1.01 per gallon credit that is nonrefundable, taxable and has limitations based on an entity's tax liability. Rayonier produced and used an alternative fuel ("black liquor") in its Performance Fibers business, which qualified for both credits. The Company claimed the AFMC on its original 2009 income tax return. In 2013, management approved an exchange of black liquor gallons previously claimed under the AFMC for the CBPC. The net tax benefit from this exchange of $18.8 million was recorded in discontinued operations. As a result of the spin-off of the Performance Fibers business in 2014, the Company recorded a $13.6 million valuation allowance in continuing operations related to CPBC remaining with the Company's taxable REIT subsidiary and the limited potential use of the CBPC prior to its expiration on December 31, 2019. In 2015, a $1.0 million return-to-accrual adjustment was recorded related to the CBPC which resulted in a corresponding increase in the CBPC valuation allowance to $14.6 million.

Provision for Income Taxes from Continuing Operations

The (provision for)/benefit from income taxes consisted of the following:

	2015	2014	2013
Current			
U.S. federal	($624)	$27,521	$27,338
State	226	1,353	1,462
Foreign	(308)	—	(261)
	(706)	28,874	28,539
Deferred			
U.S. federal	3,702	(7,260)	22,649
State	107	(357)	1,211
Foreign	2,360	1,633	(2,119)
	6,169	(5,984)	21,741
Changes in valuation allowance	(4,604)	(13,289)	(14,595)
Total	$859	$9,601	$35,685

(Dollar amounts in thousands unless otherwise stated)

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

	2015		2014		2013	
U.S. federal statutory income tax rate	($15,079)	35.0 %	($15,695)	35.0 %	($24,555)	35.0 %
U.S. and foreign REIT income and U.S. TRS taxable losses	19,446	(45.1)	32,058	(71.5)	52,812	(75.3)
U.S. net deferred tax asset valuation allowance	(3,607)	8.4	—	—	—	—
Foreign TRS operations	1,097	(2.6)	(159)	0.4	(95)	0.1
Loss on early redemption of Senior Exchangeable Notes	—	—	—	—	(859)	1.2
Other	5	—	112	(0.3)	101	(0.1)
Income tax benefit before discrete items	1,862	(4.3)	16,316	(36.4)	27,404	(39.1)
CBPC valuation allowance	(997)	2.3	(13,644)	30.4	—	—
Deferred tax inventory valuations	—	—	5,151	(11.5)	983	(1.4)
Uncertain tax positions	—	—	1,830	(4.1)	800	(1.1)
Gain related to consolidation of New Zealand joint venture	—	—	—	—	5,634	(8.0)
Reversal of REIT BIG tax payable	—	—	—	—	485	(0.7)
Other	(6)	—	(52)	0.2	379	(0.6)
Income tax benefit as reported for continuing operations	$859	(2.0)%	$9,601	(21.4)%	$35,685	(50.9)%

The Company’s effective tax rate is below the 35 percent U.S. statutory rate primarily due to tax benefits associated with being a REIT.

Provision for Income Taxes from Discontinued Operations

On June 27, 2014 Rayonier completed the spin-off of its Performance Fibers business. Income tax expense related to Performance Fibers discontinued operations was $20.6 million and $84.4 million for the years ended December 31, 2014 and 2013, respectively.

During 2013, Rayonier completed the sale of its Wood Products business for $80 million plus a working capital adjustment. Income tax expense related to the Wood Products business was $22.0 million for the year ended December 31, 2013.

See Note 21 — *Discontinued Operations* for additional information on the spin-off of the Performance Fibers business and the sale of the Wood Products business.

(Dollar amounts in thousands unless otherwise stated)

Deferred Taxes

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

	2015	2014
Gross deferred tax assets:		
Pension, postretirement and other employee benefits	$1,040	$1,994
New Zealand JV	65,078	71,482
CBPC Tax Credit Carry Forwards (a)	14,641	13,644
Capitalized real estate costs	9,378	9,554
U.S. TRS Net Operating Loss	2,327	—
Other	7,050	8,067
Total gross deferred tax assets	99,514	104,741
Less: Valuation allowance	(18,248)	(13,644)
Total deferred tax assets after valuation allowance	$81,266	$91,097
Gross deferred tax liabilities:		
Accelerated depreciation	(1,357)	(1,796)
Repatriation of foreign earnings	(7,251)	(8,817)
New Zealand JV	(68,551)	(78,008)
Timber installment sale	(7,511)	(7,511)
Other	(311)	(1,304)
Total gross deferred tax liabilities	(84,981)	(97,436)
Net deferred tax (liability)/asset	($3,715)	($6,339)
Noncurrent portion of deferred tax asset (b)	—	8,057
Current portion of deferred tax liability (b)	—	(7,893)
Noncurrent portion of deferred tax liability (b)	(3,715)	(6,503)
Net deferred tax (liability)/asset	($3,715)	($6,339)

(a) In 2015, a $1.0 million return to accrual adjustment was made in conjunction with the filing of the Company's 2014 U.S. federal income tax return.

(b) Rayonier adopted ASU No. 2015-17, which requires deferred tax assets and liabilities to be classified as noncurrent, in its Consolidated Balance Sheet as of December 31, 2015. Deferred tax assets and liabilities as of December 31, 2014 have not been retrospectively adjusted.

Included above are the following foreign net operating loss ("NOL") and tax credit carryforwards as of December 31, 2015:

Item	Gross Amount	Valuation Allowance	Expiration
New Zealand JV NOL Carryforwards	$232,846	—	None
U.S. Net Deferred Tax Asset	3,607	(3,607)	None
Cellulosic Biofuel Producer Credit (a)	14,641	(14,641)	2019
Total Valuation Allowance		($18,248)	

(a) In 2015, a $1.0 million return to accrual adjustment was made in conjunction with the filing of the Company's 2014 U.S. federal income tax return.

(Dollar amounts in thousands unless otherwise stated)

Prepaid Taxes

As of December 31, 2015 and 2014, the Company has recorded a long-term prepaid federal income tax of $14.4 million related to recognized built-in gains on 2006, 2008 and 2010 intercompany sales of timberlands between the REIT and the TRS. Taxes for the transactions were paid at the time of sale, but the gain and income tax expense were deferred in accordance with U.S. Generally Accepted Accounting Principles. As the timberlands are sold to third parties, the appropriate gain and related income tax expense will be recognized and the prepaid income tax will be reduced.

Other Tax Items

In 2015 and 2014, the Company recorded tax deficiencies on stock-based compensation of $0.3 million and $0.8 million, respectively. In 2013, the Company recorded excess tax benefits of $8.4 million related to stock-based compensation. These amounts were recorded directly to shareholders' equity and were not included in the consolidated tax provision.

Unrecognized Tax Benefits

In accordance with Generally Accepted Accounting Principles, the Company recognizes the impact of a tax position if a position is "more-likely-than-not" to prevail.

A reconciliation of the beginning and ending unrecognized tax benefits for the three years ended December 31 is as follows:

	2015	2014	2013
Balance at January 1,	—	$10,547	$6,580
Decreases related to prior year tax positions	—	(10,547)	(800)
Increases related to prior year tax positions	135	—	4,767
Balance at December 31,	$135	—	$10,547

The unrecognized tax benefit of $135 thousand as of December 31, 2015 relates to a prior year deduction, in conjunction with the spin-off of the Performance Fibers business.

The total amount of unrecognized tax benefits that, if recognized, would have affected the effective tax rate at December 31, 2015, 2014 and 2013 is $0, $0 and $6.6 million, respectively.

The Company records interest (and penalties, if applicable) related to unrecognized tax benefits in non-operating expenses. The Company recorded $0 million and $0.5 million benefit to interest expense in 2015 and 2014, respectively. For the year ended December 31, 2013, the Company recorded interest expense of $0.1 million. The Company had no recorded liabilities for the payment of interest at December 31, 2015 and 2014.

Tax Statutes

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

Taxing Jurisdiction	Open Tax Years
U.S. Internal Revenue Service	2012 - 2015
New Zealand Inland Revenue	2011 - 2015

10. CONTINGENCIES

Following the Company's November 10, 2014 earnings release and filing of the restated interim financial statements for the quarterly periods ended March 31, 2014 and June 30, 2014 (the "November 2014 Announcement"), shareholders of the Company filed five putative class actions against the Company and Paul G. Boynton, Hans E. Vanden Noort, David L. Nunes, and H. Edwin Kiker arising from circumstances described in the November 2014 Announcement, entitled respectively:

- *Sating v. Rayonier Inc. et al*, Civil Action No. 3:14-cv-01395; filed November 12, 2014 in the United States District Court for the Middle District of Florida;
- *Keasler v. Rayonier Inc. et al*, Civil Action No. 3:14-cv-01398, filed November 13, 2014 in the United States District Court for the Middle District of Florida;
- *Lake Worth Firefighters' Pension Trust Fund v. Rayonier Inc. et al*, Civil Action No. 3:14-cv-01403, filed November 13, 2014 in the United States District Court for the Middle District of Florida;
- *Christie v. Rayonier Inc. et al*, Civil Action No. 3:14-cv-01429, filed November 21, 2014 in the United States District Court for the Middle District of Florida; and
- *Brown v. Rayonier Inc. et al*, Civil Action No. 1:14-cv-08986, initially filed in the United States District Court for the Southern District of New York and later transferred to the United States District Court for the Middle District of Florida and assigned as Civil Action No. 3:14-cv-01474.

On January 9, 2015, the five securities actions were consolidated into one putative class action entitled In re Rayonier Inc. Securities Litigation, Case No. 3:14-cv-01395-TJC-JBT, in the United States District Court for the Middle District of Florida. The plaintiffs alleged that the defendants made false and/or misleading statements in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The plaintiffs sought unspecified monetary damages and attorneys' fees and costs. Two shareholders, the Pension Trust Fund for Operating Engineers and the Lake Worth Firefighters' Pension Trust Fund moved for appointment as lead plaintiff on January 12, 2015, which was granted on February 25, 2015. On April 7, 2015, the plaintiffs filed a Consolidated Class Action Complaint (the "Consolidated Complaint"). In the Consolidated Complaint, plaintiffs added allegations as to and added as a defendant N. Lynn Wilson, a former officer of Rayonier. With the filing of the Consolidated Complaint, David L. Nunes and H. Edwin Kiker were dropped from the case as defendants. Defendants timely filed Motions to Dismiss the Consolidated Complaint on May 15, 2015. After oral argument on Defendants' motions on August 25, 2015, the Court dismissed the Consolidated Complaint without prejudice, allowing plaintiffs leave to refile. Plaintiffs filed the Amended Consolidated Class Action Complaint (the "Amended Complaint") on September 25, 2015, which continued to assert claims against the Company, as well as Ms. Wilson and Messrs. Boynton and Vanden Noort. Defendants timely filed Motions to Dismiss the Amended Complaint on October 26, 2015, which are pending. At this preliminary stage, the Company cannot determine whether there is a reasonable likelihood a material loss has been incurred nor can the range of any such loss be estimated.

On November 26, 2014, December 29, 2014, January 26, 2015, February 13, 2015, and May 12, 2015, the Company received separate letters from shareholders requesting that the Company investigate or pursue derivative claims against certain officers and directors related to the November 2014 Announcement. Although these demands do not identify any claims against the Company, the Company has certain obligations to advance expenses and provide indemnification to certain current and former officers and directors of the Company. The Company has also incurred expenses as a result of costs arising from the investigation of the claims alleged in the various demands. At this preliminary stage, the ultimate outcome of these matters cannot be predicted, nor can the range of potential expenses the Company may incur as a result of the obligations identified above be estimated.

In November 2014, the Company received a subpoena from the SEC seeking documents related to the Company's amended reports filed with the SEC on November 10, 2014. The Company cooperated with the SEC and complied with its requests. The Company does not currently believe that the investigation will have a material impact on the Company's financial condition, results of operations, or cash flow, but cannot predict the timing or outcome of the SEC investigation.

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

(Dollar amounts in thousands unless otherwise stated)

11. GUARANTEES

The Company provides financial guarantees as required by creditors, insurance programs, and various governmental agencies. As of December 31, 2015, the following financial guarantees were outstanding:

Financial Commitments	Maximum Potential Payment	Carrying Amount of Liability
Standby letters of credit (a)	$16,685	$15,000
Guarantees (b)	2,254	43
Surety bonds (c)	896	—
Total financial commitments	$19,835	$15,043

(a) Approximately $15 million of the standby letters of credit serve as credit support for industrial revenue bonds. The remaining letters of credit support various insurance related agreements, primarily workers' compensation. These letters of credit will expire at various dates during 2016 and will be renewed as required.

(b) In conjunction with a timberland sale and note monetization in the 2004, the Company issued a make-whole agreement pursuant to which it guaranteed $2.3 million of obligations of a special-purpose entity that was established to complete the monetization. At December 31, 2015, the Company has recorded a de minimis liability to reflect the fair market value of its obligation to perform under the make-whole agreement.

(c) Rayonier issues surety bonds primarily to secure timber harvesting obligations in the State of Washington and to provide collateral for the Company's workers' compensation self-insurance program in that state. These surety bonds expire at various dates in 2016 and 2017 and are expected to be renewed as required.

(Dollar amounts in thousands unless otherwise stated)

12. EARNINGS PER COMMON SHARE

Basic earnings per share ("EPS") is calculated by dividing net income attributable to Rayonier by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated by dividing net income attributable to Rayonier by the weighted average number of common shares outstanding adjusted to include the potentially dilutive effect of outstanding stock options, performance shares, restricted shares and convertible debt.

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

	2015	2014	2013
Income from continuing operations	$43,941	$54,443	$105,843
Less: Net (loss) income from continuing operations attributable to noncontrolling interest	(2,224)	(1,491)	1,902
Income from continuing operations attributable to Rayonier Inc.	$46,165	$55,934	$103,941
Income from discontinued operations attributable to Rayonier Inc.	—	$43,403	$267,955
Net income attributable to Rayonier Inc.	$46,165	$99,337	$371,896
Shares used for determining basic earnings per common share	125,385,085	126,458,710	125,717,311
Dilutive effect of:			
Stock options	116,792	323,125	463,949
Performance and restricted shares	39,863	149,292	158,319
Assumed conversion of Senior Exchangeable Notes (a)	358,449	2,149,982	1,965,177
Assumed conversion of warrants (a)	—	1,957,154	1,800,345
Shares used for determining diluted earnings per common share	125,900,189	131,038,263	130,105,101
Basic earnings per common share attributable to Rayonier Inc.:			
Continuing operations	$0.37	$0.44	$0.83
Discontinued operations	—	0.34	2.13
Net income	$0.37	$0.78	$2.96
Diluted earnings per common share attributable to Rayonier Inc.:			
Continuing operations	$0.37	$0.43	$0.80
Discontinued operations	—	0.33	2.06
Net income	$0.37	$0.76	$2.86

	2015	2014	2013
Anti-dilutive shares excluded from the computations of diluted earnings per share:			
Stock options, performance and restricted shares	897,800	461,663	337,145
Assumed conversion of exchangeable note hedges (a)	358,449	2,149,982	1,965,177
Total	1,256,249	2,611,645	2,302,322

(a) In September and October 2013, $41.5 million of the Senior Exchangeable Notes due 2015 (the "2015 Notes") were redeemed by the noteholders; however, no additional shares were issued due to offsetting hedges. Similarly, Rayonier did not issue additional shares upon the August 2015 maturity of the remaining 2015 Notes due to offsetting hedges. ASC 260, *Earnings Per Share* requires the assumed conversion of the Notes to be included in dilutive shares if the average stock price for the period exceeds the strike prices, while the assumed conversion of the hedges is excluded since they are anti-dilutive. The dilutive effect of the 2015 Notes was included for the portion of the periods presented in which the notes were outstanding.

The warrants sold in conjunction with the Senior Exchangeable Notes due 2012 began maturing on January 15, 2013 and matured ratably through March 27, 2013, resulting in the issuance of 2,135,221 shares. For the year ended 2013, the dilutive impact of these warrants was calculated based on the length of time they were outstanding before settlement. Rayonier will distribute additional shares upon the February 2016 maturity of the warrants sold in conjunction with the 2015 Notes if the stock price exceeds $28.11 per share. The exchange price on the warrants is lower than periods prior to 2014 as it has been adjusted to reflect the spin-off of the Performance Fibers business. The warrants were not dilutive for the year ended 2015 as the average stock price did not exceed the strike price. For further information, see Note 5 — *Debt.*

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to market risk related to potential fluctuations in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments to mitigate the financial impact of exposure to these risks. The Company also uses derivative financial instruments to mitigate exposure to foreign currency risk due to the translation of the investment in Rayonier's New Zealand-based operations from New Zealand dollars to U.S. dollars.

Accounting for derivative financial instruments is governed by Accounting Standards Codification Topic 815, *Derivatives and Hedging*, ("ASC 815"). In accordance with ASC 815, the Company records its derivative instruments at fair value as either assets or liabilities in the Consolidated Balance Sheets. Changes in the instruments' fair value are accounted for based on their intended use. Gains and losses on derivatives that are designated and qualify for cash flow hedge accounting are recorded as a component of accumulated other comprehensive income ("AOCI") and reclassified into earnings when the hedged transaction materializes. Gains and losses on derivatives that are designated and qualify for net investment hedge accounting are recorded as a component of AOCI and will not be reclassified into earnings until the Company's investment in its New Zealand operations is partially or completely liquidated. The ineffective portion of any hedge, changes in the fair value of derivatives not designated as hedging instruments and those which are no longer effective as hedging instruments, are recognized immediately in earnings. The Company's hedge ineffectiveness was de minimis for all periods presented.

Foreign Currency Exchange and Option Contracts

The functional currency of Rayonier's wholly-owned subsidiary, Rayonier New Zealand Limited, and the New Zealand JV is the New Zealand dollar. The New Zealand JV is exposed to foreign currency risk on export sales and ocean freight payments which are mainly denominated in U.S. dollars. The New Zealand JV typically hedges 50% to 90% of its estimated foreign currency exposure with respect to the following three months forecasted sales and purchases, 50% to 75% of its forecasted sales and purchases for the forward three to 12 months and up to 50% of the forward 12 to 18 months. Foreign currency exposure from the New Zealand JV's trading operations is typically hedged based on the following three months forecasted sales and purchases. As of December 31, 2015, foreign currency exchange contracts and foreign currency option contracts had maturity dates through June 2017 and May 2017, respectively.

Foreign currency exchange and option contracts hedging foreign currency risk on export sales and ocean freight payments qualify for cash flow hedge accounting. The fair value of foreign currency exchange contracts is determined by a mark-to-market valuation which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. The fair value of foreign currency option contracts is based on a mark-to-market calculation using the Black-Scholes option pricing model.

The Company may de-designate cash flow hedge relationships in advance or at the occurrence of the forecasted transaction. The portion of gains or losses on the derivative instrument previously accumulated in AOCI for de-designated hedges remains in AOCI until the forecasted transaction affects earnings. Changes in the value of derivative instruments after de-designation are recorded in earnings. De-designated cash flow hedges are included in "Derivatives not designated as hedging instruments" in the table below.

In August 2015, the Company entered into foreign currency option contracts (notional amount of $332 million) to mitigate the risk of fluctuations in foreign currency exchange rates when translating Rayonier New Zealand Limited and the New Zealand JV's balance sheet to U.S. dollars. These contracts hedge a portion of the Company's net investment in New Zealand and qualify as a net investment hedge. The fair value of these option contracts is determined by a mark-to-market valuation which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. The hedge qualifies for hedge accounting whereby fluctuations in fair market value during the life of the hedge are recorded in AOCI and remain there permanently unless a partial or full liquidation of the investment is made. At each reporting period, the Company reviews the hedge for ineffectiveness. Ineffectiveness can occur when changes to the investment or the hedged instrument are made such that the risk of foreign exchange movements are no longer mitigated by the hedging instrument. At that time, the amount related to the ineffectiveness of the net investment hedge is recorded into earnings. The foreign currency option contracts mature in the first quarter of 2016.

(Dollar amounts in thousands unless otherwise stated)

Interest Rate Swaps

The Company uses interest rate swaps to manage the New Zealand JV's exposure to interest rate movements on its variable rate debt attributable to changes in the New Zealand Bank bill rate. By converting a portion of these borrowings from floating rates to fixed rates, the Company has reduced the impact of interest rate changes on its expected future cash outflows. As of December 31, 2015, the Company's interest rate contracts hedged 81 percent of the New Zealand JV's variable rate debt and had maturity dates through January 2020. Initially, these hedges qualified for hedge accounting; however, upon consolidation of the New Zealand JV in 2013, the hedges no longer qualified requiring all future changes in the fair market value of the hedges to be recorded in earnings.

The Company is exposed to cash flow interest rate risk on its variable-rate Term Credit Agreement (as discussed below), and uses variable-to-fixed interest rate swaps to hedge this exposure. For these derivative instruments, the Company reports the gains/losses from the fluctuations in the fair market value of the hedges in AOCI and reclassifies them to earnings as interest expense in the same period in which the hedged interest payments affect earnings.

In August 2015, the Company entered into a nine-year interest rate swap agreement for a notional amount of $170 million. This agreement fixes the LIBOR-related portion of the interest rate (LIBOR plus 1.625%) to an average rate of 2.20%. This derivative instrument has been designated as an interest rate cash flow hedge and qualifies for hedge accounting.

Also in August 2015, the Company entered into a nine-year forward interest rate swap agreement with a start date in April 2016 for a notional amount of $180 million. This agreement fixes the LIBOR-related portion of the interest rate (LIBOR plus 1.625%) to an average rate of 2.35%. This derivative instrument has been designated as an interest rate cash flow hedge and qualifies for hedge accounting.

Fuel Hedge Contracts

The Company has historically used fuel hedge contracts to manage its New Zealand JV's exposure to changes in New Zealand's domestic diesel prices. Due to the low volume of diesel fuel purchases made by the New Zealand JV in 2013, the Company decided to no longer hedge its diesel fuel purchases effective November 2013. There were no contracts remaining as of December 31, 2015.

The following table demonstrates the impact of the Company's derivatives on the Consolidated Statements of Income and Comprehensive Income for the years ended December 31, 2015, 2014 and 2013.

	Location on Statement of Income and Comprehensive Income	2015	2014	2013
Derivatives designated as cash flow hedges:				
Foreign currency exchange contracts	Other comprehensive (loss) income	($205)	($1,069)	$950
	Other operating (income) expense	—	—	652
Foreign currency option contracts	Other comprehensive (loss) income	370	(1,647)	460
Interest rate swaps	Other comprehensive (loss) income	(10,197)	—	—
Derivatives designated as a net investment hedge:				
Foreign currency exchange contract	Other comprehensive (loss) income	2,875	(145)	—
Foreign currency option contracts	Other comprehensive (loss) income	4,606	—	—
Derivatives not designated as hedging instruments:				
Foreign currency exchange contracts	Other operating expense (income)	—	25	(1,607)
Foreign currency option contracts	Other operating expense (income)	1,394	7	1,147
Interest rate swaps	Interest and miscellaneous (expense) income	(4,391)	(5,882)	6,085
Fuel hedge contracts	Cost of sales (benefit)	—	160	(255)

During the next 12 months, the amount of the December 31, 2015 AOCI balance, net of tax, expected to be reclassified into earnings as a result of the maturation of the Company's derivative instruments is a loss of approximately $1.6 million.

(Dollar amounts in thousands unless otherwise stated)

The following table contains the notional amounts of the derivative financial instruments recorded in the Consolidated Balance Sheets at December 31, 2015 and 2014:

	Notional Amount	
	2015	2014
Derivatives designated as cash flow hedges:		
Foreign currency exchange contracts	$21,250	$28,540
Foreign currency option contracts	107,200	79,400
Interest rate swaps	350,000	—
Derivatives designated as a net investment hedge:		
Foreign currency exchange contract	—	27,419
Foreign currency option contracts	331,588	—
Derivatives not designated as hedging instruments:		
Interest rate swaps	130,169	161,968

(Dollar amounts in thousands unless otherwise stated)

The following table contains the fair values of the derivative financial instruments recorded in the Consolidated Balance Sheets at December 31, 2015 and 2014. Changes in balances of derivative financial instruments are recorded as operating activities in the Consolidated Statements of Cash Flows.

		Fair Value Assets (Liabilities) (a)	
	Location on Balance Sheet	**2015**	**2014**
Derivatives designated as cash flow hedges:			
Foreign currency exchange contracts	Other current assets	$43	$132
	Other assets	—	59
	Other current liabilities	(1,449)	(272)
	Other non-current liabilities	(219)	—
Foreign currency option contracts	Other current assets	560	299
	Other assets	408	198
	Other current liabilities	(1,393)	(1,439)
	Other non-current liabilities	(217)	(196)
Interest rate swaps	Other non-current liabilities	(10,197)	—
Derivatives designated as a net investment hedge:			
Foreign currency exchange contract	Other current liabilities	—	(223)
Foreign currency option contracts	Other current assets	4,630	—
	Other current liabilities	(24)	—
Derivatives not designated as hedging instruments:			
Interest rate swaps	Other non-current liabilities	(8,047)	(7,247)
Total derivative contracts:			
Other current assets		$5,233	$431
Other assets		408	257
Total derivative assets		$5,641	$688
Other current liabilities		(2,866)	(1,934)
Other non-current liabilities		(18,680)	(7,443)
Total derivative liabilities		($21,546)	($9,377)

(a) See Note 14 — *Fair Value Measurements* for further information on the fair value of our derivatives including their classification within the fair value hierarchy.

Offsetting Derivatives

Derivative financial instruments are presented at their gross fair values in the Consolidated Balance Sheets. The Company's derivative financial instruments are not subject to master netting arrangements which would allow the right of offset.

(Dollar amounts in thousands unless otherwise stated)

14. FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

A three-level hierarchy that prioritizes the inputs used to measure fair value was established in the Accounting Standards Codification as follows:

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

Level 2 — Observable inputs other than quoted prices included in Level 1.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the carrying amount and estimated fair values of financial instruments held by the Company at December 31, 2015 and 2014, using market information and what the Company believes to be appropriate valuation methodologies under generally accepted accounting principles:

	December 31, 2015			December 31, 2014		
Asset (liability) (a)	**Carrying Amount**	**Fair Value**		**Carrying Amount**	**Fair Value**	
		Level 1	**Level 2**		**Level 1**	**Level 2**
Cash and cash equivalents	$51,777	$51,777	—	$161,558	$161,558	—
Restricted cash (b)	23,525	23,525	—	6,688	6,688	—
Current maturities of long-term debt	—	—	—	(129,706)	—	(156,762)
Long-term debt	(833,879)	—	(830,203)	(621,849)	—	(628,476)
Interest rate swaps (c)	(18,244)	—	(18,244)	(7,247)	—	(7,247)
Foreign currency exchange contracts (c)	(1,625)	—	(1,625)	(304)	—	(304)
Foreign currency option contracts (c)	3,964	—	3,964	(1,138)	—	(1,138)

(a) The Company did not have Level 3 assets or liabilities at December 31, 2015.

(b) Restricted cash is recorded in “Other Assets” and represents the proceeds from LKE sales deposited with a third-party intermediary.

(c) See Note 13 — *Derivative Financial Instruments and Hedging Activities* for information regarding the Balance Sheet classification of the Company’s derivative financial instruments.

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

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

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

Interest rate swap agreements — The fair value of interest rate contracts is determined by discounting the expected future cash flows, for each instrument, at prevailing interest rates.

Foreign currency exchange contracts — The fair value of foreign currency exchange contracts is determined by a mark-to-market valuation which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Foreign currency option contracts — The fair value of foreign currency option contracts is based on a mark-to-market calculation using the Black-Scholes option pricing model.

15. EMPLOYEE BENEFIT PLANS

The Company has one qualified non-contributory defined benefit pension plan covering a portion of its employees and an unfunded plan that provides benefits in excess of amounts allowable under current tax law in the qualified plans. The Company closed enrollment in its pension plans to salaried employees hired after December 31, 2005. Employee benefit plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

In connection with the spin-off of the Performance Fibers business, Rayonier entered into an Employee Matters Agreement with Rayonier Advanced Materials, (see See Note 3 — *Discontinued Operations* in the 2014 Form 10-K for further details), which provides that employees of Rayonier Advanced Materials will no longer participate in benefit plans sponsored or maintained by Rayonier. Upon separation, the Rayonier Pension and Postretirement Plans transferred assets and obligations to the Rayonier Advanced Materials Pension and Postretirement Plans resulting in a net decrease in sponsored pension and postretirement plan obligations of $100 million. This was based on a revaluation of plan obligations using a 4.0% discount rate versus 4.6% at December 31, 2013. In addition, $78 million of other comprehensive losses were transferred to Rayonier Advanced Materials, net of taxes of $45 million.

The Company sold its Wood Products business in March 2013. As a result of the sale, all employees covered by the Wood Products defined benefit pension plan are considered terminated employees. Amendments to the plan in June 2013 resulted in all such employees automatically vesting in the plan. Additionally, a one-time lump sum distribution was offered to terminated Wood Products plan participants or their beneficiaries. Based upon acceptance of that offer by certain participants, $3.0 million was paid from the plan assets during 2013, with a corresponding decrease of $2.8 million in the benefit obligation. As a result of the lump sum distribution, a settlement loss of $0.5 million, net of tax, was recorded in “Income from Discontinued Operations, net” in the Consolidated Statements of Income and Comprehensive Income as it was directly related to the sale of the Wood Products business. For additional information on the sale of the Wood Products business, see Note 21 — *Discontinued Operations.*

(Dollar amounts in thousands unless otherwise stated)

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

	Pension		Postretirement	
	2015	2014	2015	2014
Change in Projected Benefit Obligation				
Projected benefit obligation at beginning of year	$87,355	$413,638	$1,226	$21,999
Service cost	1,484	3,923	11	402
Interest cost	3,319	10,707	52	537
Actuarial (gain) loss	(5,332)	43,093	(123)	2,250
Employee contributions	—	—	—	484
Benefits paid	(2,821)	(11,288)	(7)	(888)
Transferred to Rayonier Advanced Materials	—	(372,718)	—	(23,558)
Projected benefit obligation at end of year	$84,005	$87,355	$1,159	$1,226
Change in Plan Assets				
Fair value of plan assets at beginning of year	$55,546	$341,905	—	—
Actual return on plan assets	(1,241)	21,399	—	—
Employer contributions	29	1,103	7	404
Employee contributions	—	—	—	484
Benefits paid	(2,821)	(11,288)	(7)	(888)
Other expense	(543)	(607)	—	—
Transferred to Rayonier Advanced Materials	—	(296,966)	—	—
Fair value of plan assets at end of year	$50,970	$55,546	—	—
Funded Status at End of Year:				
Net accrued benefit cost	($33,035)	($31,809)	($1,159)	($1,226)
Amounts Recognized in the Consolidated Balance Sheets Consist of:				
Noncurrent assets	—	—	—	—
Current liabilities	(32)	(15)	(24)	(25)
Noncurrent liabilities	(33,003)	(31,794)	(1,135)	(1,201)
Net amount recognized	($33,035)	($31,809)	($1,159)	($1,226)

Net gains or losses, prior service costs or credits and plan amendment gains recognized in other comprehensive income for the three years ended December 31 are as follows:

	Pension			Postretirement		
	2015	2014	2013	2015	2014	2013
Net (losses) gains	($477)	($37,559)	$60,171	$123	($2,250)	$3,206
Prior service cost	—	—	—	—	—	—
Negative plan amendment	—	—	—	—	—	3,372

(Dollar amounts in thousands unless otherwise stated)

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

	Pension			Postretirement		
	2015	2014	2013	2015	2014	2013
Amortization of losses	$3,733	$6,542	$20,914	$12	$288	$675
Amortization of prior service cost	13	576	1,356	—	8	66
Amortization of negative plan amendment	—	—	—	—	(137)	(105)

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

	Pension		Postretirement	
	2015	2014	2015	2014
Prior service cost	—	($13)	—	—
Net (losses) gains	(27,710)	(30,965)	45	(90)
Negative plan amendment	—	—	—	—
Deferred income tax benefit (expense)	1,927	2,425	6	(22)
AOCI	($25,783)	($28,553)	$51	($112)

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

	2015	2014
Projected benefit obligation	$84,005	$87,355
Accumulated benefit obligation	78,779	81,141
Fair value of plan assets	50,970	55,546

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

	Pension			Postretirement		
	2015	2014	2013	2015	2014	2013
Components of Net Periodic Benefit Cost						
Service cost	$1,484	$3,923	$8,452	$11	$402	$1,056
Interest cost	3,319	10,707	16,682	52	537	937
Expected return on plan assets	(4,027)	(15,258)	(25,302)	—	—	—
Amortization of prior service cost	13	576	1,296	—	8	66
Amortization of losses	3,733	6,542	20,097	12	288	675
Amortization of negative plan amendment	—	—	—	—	(137)	(105)
Curtailment expense	—	—	60	—	—	—
Settlement expense	—	—	817	—	—	—
Net periodic benefit cost (a)	$4,522	$6,490	$22,102	$75	$1,098	$2,629

(a) Net periodic benefit cost for the years ended December 31, 2014 and 2013 included $4.0 million and $14.9 million, respectively, recorded in “Income from discontinued operations, net” on the Consolidated Statements of Income and Comprehensive Income.

The estimated pre-tax amounts that will be amortized from AOCI into net periodic benefit cost in 2016 are as follows:

	Pension	Postretirement
Amortization of loss (gain)	$2,426	($1)

(Dollar amounts in thousands unless otherwise stated)

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

	Pension			Postretirement		
	2015	2014	2013	2015	2014	2013
Assumptions used to determine benefit obligations at December 31:						
Discount rate	4.20%	3.80%	4.60%	4.34%	3.96%	4.60%
Rate of compensation increase	4.50%	4.50%	4.60%	4.50%	4.50%	4.50%
Assumptions used to determine net periodic benefit cost for years ended December 31:						
Discount rate (pre-spin off)	—	4.60%	3.70%	—	4.60%	3.60%
Discount rate (post-spin off)	3.80%	4.04%	—	3.96%	4.00%	—
Expected long-term return on plan assets	7.70%	8.50%	8.50%	—	—	—
Rate of compensation increase	4.50%	4.50%	4.60%	4.50%	4.50%	4.50%

At December 31, 2015, the pension plan's discount rate was 4.2%, which closely approximates interest rates on high quality, long-term obligations. In 2015, the expected return on plan assets decreased to 7.7%, which is based on historical and expected long-term rates of return on broad equity and bond indices and consideration of the actual annualized rate of return. The Company, with the assistance of external consultants, utilizes this information in developing assumptions for returns, and risks and correlation of asset classes, which are then used to establish the asset allocation ranges.

Investment of Plan Assets

The Company's pension plans' asset allocation (excluding short-term investments) at December 31, 2015 and 2014, and target allocation ranges by asset category are as follows:

	Percentage of Plan Assets		Target Allocation
Asset Category	2015	2014	Range
Domestic equity securities	40%	42%	35-45%
International equity securities	25%	23%	20-30%
Domestic fixed income securities	27%	27%	25-29%
International fixed income securities	5%	4%	3-7%
Real estate fund	3%	4%	2-4%
Total	100%	100%	

The Company's Pension and Savings Plan Committee and the Audit Committee of the Board of Directors oversee the pension plans' investment program which is designed to maximize returns and provide sufficient liquidity to meet plan obligations while maintaining acceptable risk levels. The investment approach emphasizes diversification by allocating the plans' assets among asset categories and selecting investment managers whose various investment methodologies will be minimally correlative with each other. Investments within the equity categories may include large capitalization, small capitalization and emerging market securities, while the international fixed income portfolio may include emerging markets debt. Pension assets did not include a direct investment in Rayonier common stock at December 31, 2015 or 2014.

(Dollar amounts in thousands unless otherwise stated)

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy (see Note 2 — *Summary of Significant Accounting Policies* for definition), the assets of the plans as of December 31, 2015 and 2014.

	Fair Value at December 31, 2015			Fair Value at December 31, 2014		
Asset Category	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
Domestic equity securities	$3,781	$16,171	$19,952	$4,557	$18,326	$22,883
International equity securities	6,062	6,287	12,349	6,277	6,488	12,765
Domestic fixed income securities	—	13,654	13,654	—	14,643	14,643
International fixed income securities	2,348	—	2,348	2,428	—	2,428
Real estate fund	1,583	—	1,583	1,887	—	1,887
Short-term investments	—	1,084	1,084	—	940	940
Total	$13,774	$37,196	$50,970	$15,149	$40,397	$55,546

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

Level 1 — Net asset value in an observable market.

Level 2 — Assets classified as level two are held in collective trust funds. The net asset value of a collective trust is calculated by determining the fair value of the fund's underlying assets, deducting its liabilities, and dividing by the units outstanding as of the valuation date. These funds are not publicly traded; however, the unit price calculation is based on observable market inputs of the funds' underlying assets.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company did not have Level 3 assets at December 31, 2015 and there were no changes in the methodology used during the years ended December 31, 2015 and 2014.

Cash Flows

Expected benefit payments for the next 10 years are as follows:

	Pension Benefits	Postretirement Benefits
2016	$3,043	$25
2017	3,204	27
2018	3,346	29
2019	3,543	32
2020	3,811	34
2021 - 2025	21,825	211

The Company has no mandatory pension contribution requirements in 2016, but may make discretionary contributions.

Defined Contribution Plans

The Company provides defined contribution plans to all of its hourly and salaried employees. Company contributions charged to expense for these plans were $0.7 million, $1.6 million and $4.4 million for the years ended December 31, 2015, 2014 and 2013, respectively. Rayonier Hourly and Salaried Defined Contribution Plans include Rayonier common stock with a fair market value of $11.1 million and $16.3 million at December 31, 2015 and 2014, respectively.

As discussed above, the defined benefit pension plan is currently closed to new employees. Employees not eligible for the pension plan are immediately eligible to participate in the Company's 401(k) plan and receive an enhanced contribution. Company contributions related to this plan enhancement for the years ended December 31, 2015, 2014 and 2013 were $0.4 million, $0.5 million and $1.1 million, respectively.

(Dollar amounts in thousands unless otherwise stated)

16. INCENTIVE STOCK PLANS

The Rayonier Incentive Stock Plan ("the Stock Plan") provides up to 15.8 million shares to be granted for incentive stock options, non-qualified stock options, stock appreciation rights, performance shares, restricted stock and restricted stock units, subject to certain limitations. At December 31, 2015, a total of 5.6 million shares were available for future grants under the Stock Plan. Under the Stock Plan, shares available for issuance are reduced by 1 share for each option or right granted and by 2.27 shares for each performance share, restricted share or restricted stock unit granted. The Company issues new shares of stock upon the exercise of stock options, the granting of restricted stock, and the vesting of performance shares.

A summary of the Company's stock-based compensation cost is presented below:

	2015	2014	2013
Selling and general expenses	$3,752	$7,100	$10,700
Cost of sales	635	678	942
Timber and Timberlands, net (a)	97	91	68
Total stock-based compensation	$4,484	$7,869	$11,710
Tax benefit recognized related to stock-based compensation expense	$302	$1,714	$3,077

(a) Represents amounts capitalized as part of the overhead allocation of timber-related costs.

As a result of the spin-off and pursuant to the Employee Matters Agreement, the Company made certain adjustments to the exercise price and number of Rayonier stock-based compensation awards. For additional information on the spin-off of the Performance Fibers business, see *Note 21 — Discontinued Operations*.

Fair Value Calculations by Award

Restricted Stock

Restricted stock granted to employees under the Stock Plan generally vests in thirds on the third, fourth, and fifth anniversary of the grant date. Periodically, other one-time restricted stock grants are issued to employees for special purposes, such as new hire, promotion or retention, and can vest ratably over, or upon completion of, a defined period of time. Restricted stock granted to members of the board of directors generally vests immediately upon issuance and is subject to certain holding requirements. The fair value of each share granted is equal to the share price of the Company's stock on the date of grant. Rayonier has elected to value each grant in total and recognize the expense on a straight-line basis from the grant date of the award to the latest vesting date.

Restricted stock was impacted by the spin-off as follows:

- Holders of Rayonier restricted stock, including Rayonier non-employee directors, retained those awards and also received restricted stock of Rayonier Advanced Materials, in an amount that reflects the distribution to Rayonier stockholders, by applying the distribution ratio (one share of Rayonier Advanced Materials for every three shares of Rayonier stock held) to Rayonier restricted stock awards as though they were unrestricted Rayonier common shares.
- Performance share awards granted in 2013 (with a 2013-2015 performance period) were cancelled as of the distribution date and were replaced with time-vested restricted stock of the post-separation employer of each holder (Rayonier or Rayonier Advanced Materials, as the case may be). The restricted shares will vest 24 months after the distribution date, generally subject to the holder's continued employment. The number of shares of restricted stock granted was determined in a manner intended to preserve the original value of the performance share award.

The Company compared the fair value of the reissued restricted stock held by Rayonier employees with the fair value of the restricted stock and 2013 performance share awards immediately before the modification. The replacement of the 2013 performance share awards with restricted stock resulted in $0.7 million of incremental value. After adjusting the incremental value for cancellations prior to December 31, 2015, the additional expense to be recognized over the remaining two-year vesting period ending in the second quarter of 2016 totaled $0.4 million.

(Dollar amounts in thousands unless otherwise stated)

As of December 31, 2015, there was $4.0 million of unrecognized compensation cost related to Rayonier and Rayonier Advanced Materials restricted stock held by Rayonier employees. The Company expects to recognize this cost over a weighted average period of 3.6 years.

A summary of the Company's restricted shares is presented below:

	2015	2014	2013
Restricted shares granted	96,088	186,783	33,607
Weighted average price of restricted shares granted	$26.28	$36.42	$57.54
Intrinsic value of restricted stock outstanding (a)	4,434	5,142	1,652
Grant date fair value of restricted stock vested	2,632	1,318	1,266
Cash used to purchase common shares from current and former employees to pay minimum withholding tax requirements on restricted shares vested	$122	$24	$277

(a) Intrinsic value of restricted stock outstanding is based on the market price of the Company's stock at December 31, 2015.

	2015	
	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested Restricted Shares at January 1,	184,023	$37.53
Granted	96,088	26.28
Vested	(76,421)	34.45
Cancelled	(3,951)	40.88
Non-vested Restricted Shares at December 31,	199,739 (a)	$33.09

(a) Represents all Rayonier restricted shares outstanding as of December 31, 2015, including restricted share awards held by Rayonier Advanced Materials employees.

Performance Share Units

The Company's performance share units generally vest upon completion of a three-year period. The number of shares, if any, that are ultimately awarded is contingent upon Rayonier's total shareholder return versus selected peer group companies. The performance share payout is based on a market condition and as such, the awards are valued using a Monte Carlo simulation model. The model generates the fair value of the award at the grant date, which is then recognized as expense over the vesting period.

Performance share awards outstanding as of the spin-off were treated as follows:

- Performance share awards granted in 2012 (with a 2012-2014 performance period) remained subject to the same performance criteria as applied immediately prior to the spin-off, except that total shareholder return at the end of the performance period was based on the combined stock prices of Rayonier and Rayonier Advanced Materials and any payment earned was to be in shares of Rayonier common stock and shares of Rayonier Advanced Materials common stock.
- Performance share awards granted in 2013 (with a 2013-2015 performance period) were cancelled as of the distribution date and were replaced with time-vested restricted stock of the post-separation employer of each holder, as discussed in the *Restricted Stock* section above.
- Performance share awards granted in 2014 (with a 2014-2016 performance period) were cancelled and replaced with performance share awards of the post-separation employer of each holder (Rayonier or Rayonier Advanced Materials, as the case may be), and are subject to the achievement of performance criteria that relate to the post-separation business of the applicable employer during a performance period ending December 31, 2016. The number of shares underlying each such performance share award were determined in a manner intended to preserve the original value of the award.

(Dollar amounts in thousands unless otherwise stated)

A comparison of the fair value of modified performance share awards held by Rayonier employees with the fair value of the awards immediately before the modification did not yield any incremental value. As such, the Company did not record any incremental compensation expense related to performance shares. The replacement of the 2013 performance share awards with time-vested restricted stock did result in incremental compensation expense, as discussed above.

The Stock Plan allows for the cash settlement of the minimum required withholding tax on performance share unit awards. As of December 31, 2015, there was $3.2 million of unrecognized compensation cost related to the Company's performance share unit awards, which is solely attributable to awards granted in 2014 and 2015 to Rayonier employees. This cost is expected to be recognized over a weighted average period of 2.0 years.

A summary of the Company's performance share units is presented below:

	2015	2014	2013
Common shares of Company stock reserved for performance shares granted during year	219,844	130,164	276,240
Weighted average fair value of performance share units granted	$29.62	$40.33	$59.16
Intrinsic value of outstanding performance share units (a)	3,822	5,840	22,092
Fair value of performance shares vested	—	—	6,961
Cash used to purchase common shares from current and former employees to pay minimum withholding tax requirements on performance shares vested	—	$1,834	$11,048

(a) Intrinsic value of outstanding performance share units is based on the market price of the Company's stock at December 31, 2015.

	2015		
	Number of Units		Weighted Average Grant Date Fair Value
Outstanding Performance Share units at January 1,	209,024		$51.01
Granted	109,922		29.62
Other Cancellations/Adjustments	(146,790)	(a)	56.00
Outstanding Performance Share units at December 31,	172,156		$33.12

(a) Includes primarily 2012 performance shares issued to Rayonier and Rayonier Advanced Material employees that did not meet the minimum performance requirement for vesting.

Expected volatility was estimated using daily returns on the Company's common stock for the three-year period ending on the grant date. The risk-free rate was based on the 3-year U.S. treasury rate on the date of the award. The dividend yield was not used to calculate fair value as awards granted receive dividend equivalents. The following table provides an overview of the assumptions used in calculating the fair value of the awards granted for the three years ended December 31, 2015:

	2015	2014 (a)	2013
Expected volatility	21.9%	19.7%	23.2%
Risk-free rate	0.9%	0.7%	0.4%

(a) Represents assumptions used in the July 2014 valuation of re-issued 2014 performance share units with a remaining term of 2.5 years. The initial fair value of the 2014 awards assumed an expected volatility of 22.8% and a risk-free rate of 0.8%.

Non-Qualified Employee Stock Options

The exercise price of each non-qualified stock option granted under the Stock Plan is equal to the closing market price of the Company's stock on the grant date. Under the Stock Plan, the maximum term is ten years from the grant date. Awards vest ratably over three years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The expected volatility is based on historical volatility for each grant and is calculated using the historical change in the daily market price of the Company's common stock over the expected life of the award. The expected life is based on prior exercise behavior. The Company has elected to value each grant in total and recognize the expense for stock options on a straight-line basis over three years.

At the time of the spin-off, each Rayonier stock option was converted into an adjusted Rayonier stock option and a Rayonier Advanced Materials stock option. The exercise price and number of shares subject to each stock option were adjusted in order to preserve the aggregate value of the original Rayonier stock option as measured immediately before and immediately after the spin-off. A comparison of the fair value of modified awards held by Rayonier employees, including options in both Rayonier and Rayonier Advanced Materials shares, with the fair value of the awards immediately before the modification did not yield any incremental value. As such, the Company did not record any incremental compensation expense related to stock options.

The following table provides an overview of the weighted average assumptions and related fair value calculations of options granted for the two years ended December 31, 2014 as no options were granted during the year ended December 31, 2015:

	2014 (a)	2013
Expected volatility	39.3%	39.0%
Dividend yield	4.6%	3.4%
Risk-free rate	2.2%	1.0%
Expected life (in years)	6.3	6.3
Fair value per share of options granted (b)	$10.58	$14.01
Fair value of options granted (in millions)	$3.2	$2.7

(a) The majority of 2014 stock option awards were granted prior to the spin-off. As such, the weighted average assumptions and fair values reflect pre-spin information, including dividends, stock prices and grants to Rayonier Advanced Materials employees in addition to Rayonier employees.

(b) The fair value per share of each option grant was adjusted at the spin-off to preserve the aggregate value of the original Rayonier stock option. The adjusted weighted average fair value per share applied to Rayonier employee awards was $8.23 for 2014 grants and $10.70 for 2013 grants.

A summary of the status of the Company's stock options as of and for the year ended December 31, 2015 is presented below. The information reflects options in Rayonier common shares, including those awards held by Rayonier Advanced Materials employees.

	2015			
	Number of Shares	Weighted Average Exercise Price (per common share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at January 1,	1,369,900	$27.21		
Granted	—	—		
Exercised	(113,082)	18.95		
Cancelled or expired	(37,084)	32.86		
Options outstanding at December 31,	1,219,734	$27.80	5.3	$1,380
Options exercisable at December 31,	1,003,510	$26.63	4.7	$1,380

(Dollar amounts in thousands unless otherwise stated)

A summary of additional information pertaining to the Company's stock options is presented below:

	2015	2014	2013
Intrinsic value of options exercised (a)	$773	$4,044	$12,263
Fair value of options vested	1,938	3,054	2,558
Cash received from exercise of options	2,117	5,579	10,101

(a) Intrinsic value of options exercised is the amount by which the fair value of the stock on the exercise date exceeded the exercise price of the option.

As of December 31, 2015, there was $0.2 million of unrecognized compensation cost related to Rayonier and Rayonier Advanced Materials stock options held by the Company's employees. This cost is expected to be recognized over a weighted average period of 1.0 years.

17. OTHER OPERATING INCOME, NET

The following table provides the composition of Other operating income, net for the three years ended December 31:

	2015	2014	2013
Lease income, primarily from hunting	$19,216	$17,569	$19,479
Other non-timber income	3,597	2,621	2,714
Foreign exchange (loss) gain	(89)	3,498	901
Gain on sale or disposal of property plant & equipment	7	48	287
(Loss) gain on foreign currency contracts, net	(5,338)	32	(192)
Legal and corporate development costs	—	(222)	(2,242)
Bankruptcy claim settlement	—	5,779	—
Gain (loss) on sale of carbon credits (a)	352	(307)	—
Log trading agency and marketing fees	1,191	—	—
Miscellaneous income (expense), net	823	(2,507)	(2,460)
Total	$19,759	$26,511	$18,487

(a) Loss in 2014 reflects surrender of carbon credit units.

18. INVENTORY

In the first quarter of 2015, Rayonier reclassified seeds and seedlings from Inventory and Other Assets to Timber and Timberlands, Net to better reflect the intended use of the assets, as discussed in Note 2 - *Summary of Significant Accounting Policies*. As of December 31, 2015 and 2014, Rayonier's inventory was solely comprised of finished goods, as follows:

	2015	2014
Finished goods inventory		
Real estate inventory (a)	$12,252	$4,932
Log inventory	3,099	3,451
Total inventory	$15,351	$8,383

(a) Represents cost of HBU real estate (including capitalized development investments) expected to be sold within 12 months.

(Dollar amounts in thousands unless otherwise stated)

19. OTHER ASSETS

Included in Other Assets are non-current prepaid and deferred income taxes, restricted cash, goodwill in the New Zealand JV, long-term prepaid roads, and other deferred expenses including debt issuance and capitalized software costs.

Beginning in 2015, Rayonier reclassified HBU timberlands and real estate development costs from "Other Assets" to a separate balance sheet caption. See Note 2 — *Summary of Significant Accounting Policies* for additional information on HBU real estate. As of December 31, 2015 and 2014, the cost of Rayonier's HBU real estate not expected to be sold within the next 12 months was $65.4 million and $77.4 million, respectively.

As of December 31, 2015, New Zealand JV goodwill was $8.5 million and was included in the assets of the New Zealand Timber segment. Based on a Step 1 impairment analysis performed as of October 1, 2015, there is no indication of impairment of goodwill as of December 31, 2015. Except for changes in the New Zealand foreign exchange rate, there have been no adjustments to the carrying value of goodwill since the initial recognition. See Note 2 — *Summary of Significant Accounting Policies* for additional information on goodwill.

Changes in goodwill for the years ended December 31, 2015 and 2014 were:

	2015	2014
Balance, January 1 (net of $0 of accumulated impairment)	$9,694	$10,179
Changes to carrying amount		
Acquisitions	—	—
Impairment	—	—
Foreign currency adjustment	(1,216)	(485)
Balance, December 31 (net of $0 of accumulated impairment)	$8,478	$9,694

In order to qualify for like-kind ("LKE") treatment, the proceeds from real estate sales must be deposited with a third-party intermediary. These proceeds are accounted for as restricted cash until a suitable replacement property is acquired. In the event that the LKE purchases are not completed, the proceeds are returned to the Company after 180 days and reclassified as available cash. As of December 31, 2015 and 2014, the Company had $23.5 million and $6.7 million, respectively, of proceeds from real estate sales classified as restricted cash in "Other Assets," which were deposited with an LKE intermediary.

Costs for roads in the Pacific Northwest and New Zealand built to access particular tracts to be harvested in the upcoming 24 months to 60 months are recorded as prepaid logging and secondary roads. At December 31, 2015 and 2014, long-term prepaid roads in the Pacific Northwest were $5.7 million and $4.7 million, respectively. At December 31, 2015 and 2014, long-term secondary roads in New Zealand were $2.3 million and $3.3 million, respectively.

Debt issuance costs are capitalized and amortized to interest expense over the term of the debt to which they relate using a method that approximates the interest method. At December 31, 2015 and 2014, capitalized debt issuance costs were $3.9 million and $3.7 million, respectively. Software costs are capitalized and amortized over a period not exceeding five years using the straight-line method. At December 31, 2015 and 2014, capitalized software costs were $3.9 million and $4.2 million, respectively.

(Dollar amounts in thousands unless otherwise stated)

20. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The following table summarizes the changes in AOCI by component for the years ended December 31, 2015 and 2014. All amounts are presented net of tax and exclude portions attributable to noncontrolling interest.

	Foreign currency translation adjustments	Net investment hedges of New Zealand JV	Cash flow hedges	Employee benefit plans	Total
Balance as of December 31, 2013	$36,914	—	($342)	($82,711)	($46,139)
Other comprehensive income/(loss) before reclassifications	(11,381)	(145)	510	47,938 (a)	36,922
Amounts reclassified from accumulated other comprehensive loss	—	—	(1,716)	6,108 (b)	4,392
Net other comprehensive income/(loss)	(11,381)	(145)	(1,206)	54,046	41,314
Balance as of December 31, 2014	$25,533	($145)	($1,548)	($28,665)	($4,825)
Other comprehensive income/(loss) before reclassifications	(27,983)	6,416	(14,444) (c)	(354)	(36,365)
Amounts reclassified from accumulated other comprehensive loss	—	—	4,400	3,287 (d)	7,687
Net other comprehensive income/(loss)	(27,983)	6,416	(10,044)	2,933	(28,678)
Balance as of December 31, 2015	($2,450)	$6,271	($11,592)	($25,732)	($33,503)

(a) Reflects $78 million, net of taxes, of comprehensive income due to the transfer of losses to Rayonier Advanced Materials Pension Plans. This comprehensive income was offset by $30 million, net of taxes, of losses as a result of revaluations required due to the spin-off and at year-end. The actuarial losses were primarily caused by a decrease in the discount rate from 4.6 percent as of December 31, 2013 to 3.8 percent as of December 31, 2014. See Note 15 — *Employee Benefit Plans* for additional information.

(b) This accumulated other comprehensive income component is comprised of $5 million from the computation of net periodic pension cost and the $1 million write-off of a deferred tax asset related to the revaluation and transfer of liabilities as a result of the spin-off.

(c) Includes $10.2 million of other comprehensive loss related to interest rate swaps entered into in the third quarter 2015. See Note 13 — *Derivative Financial Instruments and Hedging Activities* for additional information.

(d) This component of other comprehensive income is included in the computation of net periodic pension cost. See Note 15 — *Employee Benefit Plans* for additional information.

(Dollar amounts in thousands unless otherwise stated)

The following table presents details of the amounts reclassified in their entirety from AOCI for the years ended December 31, 2015 and 2014:

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income		Affected line item in the income statement
	2015	2014	
Realized loss (gain) on foreign currency exchange contracts	$5,366	($2,858)	Other operating income, net
Realized loss (gain) on foreign currency option contracts	4,035	(1,007)	Other operating income, net
Noncontrolling interest	(3,290)	1,352	Comprehensive loss attributable to noncontrolling interest
Income tax (benefit) expense from foreign currency contracts	(1,711)	797	Income tax benefit
Net (gain) loss on cash flow hedges reclassified from accumulated other comprehensive income	4,400	(1,716)	
Income tax expense on pension plan contributed to Rayonier Advanced Materials	—	843	Income tax benefit
Net loss (gain) reclassified from accumulated other comprehensive income	$4,400	($873)	

(Dollar amounts in thousands unless otherwise stated)

21. DISCONTINUED OPERATIONS

Spin-Off of the Performance Fibers Business

On June 27, 2014, Rayonier completed the tax-free spin-off of its Performance Fibers business and retained its timber, real estate and trading businesses. The spin-off resulted in two independent, publicly-traded companies, with the Performance Fibers business being spun off to Rayonier shareholders as a newly formed public company named Rayonier Advanced Materials. On June 27, 2014, the shareholders of record received one share of Rayonier Advanced Materials common stock for every three common shares of Rayonier held as of the close of business on the record date of June 18, 2014.

In connection with the spin-off, Rayonier Advanced Materials distributed $906.2 million in cash to Rayonier from $550 million in Senior Notes issued by Rayonier A.M. Products (a wholly-owned subsidiary of Rayonier Advanced Materials), $325 million in term loans, and $75 million from a revolving credit facility Rayonier Advanced Materials entered into prior to the spin-off. Pursuant to the terms of the Internal Revenue Service spin-off ruling, $75 million of this cash was paid to Rayonier's shareholders as dividends. Of this $75 million, $63.2 million was paid to shareholders as a special dividend in the third quarter of 2014.

In order to effect the spin-off and govern the Company's relationship with Rayonier Advanced Materials after the spin-off, Rayonier and Rayonier Advanced Materials entered into a Separation and Distribution Agreement, an Intellectual Property Agreement, a Tax Sharing Agreement, an Employee Matters Agreement and a Transition Services Agreement. See Note 3 — *Discontinued Operations* in the 2014 Form 10-K for further details concerning these agreements.

Rayonier will not have significant continuing involvement in the operations of the Performance Fibers business going forward. Accordingly, the operating results of the Performance Fibers business, formerly disclosed as a separate reportable segment, are classified as discontinued operations in the Company's Consolidated Statements of Income and Comprehensive Income for all periods presented. Certain administrative and general costs historically allocated to the Performance Fibers segment are reported in continuing operations, as required.

The following table summarizes the operating results of the Company's discontinued operations related to the Performance Fibers spin-off for the years ended December 31, 2014 and December 31, 2013, as presented in "Income from discontinued operations, net" in the Consolidated Statements of Income and Comprehensive Income:

	2014	2013
Sales	$456,180	$1,048,104
Cost of sales and other	(369,210)	(736,471)
Transaction expenses	(22,989)	(3,208)
Income from discontinued operations before income taxes	63,981	308,425
Income tax expense	(20,578)	(84,398)
Income from discontinued operations, net	$43,403	$224,027

In accordance with ASC 205-20-S99-3, *Allocation of Interest to Discontinued Operations*, the Company elected to allocate interest expense to discontinued operations where the debt is not directly attributed to the Performance Fibers business. Interest expense was allocated based on a ratio of net assets discontinued to the sum of consolidated net assets plus consolidated debt (other than debt directly attributable to the Timber and Real Estate operations). The following table summarizes the interest expense allocated to discontinued operations for the years ended December 31, 2014 and December 31, 2013:

	2014	2013
Interest expense allocated to the Performance Fibers business	($4,205)	($8,964)

(Dollar amounts in thousands unless otherwise stated)

The following table summarizes the depreciation, amortization and capital expenditures of the Company's discontinued operations related to the Performance Fibers business:

	2014	2013
Depreciation and amortization	$37,985	$74,386
Capital expenditures	60,443	97,874
Jesup mill cellulose specialties expansion	—	148,262

The major classes of Performance Fibers assets and liabilities included in the spin-off are as follows:

	June 27, 2014
Accounts receivable, net	$66,050
Inventory	121,705
Prepaid and other current assets	70,092
Property, plant and equipment, net	862,487
Other assets	103,400
Total assets	$1,223,734
Accounts payable	$65,522
Other current liabilities	51,006
Long-term debt	950,000
Non-current environmental liabilities	66,434
Pension and other postretirement benefits	102,633
Other non-current liabilities	7,269
Deficit	(19,130)
Total liabilities and equity	$1,223,734

In the third and fourth quarters of 2014 and 2015, the Company made immaterial adjustments to the valuation of certain classes of Performance Fibers assets and liabilities included in the spin-off as the segregation of the pension and postretirement plans were finalized and tax obligations were updated based upon filing of the 2013 and 2014 tax returns and allocated based on the terms of the Tax Sharing Agreement. The effect of these adjustments have been reflected in discontinued operations and equity for the year ended December 31, 2014 and equity for the year ended December 31, 2015.

Pursuant to a Memorandum of Understanding Agreement, Rayonier may provide Rayonier Advanced Materials with up to 120,000 tons of hardwood annually through July 30, 2017. Prior to the spin-off, hardwood intercompany purchases were transactions eliminated in consolidation as follows:

	2014	2013
Hardwood purchases	$3,935	$3,051

(Dollar amounts in thousands unless otherwise stated)

Sale of Wood Products Business

On March 1, 2013, Rayonier completed the sale of its Wood Products business (consisting of three lumber mills in Baxley, Swainsboro and Eatonton, Georgia) to International Forest Products Limited ("Interfor") for $80 million plus a working capital adjustment. Accordingly, the operating results of the Wood Products business, formerly disclosed as a separate reportable segment, are classified as discontinued operations in the Company's Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2013.

Rayonier recognized an after-tax gain of $42.1 million on the sale, which included the acceleration of pension settlement costs of $0.5 million resulting from a lump sum distribution to Wood Products participants. The gain is included in "Income from discontinued operations, net" in the Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2013.

The following table summarizes the operating results of the Company's Wood Products discontinued operations as presented in "Income from discontinued operations, net" in the Consolidated Statements of Income and Comprehensive Income for the year ended December 31, 2013:

	2013
Sales	$16,968
Cost of sales and other	(14,258)
Gain on sale of discontinued operations	63,217
Income from discontinued operations before income taxes	65,927
Income tax expense	(21,999)
Income from discontinued operations, net	$43,928

The sale did not meet the "held for sale" criteria prior to the period it was completed. The major classes of Wood Products assets and liabilities included in the sale were as follows:

	March 1, 2013
Accounts receivable, net	$4,127
Inventory	4,270
Prepaid and other current assets	2,053
Property, plant and equipment, net	9,990
Total assets	$20,440
Total liabilities	$596

Cash flows from the Wood Products business were de minimis both individually and in the aggregate. As such, they were included with cash flows from continuing operations in the Consolidated Statements of Cash Flows for the year ended December 31, 2013.

The following table reconciles the operating results of both the Performance Fibers and Wood Products discontinued operations, as presented in "Income from discontinued operations, net" in the Consolidated Statements of Income and Comprehensive Income:

	2014	2013
Performance Fibers income from discontinued operations, net	$43,403	$224,027
Wood Products income from discontinued operations, net	—	43,928
Income from discontinued operations, net	$43,403	$267,955

(Dollar amounts in thousands unless otherwise stated)

22. LIABILITIES FOR DISPOSITIONS AND DISCONTINUED OPERATIONS

An analysis of activity in the liabilities for dispositions and discontinued operations for the two years ended December 31, 2014 follows:

	2014	2013
Balance, January 1	$76,378	$81,695
Expenditures charged to liabilities	(5,096)	(8,570)
Increase to liabilities	2,558	3,253
Contribution to Rayonier Advanced Materials	(73,840)	—
Balance, December 31	—	76,378
Less: Current portion	—	(6,835)
Non-current portion	—	$69,543

In connection with the spin-off of the Performance Fibers business, all remaining liabilities associated with prior dispositions and discontinued operations were assumed by Rayonier Advanced Materials. As part of the separation agreement, Rayonier has been indemnified, released and discharged from any liability related to these sites. For additional information on the Performance Fibers spin-off, see Note 21 — *Discontinued Operations*.

(Dollar amounts in thousands unless otherwise stated)

23. QUARTERLY RESULTS FOR 2015 and 2014 (UNAUDITED)

(thousands of dollars, except per share amounts)

	Quarter Ended				
	March 31	June 30	Sept. 30	Dec. 31	Total Year
2015					
Sales	$140,305	$115,801	$151,657	$137,111	$544,874
Cost of sales	107,234	103,689	116,044	114,132	441,099
Net income (loss)	18,180	(2,860)	19,181	9,440	43,941
Net income (loss) attributable to Rayonier Inc.	17,747	(1,536)	19,669	10,285	46,165
Basic EPS attributable to Rayonier Inc.					
Net Income (Loss)	$0.14	($0.01)	$0.16	$0.08	$0.37
Diluted EPS attributable to Rayonier Inc.					
Net Income (Loss)	$0.14	($0.01)	$0.16	$0.08	$0.37
2014					
Sales	143,187	163,145	149,829	147,360	603,521
Cost of sales	115,900	123,096	118,088	126,776	483,860
Income from continuing operations	10,335	4,024	32,059	8,025	54,443
Income from discontinued operations	31,008	12,084	—	311	43,403
Net income	41,343	16,108	32,059	8,336	97,846
Net income attributable to Rayonier Inc.	41,426	16,353	32,701	8,857	99,337
Basic EPS attributable to Rayonier Inc.					
Continuing Operations	$0.08	$0.03	$0.26	$0.07	$0.44
Discontinued Operations	0.25	0.10	—	—	0.34
Net Income	$0.33	$0.13	$0.26	$0.07	$0.78
Diluted EPS attributable to Rayonier Inc.					
Continuing Operations	$0.08	$0.03	$0.25	$0.07	$0.43
Discontinued Operations	0.24	0.09	—	—	0.33
Net Income	$0.32	$0.12	$0.25	$0.07	$0.76

Rayonier completed the spin-off of its Performance Fibers business on June 27, 2014, as discussed at Note 21 — *Discontinued Operations*. Accordingly, the operating results of this business is reported as discontinued operations in the Company's 2014 Consolidated Statement of Income and Comprehensive Income, including the quarterly periods shown above.

(Dollar amounts in thousands unless otherwise stated)

24. CONSOLIDATING FINANCIAL STATEMENTS

The condensed consolidating financial information below follows the same accounting policies as described in the consolidated financial statements, except for the use of the equity method of accounting to reflect ownership interests in wholly-owned subsidiaries, which are eliminated upon consolidation, and the allocation of certain expenses of Rayonier Inc. incurred for the benefit of its subsidiaries.

In March 2012, Rayonier Inc. issued $325 million of 3.75% Senior Notes due 2022. In connection with these notes, the Company provides the following condensed consolidating financial information in accordance with SEC Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*.

The subsidiary guarantors, Rayonier Operating Company LLC ("ROC") and Rayonier TRS Holdings Inc., are wholly-owned by the Parent Company, Rayonier Inc. The notes are fully and unconditionally guaranteed on a joint and several basis by the guarantor subsidiaries.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2015

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
SALES	—	—	$544,874	—	$544,874
Costs and Expenses					
Cost of sales	—	—	441,099	—	441,099
Selling and general expenses	—	20,468	25,282	—	45,750
Other operating income, net	—	(404)	(19,355)	—	(19,759)
	—	20,064	447,026	—	467,090
OPERATING (LOSS) INCOME	—	(20,064)	97,848	—	77,784
Interest expense	(12,703)	(9,135)	(9,861)	—	(31,699)
Interest and miscellaneous income (expense), net	7,789	2,612	(13,404)	—	(3,003)
Equity in income from subsidiaries	51,079	75,532	—	(126,611)	—
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	46,165	48,945	74,583	(126,611)	43,082
Income tax benefit (expense)	—	2,134	(1,275)	—	859
NET INCOME	46,165	51,079	73,308	(126,611)	43,941
Less: Net loss attributable to noncontrolling interest	—	—	(2,224)	—	(2,224)
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	46,165	51,079	75,532	(126,611)	46,165
OTHER COMPREHENSIVE INCOME					
Foreign currency translation adjustment	(21,567)	7,922	(40,373)	21,567	(32,451)
New Zealand joint venture cash flow hedges	(10,042)	(10,195)	234	10,042	(9,961)
Actuarial change and amortization of pension and postretirement plan liabilities	2,933	2,933	—	(2,933)	2,933
Total other comprehensive (loss) income	(28,676)	660	(40,139)	28,676	(39,479)
COMPREHENSIVE INCOME	17,489	51,739	33,169	(97,935)	4,462
Less: Comprehensive loss attributable to noncontrolling interest	—	—	(13,027)	—	(13,027)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	$17,489	$51,739	$46,196	($97,935)	$17,489

(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2014

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
SALES	—	—	$603,521	—	$603,521
Costs and Expenses					
Cost of sales	—	—	483,860	—	483,860
Selling and general expenses	—	14,578	33,305	—	47,883
Other operating expense (income), net	—	3,275	(29,786)	—	(26,511)
	—	17,853	487,379	—	505,232
OPERATING (LOSS) INCOME	—	(17,853)	116,142	—	98,289
Interest expense	(13,247)	(23,571)	(7,430)	—	(44,248)
Interest and miscellaneous income (expense), net	9,186	(3,100)	(15,285)	—	(9,199)
Equity in income from subsidiaries	103,398	138,719	—	(242,117)	—
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	99,337	94,195	93,427	(242,117)	44,842
Income tax benefit	—	9,203	398	—	9,601
INCOME FROM CONTINUING OPERATIONS	99,337	103,398	93,825	(242,117)	54,443
DISCONTINUED OPERATIONS, NET					
Income from discontinued operations, net of income tax	—	—	43,403	—	43,403
NET INCOME	99,337	103,398	137,228	(242,117)	97,846
Less: Net loss attributable to noncontrolling interest	—	—	(1,491)	—	(1,491)
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	99,337	103,398	138,719	(242,117)	99,337
OTHER COMPREHENSIVE INCOME					
Foreign currency translation adjustment	(11,525)	(11,527)	(15,847)	23,052	(15,847)
New Zealand joint venture cash flow hedges	(1,206)	(1,206)	(1,855)	2,412	(1,855)
Actuarial change and amortization of pension and postretirement plan liabilities	54,046	54,046	88,174	(142,220)	54,046
Total other comprehensive income	41,315	41,313	70,472	(116,756)	36,344
COMPREHENSIVE INCOME	140,652	144,711	207,700	(358,873)	134,190
Less: Comprehensive loss attributable to noncontrolling interest	—	—	(6,462)	—	(6,462)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	$140,652	$144,711	$214,162	($358,873)	$140,652

(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2013

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
SALES	—	—	$659,718	—	$659,718
Costs and Expenses					
Cost of sales	—	—	530,772	—	530,772
Selling and general expenses	—	9,821	45,612	—	55,433
Other operating (income) expense, net	(1,701)	4,730	(21,516)	—	(18,487)
	(1,701)	14,551	554,868	—	567,718
Equity in income of New Zealand joint venture	—	—	562	—	562
OPERATING INCOME (LOSS) BEFORE GAIN RELATED TO CONSOLIDATION OF NEW ZEALAND JOINT VENTURE	1,701	(14,551)	105,412	—	92,562
Gain related to consolidation of New Zealand joint venture	—	—	16,098	—	16,098
OPERATING INCOME (LOSS)	1,701	(14,551)	121,510	—	108,660
Interest expense	(13,088)	(28,430)	577	—	(40,941)
Interest and miscellaneous income (expense), net	9,828	(4,297)	(3,092)	—	2,439
Equity in income from subsidiaries	373,455	407,722	—	(781,177)	—
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	371,896	360,444	118,995	(781,177)	70,158
Income tax benefit	—	13,011	22,674	—	35,685
INCOME FROM CONTINUING OPERATIONS	371,896	373,455	141,669	(781,177)	105,843
DISCONTINUED OPERATIONS, NET					
Income from discontinued operations, net of income tax	—	—	267,955	—	267,955
NET INCOME	371,896	373,455	409,624	(781,177)	373,798
Less: Net income attributable to noncontrolling interest	—	—	1,902	—	1,902
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	371,896	373,455	407,722	(781,177)	371,896
OTHER COMPREHENSIVE INCOME					
Foreign currency translation adjustment	(1,915)	(1,915)	(5,710)	3,830	(5,710)
New Zealand joint venture cash flow hedges	3,286	3,286	3,629	(6,572)	3,629
Actuarial change and amortization of pension and postretirement plan liabilities	61,869	61,869	20,589	(82,458)	61,869
Total other comprehensive income	63,240	63,240	18,508	(85,200)	59,788
COMPREHENSIVE INCOME	435,136	436,695	428,132	(866,377)	433,586
Less: Comprehensive loss attributable to noncontrolling interest	—	—	(1,550)	—	(1,550)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	$435,136	$436,695	$429,682	($866,377)	$435,136

(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING BALANCE SHEETS
As of December 31, 2015

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$2,472	$13,217	$36,088	—	$51,777
Accounts receivable, less allowance for doubtful accounts	—	1,870	18,352	—	20,222
Inventory	—	—	15,351	—	15,351
Prepaid logging roads	—	—	10,563	—	10,563
Prepaid expenses	—	443	1,648	—	2,091
Other current assets	—	4,876	805	—	5,681
Total current assets	2,472	20,406	82,807	—	105,685
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	—	—	2,066,780	—	2,066,780
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT COSTS	—	—	65,450	—	65,450
NET PROPERTY, PLANT AND EQUIPMENT	—	330	6,412	—	6,742
INVESTMENT IN SUBSIDIARIES	1,321,681	2,212,405	—	(3,534,086)	—
INTERCOMPANY RECEIVABLE	34,567	(610,450)	575,883	—	—
OTHER ASSETS	2,305	19,741	52,560	—	74,606
TOTAL ASSETS	$1,361,025	$1,642,432	$2,849,892	($3,534,086)	$2,319,263
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable	$609	$1,463	$19,407	—	$21,479
Accrued taxes	—	(10)	3,695	—	3,685
Accrued payroll and benefits	—	3,594	3,443	—	7,037
Accrued interest	3,047	666	2,440	—	6,153
Other current liabilities	—	262	20,841	—	21,103
Total current liabilities	3,656	5,975	49,826	—	59,457
LONG-TERM DEBT	325,000	282,000	226,879	—	833,879
PENSION AND OTHER POSTRETIREMENT BENEFITS	—	34,822	(685)	—	34,137
OTHER NON-CURRENT LIABILITIES	—	16,914	13,136	—	30,050
INTERCOMPANY PAYABLE	(255,715)	(18,960)	274,675	—	—
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,288,084	1,321,681	2,212,405	(3,534,086)	1,288,084
Noncontrolling interest	—	—	73,656	—	73,656
TOTAL SHAREHOLDERS' EQUITY	1,288,084	1,321,681	2,286,061	(3,534,086)	1,361,740
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,361,025	$1,642,432	$2,849,892	($3,534,086)	$2,319,263

(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING BALANCE SHEETS
As of December 31, 2014

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$102,218	$8,105	$51,235	—	$161,558
Accounts receivable, less allowance for doubtful accounts	—	1,409	22,609	—	24,018
Inventory	—	—	8,383	—	8,383
Prepaid logging roads	—	—	12,665	—	12,665
Prepaid expenses	—	1,926	3,123	—	5,049
Other current assets	—	83	1,948	—	2,031
Total current assets	102,218	11,523	99,963	—	213,704
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	—	—	2,088,501	—	2,088,501
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT COSTS	—	—	77,433	—	77,433
NET PROPERTY, PLANT AND EQUIPMENT	—	433	6,273	—	6,706
INVESTMENT IN SUBSIDIARIES	1,463,303	2,053,911	—	(3,517,214)	—
INTERCOMPANY RECEIVABLES	248,233	21,500	—	(269,733)	—
OTHER ASSETS	2,763	18,369	45,639	—	66,771
TOTAL ASSETS	$1,816,517	$2,105,736	$2,317,809	($3,786,947)	$2,453,115
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable	—	$2,810	$17,401	—	$20,211
Current maturities of long-term debt	—	129,706	—	—	129,706
Accrued taxes	—	11	11,394	—	11,405
Accrued payroll and benefits	—	3,253	3,137	—	6,390
Accrued interest	3,047	2,517	31,281	(28,412)	8,433
Other current liabilities	—	1,073	24,784	—	25,857
Total current liabilities	3,047	139,370	87,997	(28,412)	202,002
LONG-TERM DEBT	325,000	31,000	265,849	—	621,849
PENSION AND OTHER POSTRETIREMENT BENEFITS	—	34,161	(684)	—	33,477
OTHER NON-CURRENT LIABILITIES	—	6,436	14,200	—	20,636
INTERCOMPANY PAYABLE	—	431,466	(153,754)	(277,712)	—
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,488,470	1,463,303	2,017,520	(3,480,823)	1,488,470
Noncontrolling interest	—	—	86,681	—	86,681
TOTAL SHAREHOLDERS' EQUITY	1,488,470	1,463,303	2,104,201	(3,480,823)	1,575,151
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,816,517	$2,105,736	$2,317,809	($3,786,947)	$2,453,115

(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2015

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	($4,890)	($21,421)	$203,475	—	$177,164
INVESTING ACTIVITIES					
Capital expenditures	—	(78)	(57,215)	—	(57,293)
Real estate development investments	—	—	(2,676)	—	(2,676)
Strategic purchase of timberlands and other	—	—	(98,409)	—	(98,409)
Proceeds from settlement of foreign currency hedge	—	—	2,804	—	2,804
Change in restricted cash	—	—	(16,836)	—	(16,836)
Investment in subsidiaries	—	126,242	—	(126,242)	—
Other	—	—	6,101	—	6,101
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	—	126,164	(166,231)	(126,242)	(166,309)
FINANCING ACTIVITIES					
Issuance of debt	61,000	353,000	58,558	—	472,558
Repayment of debt	(61,000)	(232,973)	(70,429)	—	(364,402)
Dividends paid	(124,936)	—	—	—	(124,936)
Proceeds from the issuance of common shares	2,117	—	—	—	2,117
Proceeds from repurchase of common shares	(100,000)	—	—	—	(100,000)
Debt issuance costs	—	(1,678)	—	—	(1,678)
Issuance of intercompany notes	(35,500)	—	35,500	—	—
Intercompany distributions	163,585	(217,980)	(71,847)	126,242	—
Other	(122)	—	—	—	(122)
CASH USED FOR FINANCING ACTIVITIES	(94,856)	(99,631)	(48,218)	126,242	(116,463)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	(4,173)	—	(4,173)
CASH AND CASH EQUIVALENTS					
Change in cash and cash equivalents	(99,746)	5,112	(15,147)	—	(109,781)
Balance, beginning of year	102,218	8,105	51,235	—	161,558
Balance, end of year	$2,472	$13,217	$36,088	—	$51,777

(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2014

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
CASH PROVIDED BY OPERATING ACTIVITIES	$269,653	$293,193	$47,727	($290,157)	$320,416
INVESTING ACTIVITIES					
Capital expenditures	—	(400)	(63,313)	—	(63,713)
Capital expenditures from discontinued operations	—	—	(60,955)	—	(60,955)
Real estate development investments	—	—	(3,674)	—	(3,674)
Strategic purchase of timberlands and other	—	—	(130,896)	—	(130,896)
Change in restricted cash	—	—	62,256	—	62,256
Investment in subsidiaries	—	798,875	—	(798,875)	—
Other	—	—	306	—	306
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	—	798,475	(196,276)	(798,875)	(196,676)
FINANCING ACTIVITIES					
Issuance of debt	—	201,000	1,225,464	—	1,426,464
Repayment of debt	—	(1,002,500)	(287,137)	—	(1,289,637)
Dividends paid	(257,517)	—	—	—	(257,517)
Proceeds from the issuance of common shares	5,579	—	—	—	5,579
Proceeds from repurchase of common shares	(1,858)	—	—	—	(1,858)
Debt issuance costs	—	—	(12,380)	—	(12,380)
Net cash disbursed upon spin-off of Performance Fibers business	(31,420)	—	—	—	(31,420)
Issuance of intercompany notes	(12,400)	—	12,400	—	—
Intercompany distributions	—	(293,086)	(795,946)	1,089,032	—
Other	—	—	(680)	—	(680)
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(297,616)	(1,094,586)	141,721	1,089,032	(161,449)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	(377)	—	(377)
CASH AND CASH EQUIVALENTS					
Change in cash and cash equivalents	(27,963)	(2,918)	(7,205)	—	(38,086)
Balance, beginning of year	130,181	11,023	58,440	—	199,644
Balance, end of year	$102,218	$8,105	$51,235	—	$161,558

(Dollar amounts in thousands unless otherwise stated)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2013

	Rayonier Inc. (Parent Issuer)	Subsidiary Guarantors	Non-guarantors	Consolidating Adjustments	Total Consolidated
CASH PROVIDED BY OPERATING ACTIVITIES	$407,712	$417,074	$493,382	($771,375)	$546,793
INVESTING ACTIVITIES					
Capital expenditures	—	(663)	(62,540)	—	(63,203)
Capital expenditures from discontinued operations	—	—	(103,092)	—	(103,092)
Real estate development investments	—	—	(1,292)	—	(1,292)
Purchase of additional interest in New Zealand joint venture	—	—	(139,879)	—	(139,879)
Strategic purchase of timberlands and other	—	—	(20,401)	—	(20,401)
Proceeds from settlement of foreign currency hedge	—	1,701	—	—	1,701
Jesup mill cellulose specialties expansion	—	—	(148,262)	—	(148,262)
Proceeds from disposition of Wood Products business	—	—	62,720	—	62,720
Change in restricted cash	—	—	(58,385)	—	(58,385)
Investment in subsidiaries	(138,178)	(385,292)	—	523,470	—
Other	—	—	(447)	—	(447)
CASH USED FOR INVESTING ACTIVITIES	(138,178)	(384,254)	(471,578)	523,470	(470,540)
FINANCING ACTIVITIES					
Issuance of debt	175,000	390,000	57,885	—	622,885
Repayment of debt	(325,000)	(151,525)	(72,960)	—	(549,485)
Dividends paid	(237,016)	—	—	—	(237,016)
Proceeds from the issuance of common shares	10,101	—	—	—	10,101
Excess tax benefits on stock-based compensation	—	—	8,413	—	8,413
Proceeds from repurchase of common shares	(11,326)	—	—	—	(11,326)
Issuance of intercompany notes	(4,000)	—	4,000	—	—
Intercompany distributions	—	(283,596)	35,691	247,905	—
Other	—	—	(713)	—	(713)
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(392,241)	(45,121)	32,316	247,905	(157,141)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	—	—	(64)	—	(64)
CASH AND CASH EQUIVALENTS					
Change in cash and cash equivalents	(122,707)	(12,301)	54,056	—	(80,952)
Balance, beginning of year	252,888	23,324	4,384	—	280,596
Balance, end of year	$130,181	$11,023	$58,440	—	$199,644

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this annual report on Form 10-K, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that the design and operation of the disclosure controls and procedures were effective as of December 31, 2015.

In the year ended December 31, 2015, based upon the evaluation required by paragraph (d) of Rule 13a-15, there were no other changes in our internal control over financial reporting that would materially affect or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. OTHER INFORMATION

Not applicable.

PART III

Certain information required by Part III is incorporated by reference from the Company's Definitive Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for the Company's 2016 Annual Meeting of Stockholders (the "Proxy Statement"). We will make the Proxy Statement available on our website at *www.rayonier.com* as soon as it is filed with the SEC.

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item with respect to directors, executive officers and corporate governance is incorporated by reference from the sections entitled "Proposal No. 1 - Election of Directors," "Corporate Governance," "Named Executive Officers" and "Report of the Audit Committee" in the Proxy Statement. The information required by this Item with respect to disclosure of any known late filing or failure by an insider to file a report required by Section 16 of the Exchange Act is incorporated by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

Our Standard of Ethics and Code of Corporate Conduct, which is applicable to our principal executive officer and financial and accounting officers, is available on our website, *www.rayonier.com*. Any amendments to or waivers of the Standard of Ethics and Code of Corporate Conduct will also be disclosed on our website.

Item 11. EXECUTIVE COMPENSATION

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

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

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

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information called for by Item 13 is incorporated herein by reference from the section and subsections entitled "Proposal No. 1 - Election of Directors," "Corporate Governance — Director Independence" and "Corporate Governance — Related Person Transactions" in the Proxy Statement.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

(2) Financial Statement Schedules:

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2015, 2014, and 2013
(In Thousands)

Description	Balance at Beginning of Year	Additions Charged to Cost and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts:				
Year ended December 31, 2015	$42	—	—	$42
Year ended December 31, 2014	673	134	(765) (a)	42
Year ended December 31, 2013	417	855 (b)	(599) (c)	673
Deferred tax asset valuation allowance:				
Year ended December 31, 2015	$13,644	$4,604 (d)	—	$18,248
Year ended December 31, 2014	33,889	13,289 (e)	(33,534) (f)	13,644
Year ended December 31, 2013	19,294	14,595 (g)	—	33,889

(a) The 2014 decrease is largely related to the spin-off of the Performance Fibers business.

(b) The 2013 increase is primarily related to the consolidation of the New Zealand JV.

(c) The deductions are primarily payments and adjustments to required reserves.

(d) The 2015 increase is comprised of valuation allowance against the TRS deferred tax assets and the CBPC provision to return adjustment.

(e) The 2014 increase is primarily related to the Company's limited potential use of the CBPC prior to its expiration in 2017.

(f) The decrease is primarily related to deferred tax assets contributed to Rayonier Advanced Materials in the spin-off. The decrease also reflects the utilization and expiration of RNZ NOL carryforwards, of which $355 thousand was recorded as income tax expense.

(g) The 2013 increase is primarily Georgia investment tax credits earned on the CSE project.

All other financial statement schedules have been omitted because they are not applicable, the required matter is not present or the required information has otherwise been supplied in the financial statements or the notes thereto.

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

SIGNATURES

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

RAYONIER INC.

By: /s/ MARK MCHUGH
Mark McHugh
Senior Vice President and Chief Financial Officer
(Duly Authorized Officer, Principal Financial Officer)

February 29, 2016

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

Signature	Title	Date
/s/ DAVID L. NUNES David L. Nunes (Principal Executive Officer)	President and Chief Executive Officer	February 29, 2016
/s/ MARK MCHUGH Mark McHugh (Principal Financial Officer)	Senior Vice President and Chief Financial Officer	February 29, 2016
/s/ H. EDWIN KIKER H. Edwin Kiker (Principal Accounting Officer)	Chief Accounting Officer	February 29, 2016
* Richard D. Kincaid	Chairman of the Board	
* John A. Blumberg	Director	
* Dod A. Fraser	Director	
* Scott R. Jones	Director	
* Bernard Lanigan, Jr.	Director	
* Blanche L. Lincoln	Director	
* V. Larkin Martin	Director	
* Andrew G. Wiltshire	Director	

*By: /s/ MARK R. BRIDWELL
Mark R. Bridwell
Attorney-In-Fact

February 29, 2016

EXHIBIT INDEX

The following is a list of Exhibits filed as part of the Form 10-K. The documents incorporated by reference are located in the SEC's Public Reference Room in Washington D.C. in SEC File no. 1-6780.

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

Exhibit No.	Description	Location
2.1	Contribution, Conveyance and Assumption Agreement dated December 18, 2003 by and among Rayonier Inc., Rayonier Timberlands Operating Company, L.P., Rayonier Timberlands, L.P., Rayonier Timberlands Management, LLC, Rayonier Forest Resources, LLC, Rayland, LLC, Rayonier TRS Holdings Inc., Rayonier Minerals, LLC, Rayonier Forest Properties, LLC, Rayonier Wood Products, LLC, Rayonier Wood Procurement, LLC, Rayonier International Wood Products, LLC, Rayonier Forest Operations, LLC, Rayonier Properties, LLC and Rayonier Performance Fibers, LLC	Incorporated by reference to Exhibit 10.1 to the Registrant's January 15, 2004 Form 8-K
2.2	Separation and Distribution Agreement, dated May 28, 2014, by and between Rayonier Inc. and Rayonier Advanced Materials Inc.**	Incorporated by reference to Exhibit 2.1 to the Registrant's May 30, 2014 Form 8-K
3.1	Amended and Restated Articles of Incorporation	Incorporated by reference to Exhibit 3.1 to the Registrant's May 23, 2012 Form 8-K
3.2	By-Laws	Incorporated by reference to Exhibit 3.2 to the Registrant's October 21, 2009 Form 8-K
3.3	Limited Liability Company Agreement of Rayonier Operating Company LLC	Incorporated by reference to Exhibit 3.3 to the Registrant's June 30, 2010 Form 10-Q
4.1	Form S-4 Registration Statement	Incorporated by reference to the Registrant's April 26, 2004 S-4 Filing
4.2	Amendment No. 1 to Form S-4 Registration Statement	Incorporated by reference to the Registrant's May 6, 2004 S-4/A Filing
4.3	Purchase Agreement dated as of October 10, 2007 among Rayonier TRS Holdings Inc., Rayonier Inc. and Credit Suisse Securities (USA) LLC, as representative of the several purchasers named therein	Incorporated by reference to Exhibit 4.1 to the Registrant's October 17, 2007 Form 8-K
4.4	Purchase Agreement, dated as of August 6, 2009, among Rayonier TRS Holdings Inc. and Rayonier Inc. and Credit Suisse (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc.	Incorporated by reference to Exhibit 10.1 to the Registrant's August 12, 2009 Form 8-K
4.5	Indenture relating to the 3.75% Senior Notes due 2022, dated March 5, 2012, between Rayonier Inc., as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee	Incorporated by reference to Exhibit 4.1 to the Registrant's March 5, 2012 Form 8-K
4.6	First Supplemental Indenture relating to the 3.75% Senior Notes due 2022, dated March 5, 2012, among Rayonier Inc., as issuer, the subsidiary guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee	Incorporated by reference to Exhibit 4.2 to the Registrant's March 5, 2012 Form 8-K
4.7	Second Supplemental Indenture relating to the 3.75% Senior Notes due 2022, dated March 5, 2012, among Rayonier Inc., as issuer, the subsidiary guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee	Incorporated by reference to Exhibit 4.1 to the Registrant's October 17, 2012 Form 8-K

Exhibit No.	Description	Location
4.8	Form of Note for 3.75% Senior Notes due 2022 (contained in Exhibit A to Exhibit 4.12)	Incorporated by reference to Exhibit 4.2 to the Registrant's March 5, 2012 Form 8-K
4.9	Registration Rights Agreement, dated October 16, 2007 among Rayonier TRS Holdings Inc., Rayonier Inc. and Credit Suisse Securities (USA) LLC, as representative of the several purchasers named herein	Incorporated by reference to Exhibit 4.3 to the Registrant's October 17, 2007 Form 8-K
4.10	Registration Rights Agreement, dated as of August 12, 2009, among Rayonier TRS Holdings Inc. and Rayonier Inc. and Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc.	Incorporated by reference to Exhibit 4.2 to the Registrant's August 12, 2009 Form 8-K
4.11	Indenture among Rayonier A.M. Products Inc., the guarantors party thereto from time to time and Wells Fargo Bank, National Association, as Trustee, dated as of May 22, 2014	Incorporated by reference to Exhibit 4.1 to the Registrant's May 22, 2014 Form 8-K
10.1	Rayonier Inc. Executive Severance Pay Plan (f/k/a Rayonier Supplemental Senior Executive Severance Pay Plan), as amended*	Incorporated by reference to Exhibit 10.3 to the Registrant's December 31, 2007 Form 10-K
10.2	Rayonier Investment and Savings Plan for Salaried Employees effective March 1, 1994, amended and restated effective April 1, 2015 and further amended effective September 8, 2015*	Filed herewith
10.3	Retirement Plan for Salaried Employees of Rayonier Inc. effective March 1, 1994, amended and restated January 1, 2000 and further amended through October 19, 2001*	Incorporated by reference to Exhibit 10.4 to the Registrant's December 31, 2001 Form 10-K
10.4	Amendment to Retirement Plan for Salaried Employees effective January 1, 2002*	Incorporated by reference to Exhibit 10.5 to the Registrant's December 31, 2003 Form 10-K
10.5	Amendment to Retirement Plan for Salaried Employees effective January 1, 2003*	Incorporated by reference to Exhibit 10.6 to the Registrant's December 31, 2003 Form 10-K
10.6	Amendment to Retirement Plan for Salaried Employees effective January 1, 2004 dated October 10, 2003*	Incorporated by reference to Exhibit 10.7 to the Registrant's December 31, 2003 Form 10-K
10.7	Amendment to Retirement Plan for Salaried Employees effective January 1, 2004 dated December 15, 2003*	Incorporated by reference to Exhibit 10.8 to the Registrant's December 31, 2003 Form 10-K
10.8	Amendment to Retirement Plan for Salaried Employees effective August 1, 2013 dated July 18, 2013*	Incorporated by reference to Exhibit 10.1 to the Registrant's September 30, 2013 Form 10-Q
10.9	Amended and Restated Retirement Plan for Salaried Employees effective January 1, 2014*	Filed herewith
10.10	Rayonier Inc. Excess Benefit Plan, as amended*	Incorporated by reference to Exhibit 10.2 to the Registrant's June 30, 2010 Form 10-Q
10.11	Amendment to Rayonier Inc. Excess Benefit Plan dated August 18, 1997*	Incorporated by reference to Exhibit 10.7 to the Registrant's December 31, 1997 Form 10-K
10.12	Form of Rayonier Inc. Excess Savings and Deferred Compensation Plan Agreements*	Incorporated by reference to Exhibit 10.4 to the Registrant's June 30, 2010 Form 10-Q
10.13	Rayonier Inc. Excess Savings and Deferred Compensation Plan, as amended*	Incorporated by reference to Exhibit 10.3 to the Registrant's June 30, 2010 Form 10-Q

Exhibit No.	Description	Location
10.14	Rayonier Incentive Stock Plan, as amended*	Incorporated by reference to Exhibit 10.9 to the Registrant's June 30, 2014 Form 10-Q
10.15	Form of Rayonier 2004 Incentive Stock and Management Bonus Plan Non-Qualified Stock Option Award Agreement*	Incorporated by reference to Exhibit 10.22 to the Registrant's December 31, 2003 Form 10-K
10.16	Form of Rayonier 2004 Incentive Stock and Management Bonus Plan Restricted Share Award Agreement*	Incorporated by reference to Exhibit 10.23 to the Registrant's December 31, 2003 Form 10-K
10.17	Form of Rayonier Incentive Stock Plan Non-Qualified Stock Option Award Agreement*	Incorporated by reference to Exhibit 10.19 to the Registrant's December 31, 2008 Form 10-K
10.18	Form of Rayonier Incentive Stock Plan Restricted Share Award Agreement*	Incorporated by reference to Exhibit 10.21 to the Registrant's December 31, 2013 Form 10-K
10.19	Form of Rayonier Incentive Stock Plan Supplemental Terms Applicable to the 2014 Equity Award Grant*	Incorporated by reference to Exhibit 10.23 to the Registrant's December 31, 2013 Form 10-K
10.2	Rayonier Non-Equity Incentive Plan*	Incorporated by reference to Appendix B to the Registrant's March 31, 2008 Proxy Statement
10.21	Form of Rayonier Outside Directors Compensation Program/Cash Deferral Option Agreement*	Incorporated by reference to Exhibit 10.24 to the Registrant's December 31, 2006 Form 10-K
10.22	Trust Agreement for the Rayonier Inc. Legal Resources Trust*	Incorporated by reference to Exhibit 10.1 to the Registrant's September 30, 2014 Form 10-Q
10.23	Annual Corporate Bonus Program*	Incorporated by reference to Exhibit 10.24 to the Registrant's December 31, 2010 Form 10-K
10.24	Master Shareholder Agreement in Relation to Matariki Forests, dated July 15, 2005, by and among SAS Trustee Corporation, Deutshe Asset Management (Australia) Limited, Rayonier Canterbury LLC, Rayonier New Zealand Limited, Cameron and Company Limited, Matariki Forests Australia Pty Limited, Matariki Forestry Group and Matariki Forests	Incorporated by reference to Exhibit 10.38 to the Registrant's June 30, 2005 Form 10-Q
10.25	Deed of Amendment and Restatement of Shareholder Agreement, dated April 22, 2014, by and among Rayonier Canterbury LLC, Waimarie Forests Pty Limited, Matariki Forestry Group, Matariki Forests and Phaunos Timber Fund Limited	Incorporated by reference to Exhibit 10.11 to the Registrant's June 30, 2014 Form 10-Q
10.26	Description of Rayonier 2014 Performance Share Award Program*	Incorporated by reference to Exhibit 10.10 to the Registrant's June 30, 2014 Form 10-Q
10.27	Contribution, Conveyance and Assumption Agreement, dated July 29, 2010, between Rayonier Inc. and Rayonier Operating Company LLC relating to the Restructuring	Incorporated by reference to Exhibit 10.7 to the Registrant's June 30, 2010 Form 10-Q
10.28	Purchase and Sale Agreement dated September 16, 2011 between Joshua Timberlands LLC, as Seller and Rayonier Inc., as Buyer	Incorporated by reference to Exhibit 10.2 to the Registrant's September 30, 2011 Form 10-Q
10.29	Purchase and Sale Agreement dated September 16, 2011 between Oklahoma Timber, LLC, as Seller and Rayonier Inc., as Buyer	Incorporated by reference to Exhibit 10.3 to the Registrant's September 30, 2011 Form 10-Q

Exhibit No.	Description	Location
10.3	Form of Transaction Bonus Agreement and Schedule of Executive Officer Transaction Bonus Amounts*	Incorporated by reference to Exhibit 10.1 to the Registrant's March 31, 2014 Form 10-Q
10.31	Trust Agreement for the Rayonier Inc. Executive Severance Pay Plan*	Incorporated by reference to Exhibit 10.26 to the Registrant's December 31, 2001 Form 10-K
10.32	Amendment to Trust Agreement for the Rayonier Inc. Executive Severance Plan*	Incorporated by reference to Exhibit 10.2 to the Registrant's September 30, 2014 Form 10-Q
10.33	Transition Services Agreement, dated June 27, 2014, by and between Rayonier Inc. and Rayonier Advanced Materials Inc.	Incorporated by reference to Exhibit 10.1 to the Registrant's June 30, 2014 Form 8-K
10.34	Tax Matters Agreement, dated June 27, 2014, by and among Rayonier Inc., Rayonier Advanced Materials Inc., Rayonier TRS Holdings Inc. and Rayonier A.M. Products Inc.	Incorporated by reference to Exhibit 10.2 to the Registrant's June 30, 2014 Form 8-K
10.35	Employee Matters Agreement, dated June 27, 2014, by and between Rayonier Inc. and Rayonier Advanced Materials Inc.	Incorporated by reference to Exhibit 10.3 to the Registrant's June 30, 2014 Form 8-K
10.36	Intellectual Property Agreement, dated June 27, 2014, by and between Rayonier Inc. and Rayonier Advanced Materials Inc.	Incorporated by reference to Exhibit 10.4 to the Registrant's June 30, 2014 Form 8-K
10.37	Form of Indemnification Agreement between Rayonier Inc. and its Officers and Directors*	Incorporated by reference to Exhibit 10.8 to the Registrant's June 30, 2014 Form 10-Q
10.38	Rayonier Inc. Executive Severance Pay Plan, as amended*	Incorporated by reference to Exhibit 10.1 to the Registrant's March 31, 2015 Form 10-Q
10.39	Rayonier Incentive Stock Plan, as amended*	Incorporated by reference to Exhibit 10.2 to the Registrant's March 31, 2015 Form 10-Q
10.4	2015 Performance Share Award Program*	Incorporated by reference to Exhibit 10.3 to the Registrant's March 31, 2015 Form 10-Q
10.41	Rayonier Annual Bonus Program, as amended*	Incorporated by reference to Exhibit 10.4 to the Registrant's March 31, 2015 Form 10-Q
10.42	Form of Rayonier Incentive Stock Plan Restricted Stock Award Agreement*	Incorporated by reference to Exhibit 10.5 to the Registrant's March 31, 2015 Form 10-Q
10.43	Term Credit Agreement dated August 5, 2015 among Rayonier Inc., Rayonier TRS Holdings Inc. and Rayonier Operating Company LLC, as Borrowers, COBANK, ACB, as Administrative Agent, Swing Line Lender and Issuing Bank, JPMORGAN CHASE BANK, N.A. And FARM CREDIT OF FLORIDA, ACA, as Co-Syndication Agents, CREDIT SUISSE AG and SUNTRUST BANK, as Co-Documentation Agents and COBANK, ACB, as Sole Lead Arranger and Sole Bookrunner	Incorporated by reference to Exhibit 10.1 to the Registrant's August 5, 2015 Form 8-K
10.44	2016 Performance Share Award Program*	Filed herewith
12	Statements re computation of ratios	Filed herewith
21	Subsidiaries of the registrant	Filed herewith
23.1	Consent of Ernst & Young LLP	Filed herewith

Exhibit No.	Description	Location
24	Powers of attorney	Filed herewith
31.1	Chief Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Chief Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14-(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	Certification of Periodic Financial Reports Under Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	The following financial information from our Annual Report on Form10-K for the fiscal year ended December 31, 2015, formatted in Extensible Business Reporting Language ("XBRL"), includes: (i) the Consolidated Statements of Income and Comprehensive Income for the Years Ended December 31, 2015, 2014 and 2013; (ii) the Consolidated Balance Sheets as of December 31, 2015 and 2014; (iii) the Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2015, 2014 and 2013; (iv) the Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014 and 2013; and (v) the Notes to the Consolidated Financial Statements.	Filed herewith

* Management contract or compensatory plan.

** Certain schedules and similar attachments have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. Rayonier will furnish supplemental copies of any such schedules or attachments to the U.S. Securities and Exchange Commission upon request.

Contract No. 051555-0001-0000

AMENDMENT TO RAYONIER INVESTMENT AND SAVINGS PLAN FOR SALARIED EMPLOYEES ("the Plan")

WHEREAS, Rayonier Inc. (the "Employer") maintains the Rayonier Investment and Savings Plan for Salaried Employees (the "Plan") for its employees;

WHEREAS, Rayonier Inc. has decided that it is in its best interest to amend the Plan;

WHEREAS, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Rayonier Investment and Savings Plan for Salaried Employees Adoption Agreement.

NOW THEREFORE BE IT RESOLVED, that the Rayonier Investment and Savings Plan for Salaried Employees Adoption Agreement is amended as follows. The amendment of the P**lan is effective as of 9-8-2015.**

1. The Adoption Agreement is amended to read:

1.5 RELATED EMPLOYERS: Is the Employer part of a group of Related Employers (as defined in Section 1.120 of the Plan)?

☑ Yes

☐ No

If yes, Related Employers may be listed below. A Related Employer must complete a Participating Employer Adoption Page for Employees of that Related Employer to participate in this Plan. The failure to cover the Employees of a Related Employer may result in a violation of the minimum coverage rules under Code §410(b), (See Section 2.02(c) of the Plan.)

Raydient Inc.

[***Note:*** *This A A §1-5 is for informational purposes. The failure to identify all Mated Employers wider this AA §1-5 will not jeopardize the qualified status of the Plan.*]

2. The Participating Employer Page has been modified to change the Participating Employer name TerraPointe Services Inc. to Raydient Inc. The modified Participating Employer Page(s) are attached to this Amendment.

PARTICIPATING EMPLOYER ADOPTION PAGE

☑ Check this selection and complete this page if a Participating Employer (other than the Employer that signs the Signature Page above) will participate under this Plan as a Participating Employer. [***Note:*** See Section 16 of the Plan for rules relating to the adaption of the Plan by a Participating Employer. If there is more than one Participating Employer, each one should execute a separate Participating Employer Adaption Page. Any reference to the **"**Employer**"** to this Adoption Agreement is also a reference to the Participating Employer, unless otherwise noted.]

PARTICIPATING EMPLOYER INFORMATION:

Name: Raydient Inc.

Address: 225 Water Street, Suite 1400

City, State, Zip Code: Jacksonville, FL 32202

EMPLOYER IDENTIFICATION NUMBER (EIN): 06-1158895

FORM OF BUSINESS: C-Corporation

EFFECTIVE DATE: The Effective Date should be completed to document whether this Plan is a new plan or restatement of a prior plan with respect to the Participating Employer. (Additional special Effective Dates may apply under Modifications to Adoption Agreement.)

☐ **New plan**. The Participating Employer is adopting this Plan as a new Plan effective __, [***Note:*** *Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.]*

☑ **Restated plan**. The Participating Employer is adopting this Plan as a restatement of a prior plan.

(a) Name of plan(s) being restated: Rayonier Investment and Savings. Plan for Salaried Employees

(b) This restatement is effective 4-1-2015 [***Note:*** Data can be no earlier than January 1, 2007.]

(c) The original effective date of the plan(s) being restated is: 3-1-1994

☐ **Cessation of participation**. The Participating Employer is ceasing its participation, in the Plan effective as of: __

ALLOCATION OF CONTRIBUTIONS. Any contributions made under this Plan (and any forfeitures relating to such contributions) will be allocated to all Participants of the Employer (including the Participating Employer identified on this Participating Employee Adoption Page).

To override this default provision, check below.

☐ Check this box if contributions made by the Participating Employer signing the Participating Employer Adoption Page (and any forfeitures relating to such contributions) will be allocated only to Participants actually employed by the Participating Employer making the contribution. If this box is checked, Employees of the Participating Employer signing this Participating Employer Adoption Page will not share in the allocation of contributions (or forfeitures relating to such contributions) made by the Employer or any other Participating Employer, [***Note:*** *Use of this section may require additional testing. See Section 16.04 of the Plan.*]

MODIFICATIONS TO ADOPTION AGREEMENT. The selections in the Adoption Agreement (including any special effective dates Identified in Appendix A) will apply to the Participating Employer executing this Participating Employer Adoption Page.

To modify (the Adoption Agreement provisions applicable to a Participating Employer, designate the modifications in (a) or (b) below.

☐ (a) **Special Effective Dates**. Check this (a) if different special effective dates apply with respect to the Participating Employer signing this Participating Employer Adoption Page. Attach a separate Addendum to the Adoption Agreement entitled **"**Special Effective Dates for Participating Employer**"** and identify the special effective dates as they apply to the Participating Employer.

☐ (b) **Modification of Adoption Agreement elections**, Section(s) ____ of the Agreement are being modified for this Participating Employer. The modified provisions are effective. [***Note:*** *Attach a description of the modifications to this Participating Employer Adoption Page.*]

SIGNATURE. By signing this Participating Employer Adoption Page, the Participating Employer agrees to adopt (or to continue *its* participation in) the Plan identified on page 1 of this Agreement. The Participating Employer agrees to be bound by all provisions of the Plan and Adoption Agreement as completed by the signatory Employer, unless specifically provided otherwise on this Participating Employer Adoption Page. The Participating Employer also agrees to be bound by any future amendments (including any amendments to terminate the Plan) as adopted by the signatory Employer, By signing this Participating Employer Adoption Page, the individual below represents that he/she has the authority to sign on behalf of the Participating Employer.

Raydient Inc.

(Name of Participating Employer)

Shelby Pyatt VP, HR
(Name of authorized representative) (Title)

/s/ Shelby Pyatt 10/19/15
(Signature) (Date)

EMPLOYER SIGNATURE PAGE

PURPOSE OP EXECUTION. This Signature Page is being executed for Rayonier Investment and Savings Plan for Salaried Employees to effect:

☐ (a) The adoption of a new plan, effective ____ [*insert Effective Date of Plan*]. [***Note:*** *Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.]*

☐ (b) The restatement of an existing plan, in order to comply with, the requirements of PPA, pursuant to Rev. Proc. 2011-49.

(1) Effective date of restatement: ___. [***Note:*** *Date can be no earlier than January 1, 2007, Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions, Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.*]

(2) Name of plan(s) being restated:

(3) The original effective date of the plan(s) being restated:

☑ (c) An **amendment or restatement** of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or (the updated pages of the Adoption Agreement may be substituted for (the original pages in the Adoption Agreement All prior Employer Signature Pages should be retained as part of this Adoption Agreement.

(1) Effective Date(s) of amendment/restatement: 9-8-2015

(2) Name of plan being amended/restated: Rayonier Investment and Savings Plan for Salaried Employees

(3) The original effective date of the plan being amended/restated: 3-1-1994

(4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: 1-5 and the Participating Employer Adoption Page to change the Employer name of Related and Participating Employer TerraPointe Services Inc. to Raydient Inc.

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Massachusetts Mutual Life Insurance Company

Address: 1295 State Street Springfield, MA 01111-0001

Telephone number: (800) 309-3539

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing (this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Inc.
(Name of Employer)

Shelby Pyatt VP, HR
(Name of authorized representative) (Title)

/s/ Shelby Pyatt 10/19/15
(Signature) (Date)

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

By executing this Volume Submitter Profit Sharing/401 (k) Plan Adoption Agreement (the **"**Agreement**"**), the undersigned Employer agrees to establish or continue a Profit Sharing/40 l(k) Plan. The Profit Sharing/40 l(k) Plan adopted by the Employer consists of the Defined Contribution Volume Submitter Plan and Trust Basic Plan Document #04 (the **"**BPD**"**) and the elections made under this Agreement (collectively referred to as the **"**Plan**"**). An Employer may jointly co-sponsor the Plan by signing a Participating Employer Adoption Page, which is attached to this Agreement. **This Plan is effective as of the Effective Date identified on the Signature Page of this Agreement.**

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

SECTION 1
EMPLOYER INFORMATION

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

1-1 EMPLOYER INFORMATION:

Name: Rayonier Inc.

Address:

225 Water Street, Suite 1400

Jacksonville, FL 32202

Telephone: (904) 357-9100 Fax: _

1-2 **EMPLOYER IDENTIFICATION NUMBER (EIN)**: 132607329

1-3 **FORM OF BUSINESS**:

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

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

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

1-5 **RELATED EMPLOYERS**: Is the Employer part of a group of Related Employers (as defined in Section 1.120 of the Plan)?

☑ Yes

☐ No

If yes, Related Employers may be listed below. A Related Employer must complete a Participating Employer Adoption Page for Employees of that Related Employer to participate in this Plan. The failure to cover the Employees of a Related Employer may result in a violation of the minimum coverage rules under Code §410(b). (See Section 2.02(c) of the Plan.)

TerraPointe Services Inc.

[***Note:*** *This AA §1-5 is for informational purposes. The failure to identify all Related Employers under this AA §1-5 will not jeopardize the qualified status of the Plan.*]

SECTION 2
PLAN INFORMATION

2-1 **PLAN NAME**: Rayonier Investment and Savings Plan for Salaried Employees

2-2 **PLAN NUMBER**: 100

2-3 **TYPE OF PLAN**: ☐ Profit Sharing (PS) Plan only ☑ PS and 401(k) Plan ☐ PS and Safe Harbor 401 (k) Plan

2-4 **PLAN YEAR**:

☑ (a) Calendar year.

☐ (b) The 12-consecutive month period ending on _____each year.

☐ (c) The Plan has a Short Plan Year running from _____ to_____.

2-5 FROZEN PLAN: Check this AA §2-5 if the Plan is a frozen Plan to which no contributions will be made.

☐ This Plan is a frozen Plan effective _____. (See Section 3.02(a)(7) of the Plan.)

[***Note:*** *As a frozen Plan, the Employer will not make any contributions with respect to Plan Compensation earned after such date and no Participant will be permitted to make any contributions to the Plan after such date. In addition, no Employee will become a Participant after the date the Plan is frozen.]*

2-6 **MULTIPLE EMPLOYER PLAN**: Is this Plan a Multiple Employer Plan as defined in Section 1.82 of the Plan? (See Section 16.07 of the Plan for special rules applicable to Multiple Employer Plans.)

☐ Yes ☑ No

2-7 **PLAN ADMINISTRATOR**:

☑ (a) The Employer identified in AA §1 -1.

☐ (b) Name:

Address:

Telephone:

[***Note:*** *This AA §2-7 may be used to designate an individual who is acting as Plan Administrator under ERISA §3(16). To the extent an individual is named in this AA §2- 7 does not take on all responsibilities of Plan Administrator, the Employer will retain those responsibilities as Plan Administrator. See Section 1.96 of the Plan.*]

SECTION 3
ELIGIBLE EMPLOYEES

3-1 **ELIGIBLE EMPLOYEES**: In addition to the Employees identified in Section 2.02 of the Plan, the following Employees are excluded from participation under the Plan with respect to the contribution source(s) identified in this AA §3-1. See Sections 2.02(e) and (f) of the Plan for rules regarding the effect on Plan participation if an Employee changes between an eligible and ineligible class of employment.

Deferral	Match	ER		
☐	☐	☐	(a)	No exclusions
☑	☑	☑	(b)	Collectively Bargained Employees
☑	☑	☑	(c)	Non-resident aliens who receive no compensation from the Employer which constitutes U.S. source income
☑	☑	☑	(d)	Leased Employees
☑	☑	☑	(e)	Employees paid on an hourly basis
☐	☐	☐	(f)	Employees paid on a salaried basis
☐	☐	☐	(g)	Commissioned Employees
☐	☐	☐	(h)	Highly Compensated Employees
☐	☐	☐	(i)	Key Employees
☐	☐	☐	(j)	Non-Key Employees who are Highly Compensated
☑	☑	☑	(k)	Other: any employee classified as an intern or contingent worker

[***Note:*** *A class of Employees excluded under the Plan must be defined in such a way that it precludes Employer discretion and may not provide for an exclusion designed to cover only Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service who may represent the minimum number of Nonhighly Compensated Employees necessary to satisfy the coverage requirements under Code §410(b). See Section 2.02(b)(6) of the Plan for special rules that apply to service-based exclusions (e.g., part-time Employees). Also see Section 2.02(b) of the Plan for rules regarding the automatic exclusion/inclusion of other Employees.*]

3-2 **EMPLOYEES OF AN EMPLOYER ACQUIRED AS PART OF A CODE §410(b)(6)(C) TRANSACTION**. An Employee acquired as part of a Code §410(b)(6)(C) transaction will become an Eligible Employee as of the date of the transaction (unless otherwise excluded under AA §3-1 or this AA §3-2). (See Section 2.02(d) of the Plan.)

Employees of the following Employers acquired as part of a Code §410(b)(6)(C) transaction are not eligible to participate under the Plan.

☐ (a) Employees of an Employer acquired as part of a Code §410(b)(6)(C) transaction will not become an Eligible Employee until after the expiration of the transition period described in Code §410(b)(6)(C)(iii) (i.e., the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction). (See Section 2.02(d) of the Plan.)

☐ (b) All Employees of any Employer acquired as part of a Code §410(b)(6)(C) transaction are excluded.

☐ (c) The following acquired Employees are excluded/included under the Plan:

[***Note:*** This subsection may be used to provide for the inclusion or exclusion of Employees with respect to specific Employers at a time other than provided under this AA §3-2.]

☐ (d) Describe any special rules that apply for purposes of applying the rules under this AA §3-2:

[***Note:*** If this AA §3-2 is not completed, Employees acquired under a Code §410(b)(6)(C) transaction are eligible to participate under the Plan as of the date of the transaction. However, see Section 2.02(c) of the Plan for rules regarding the coverage of Employees of a Related Employer and AA §4-5 for rules regarding the crediting of service with a Predecessor Employer. Any special rules are subject to the minimum coverage requirements under Code §410(b) and the nondiscrimination rules under Code §401 (a)(4).]

SECTION 4
MINIMUM AGE AND SERVICE REQUIREMENTS

4-1 **ELIGIBILITY REQUIREMENTS** – **MINIMUM AGE AND SERVICE**: An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service conditions under this AA §4-1 will be eligible to participate under the Plan as of his/her Entry Date (as defined in AA §4-2 below).

(a) **Service Requirement**. An Eligible Employee must complete the following minimum service requirements to participate in the Plan. If a different minimum service requirement applies for the same contribution type for different groups of Employees or for different contribution formulas, such differences may be described below.

Deferral	Match	ER		
☑	☑	☑	(1)	There is no minimum service requirement for participation in the Plan.
☐	☐	☐	(2)	One Year of Service (as defined in Section 2.03(a)(l) of the Plan and AA §4-3).
☐	☐	☐	(3)	The completion of at least [cannot exceed 1,000] Hours of Service during the first __[*cannot exceed* 12] months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.
				☐ (i) An Employee who completes the required Hours of Service satisfies eligibility at the end of the designated period, regardless if the Employee actually works for the entire period.
				☐ (ii) An Employee who completes the required Hours of Service must also be employed continuously during the designated period of employment. See Section 2.03(a)(2) of the Plan for rules regarding the application of this subsection (ii).
☐	☐	☐	(4)	The completion of ___ [*cannot exceed 1,000*] Hours of Service during an Eligibility Computation Period. [*An Employee satisfies the service requirement immediately upon completion of the designated Hours of Service rather than at the end of the Eligibility Computation Period.*]
☐	☐	☐	(5)	Full-time Employees are eligible to participate as set forth in subsection (i). Employees who are **"**part-time**"** Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a full-time Employee is any Employee not defined in subsection (ii).
				(i) Full-time Employees must complete the following minimum service requirements to participate in the Plan:
				☐ (A) There is no minimum service requirement for participation in the
				☐ (B) The completion of at least[*cannot exceed 1,000*] Hours of Service during the first ___[*cannot exceed 12*] months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.
				☐ (C) Under the Elapsed Time method as defined in AA §4-3 below.
				☐ (D) Describe: ____
				[***Note:*** Any conditions provided under (D) must satisfy the requirements of Code §410(a).]
				(ii) Part-time Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a part-time Employee is any Employee (including a temporary or seasonal Employee) whose normal work schedule is less than:
				☐ (A) _____ hours per week.
				☐ (B) _____ hours per month.
				☐ (C) _____ hours per year.
N/A	☐	☐	(6)	Two (2) Years of Service. [Full and immediate vesting must be chosen under AA §8-2.]
☐	☐	☐	(7)	Under the Elapsed Time method as defined in AA §4-3 below.
			(8)	Describe eligibility conditions: _

[***Note:*** *Any conditions on eligibility must satisfy the requirements of Code §410(a). An eligibility condition under this AA §4-1 may not cause an Employee to enter the Plan later than the first Entry Date following the completion of a Year of Service (as defined in AA §4-3). Also see Section 2.02(b)(5) and (6) for rules regarding the exclusion of certain* **"***short-service***"** *Employees and disguised service conditions.*]

(b) **Minimum Age Requirement**. An Eligible Employee (as defined in AA §3-1) must have attained the following age with respect to the contribution source(s) identified in this AA §4-1 (b).

Deferral	Match	ER		
☑	☑	☑	(1)	There is no minimum age for Plan eligibility.
☐	☐	☐	(2)	Age 21.
☐	☐	☐	(3)	Age 20 ½.
☐	☐	☐	(4)	Age ____ (not later than age 21).

☐ (c) **Special eligibility rules**. The following special eligibility rules apply with respect to the Plan: _

[***Note:*** *This subsection (c) may be used to apply the eligibility conditions selected under this AA §4-1 separately with respect to different Employee groups or different contribution formulas under the Plan. Any special eligibility rules must satisfy the requirements of Code §410(a).*]

4-2 **ENTRY DATE**: An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service requirements in AA §4-1 shall be eligible to participate in the Plan as of his/her Entry Date. For this purpose, the Entry Date is the following date with respect to the contribution source(s) identified under this AA §4-2.

Deferral	Match	ER		
☑	☑	☑	(a)	**Immediate**. The date the minimum age and service requirements are satisfied (or date of hire, if no minimum age and service requirements apply).
☐	☐	☐	(b)	**Semi-annual**. The first day of the 1 st and 7th month of the Plan Year.
☐	☐	☐	(c)	**Quarterly**. The first day of the 1st, 4th, 7th and 10th month of the Plan Year.
☐	☐	☐	(d)	**Monthly**. The first day of each calendar month.
☐	☐	☐	(e)	**Payroll period**. The first day of the payroll period.
☐	☐	☐	(f)	**The first day of the Plan Year**. [*See Section 2.03 (b) (2) of the Plan for special rules that apply.*]

An Eligible Employee**'**s Entry Date (as defined above) is determined based on when the Employee satisfies the minimum age and service requirements in AA §4-1. For this purpose, an Employee**'**s Entry Date is the Entry Date:

Deferral	Match	ER		
☐	☐	☐	(g)	**next following** satisfaction of the minimum age and service requirements.
☐	☐	☐	(h)	**coinciding with or next following** satisfaction of the minimum age and service requirements.
N/A	☐	☐	(i)	**nearest** the satisfaction of the minimum age and service requirements.
N/A	☐	☐	(j)	**preceding** the satisfaction of the minimum age and service requirements.

This section may be used to describe any special rules for determining Entry Dates under the Plan. For example, if different Entry Date provisions apply for the same contribution sources with respect to different groups of Employees, such different Entry Date provisions may be described below.

Deferral	Match	ER		
☐	☐	☐	(k)	**Describe** any special rules that apply with respect to the Entry Dates under this AA §4-2: _

[***Note:*** *Any special rules must satisfy the requirements of Code §410(a) and may not cause an Employee to enter the Plan later than the first Entry Date following the completion of a Year of Service (as defined in AA §4-3).*]

4-3 DEFAULT ELIGIBILITY RULES. In applying the minimum age and service requirements under AA §4-1 above, the following default rules apply with respect to all contribution sources under the Plan:

l **Year of Service**. An Employee earns a Year of Service for eligibility purposes upon completing 1,000 Hours of Service during an Eligibility Computation Period. Hours of Service are calculated based on actual hours worked during the Eligibility Computation Period. (See Section 1.71 of the Plan for the definition of Hours of Service.)

l **Eligibility Computation Period**. If one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Plan Years. (See Section 2.03(a)(3)(i) of the Plan.) If more than one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Anniversary Years. However, if the Employee fails to earn a Year of Service in the first or second Eligibility Computation Period, the Plan will determine subsequent Eligibility Computation Periods on the basis of Plan Years beginning in the first or second Eligibility Computation Period, as applicable. (See Section 2.03(a)(3)(ii) of the Plan.)

l **Break in Service Rules**. The Nonvested Participant Break in Service rule and the One-Year Break in Service rule do NOT apply. (See Section 2.07 of the Plan.)

To override the default eligibility rules, complete the applicable sections of this AA §4-3**. If this AA §4-3 is not completed for a particular contribution source, the default eligibility rules apply.**

Deferral	Match	ER		
☐	☐	☐	(a)	**Year of Service**. Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of [must be less than 1,000] Hours of Service during an Eligibility Computation Period.
☑	☑	☑	(b)	**Eligibility Computation Period (ECP).** The Plan will use Anniversary Years for all Eligibility Computation Periods. (See Section 2.03(a)(3) of the Plan.)
☐	☐	☐	(c)	**Elapsed Time method**. Eligibility service will be determined under the Elapsed Time method. An Eligible Employee (as defined in AA §3-1) must complete a period of service to participate in the Plan. (See Section 2.03(a)(6) of the Plan.)
☐	☐	☐		[***Note:*** *Under the Elapsed Time method, service will be measured from the Employee's employment commencement date (or reemployment commencement date, if applicable) without regard to the Eligibility Computation Period designated in Section 2.03(a)(3) of the Plan. The period of service may not exceed 12 months for eligibility for Salary Deferrals or After-Tax Employee Contributions. If a period greater than 12 months is entered and the Salary Deferral column is checked, the period of service will be deemed to be a 12-month period. If a period greater than 12 months applies to Matching Contributions or Employer Contributions, 100% vesting must be selected under AA §8 for those contributions.*]
☐	☐	☐	(d)	Equivalency Method. For purposes of determining an Employee's Hours of Service for eligibility, the Plan will use the Equivalency Method (as defined in Section 2.03(a)(5) of the Plan). The Equivalency Method will apply to:
				☐ (1) All Employees.
				☐ (2) Only Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, eligibility will be determined based on actual hours worked.
				Hours of Service for eligibility will be determined under the following Equivalency Method.
				☐ (3) **Monthly**. 190 Hours of Service for each month worked.
				☐ (4) **Weekly**. 45 Hours of Service for each week worked.
				☐ (5) **Daily**. 10 Hours of Service for each day worked.
				☐ (6) **Semi-monthly.** 95 Hours of Service for each semi-monthly period worked.
N/A	☐	☐	(e)	**Nonvested Participant Break in Service rule applies**. Service earned prior to a Nonvested Participant Break in Service will be disregarded in applying the eligibility rules. (See Section 2.07 (b) of the Plan.)
☐	☐	☐		☐ The Nonvested Participant Break in Service rule applies to all Employees, including Employees who have not terminated employment.
			(f)	**One-Year Break in Service rule applies**. The One-Year Break in Service rule (as defined in Section 2.07(d) of the Plan) applies to temporarily disregard an Employee's service earned prior to a one-year Break in Service. (See Section 2.07(d) of the Plan if the One-Year Break in Service rule applies to Salary Deferrals.)
				☐ The One-Year Break in Service rule applies to all Employees, including Employees who have not terminated employment.
☐	☐	☐	(g)	**Special eligibility provisions.** _____
				[***Note:*** *Any conditions provided under this AA §4-3 must satisfy the requirements of Code §410(a) and may not cause an Employee to enter the Plan later than the first Entry Date following the completion of a Year of Service (as defined in this AA §4-3).]*

4-4 **EFFECTIVE DATE OF MINIMUM AGE AND SERVICE REQUIREMENTS.** The minimum age and/or service requirements under AA §4-1 apply to all Employees under the Plan. An Employee will participate with respect to all contribution sources under the Plan as of his/her Entry Date, taking into account all service with the Employer, including service earned prior to the Effective Date.

To allow Employees hired on a specified date to enter the Plan without regard to the minimum age and/or service conditions, complete this AA §4-4.

Deferral	Match	ER	
☐	☐	☐	An Eligible Employee who is employed by the Employer on the following date will become eligible to enter the Plan without regard to minimum age and/or service requirements (as designated below):

☐ (a) the Effective Date of this Plan (as designated in the Employer Signature Page).

☐ (b) the date the Plan is executed by the Employer (as indicated on the Employer Signature Page).

☐ (c) _____ [*insert date*]

An Eligible Employee who is employed on the designated date will become eligible to participate in the Plan without regard to the minimum age and service requirements under AA §4-1. If both minimum age and service conditions are not waived, select (d) or (e) to designate which condition is waived under this AA §4-4.

☐ (d) This AA §4-4 only applies to the minimum service condition.

☐ (e) This AA §4-4 only applies to the minimum age condition.

The provisions of this AA §4-4 apply to all Eligible Employees employed on the designated date unless designated otherwise under subsection (f) or (g) below.

☐ (f) The provisions of this AA §4-4 apply to the following group of Employees employed on the designated date:

☐ (g) Describe special rules:

[***Note:*** An Employee who is employed as of the date described in this AA §4-4 will be eligible to enter the Plan as of such date unless a different Entry Date is designated under subsection (g). The provisions of this AA §4-4 may not violate the minimum age or service rules under Code §410 or violate the nondiscrimination requirements under Code §401 (a) (4).]

4-5 **SERVICE WITH PREDECESSOR EMPLOYER.** If the Employer is maintaining the Plan of a Predecessor Employer, service with such Predecessor Employer is automatically counted for eligibility, vesting and for purposes of applying any allocation conditions under AA §6-5 and AA §6B-7.

In addition, this AA §4-5 may be used to identify any Predecessor Employers for whom service will be counted for purposes of determining eligibility, vesting and allocation conditions under this Plan. (See Sections 2.06, 3.09(c) and 7.08 of the Plan.) If this AA §4-5 is not completed, no service with a Predecessor Employer will be counted except as otherwise required under this AA §4-5.

☐ (a) Identify Predecessor Employer(s):

☐ (1) The Plan will count service with all Employers which have been acquired as part of a transaction under Code §410(b)(6)(C).

☐ (2) The Plan will count service with the following Predecessor Employers:

	Name of Predecessor Employer	Eligibility	Vesting	Allocation Conditions
☐ (1)		☐	☐	☐

☐ (b) **Describe** any special provisions applicable to Predecessor Employer service:

[***Note:*** *Any special provisions may not violate the nondiscrimination requirements under Code §401(a)(4).]*

SECTION 5
COMPENSATION DEFINITIONS

5-1 **TOTAL COMPENSATION.** Total Compensation is based on the definition set forth under this AA §5-1. See Section 1.141 of the Plan for a specific definition of the various types of Total Compensation.

☑ (a) W-2 Wages

☐ (b) Code §415 Compensation

☐ (c) Wages under Code §3401 (a)

[*For purposes of determining Total Compensation, the definition includes Elective Deferrals as defined in Section 1.46 of the Plan, pre-tax contributions to a Code §125 cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4).*]

5-2 **POST-SEVERANCE COMPENSATION.** Total Compensation includes post-severance compensation, to the extent provided in Section 1.141 (b) of the Plan.

☑ (a) **Exclusion of post-severance compensation from Total Compensation.** The following amounts paid after a Participant's severance of employment are excluded from Total Compensation:

☐ (1) **Unused leave payments.** Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued.

☑ (2) **Deferred compensation.** Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee's gross income.

[***Note:*** *Plan Compensation (as defined in Section 1.97 of the Plan) includes any post-severance compensation amounts that are includible in Total Compensation. The Employer may elect to exclude all compensation paid after severance of employment or may elect to exclude specific types of post-severance compensation from Plan Compensation under AA §5-3.*]

☐ (b) **Continuation payments for disabled Participants.** Unless designated otherwise under this subsection, Total Compensation does not include continuation payments for disabled Participants.

☐ **Payments to disabled Participants.** Total Compensation shall include post-severance compensation paid to a Participant who is permanently and totally disabled, as provided in Section 1.141(c)(2) of the Plan. For this purpose, disability continuation payments will be included for:

☐ (1) Nonhighly Compensated Employees only.

☐ (2) All Participants who are permanently and totally disabled for a fixed or determinable period.

5-3 **PLAN COMPENSATION:** Plan Compensation is Total Compensation (as defined in AA §5-1 above) with the following exclusions described below.

Deferral	Match	ER		
☐	☐	☐	(a)	No exclusions.
N/A	☐	☐	(b)	Elective Deferrals (as defined in Section 1.46 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4) are excluded.
☑	☑	☑	(c)	All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits are excluded.
☐	☐	☐	(d)	Compensation above $ is excluded. (See Section 1.97 of the Plan.)
☑	☑	☐	(e)	Amounts received as a bonus are excluded.
☐	☐	☐	(f)	Amounts received as commissions are excluded.
☑	☑	☑	(g)	Overtime payments are excluded.
☐	☐	☐	(h)	Amounts received for services performed for a non-signatory Related Employer are excluded. (See Section 2.02(c) of the Plan.)
☐	☐	☐	(i)	"Deemed §125 compensation" as defined in Section 1.141(d) of the Plan.
☐	☐	☐	(j)	Amounts received after termination of employment are excluded. (See Section 1.141 (b) of the Plan.)
☑	☑	☑	(k)	Differential Pay (as defined in Section 1.141 (e) of the Plan).
☑	☑	☑	(l)	Describe adjustments to Plan Compensation: All short term disability or disability salary continuation payments; foreign service allowance; bonuses for Employer contribution sources except the Enhanced Retirement Contributions. Sign-on and achievement bonuses are excluded for calculation of Enhanced Retirement Contributions.

[***Note:*** *Any exclusions selected under this AA §5-3 that do not meet the safe harbor exclusions under Treas. Reg. §1.414(s)-l, as described in Section 1.97 (a) of the Plan may cause the definition of Plan Compensation to fail to satisfy a safe harbor definition of compensation under Code §414(s). Failure to use a definition of Plan Compensation that satisfies the nondiscrimination requirements under Code §414(s) will cause the Plan to fail to qualify for any contribution safe harbors, such as the permitted disparity allocation or Safe Harbor 401 (k) Plan safe harbors. Any adjustments to Plan Compensation under this AA §5-3 must be definitely determinable and preclude Employer discretion. See AA §6C-4 for the definition of Plan Compensation as it applies to Safe Harbor Contributions.*]

5 -4 **PERIOD FOR DETERMINING COMPENSATION.**

(a) **Compensation Period.** Plan Compensation will be determined on the basis of the following period(s) for the contribution sources identified in this AA §5-4. [*If a period other than Plan Year applies for any contribution source, any reference to the P33lan Year as it refers to Plan Compensation for that contribution source will be deemed to be a reference to the period designated under this AA §5-4.*]

Deferral	Match	ER		
☑	☑	☑	(1)	The Plan Year.
☐	☐	☐	(2)	The calendar year ending in the Plan Year.
☐	☐	☐	(3)	The Employer's fiscal tax year ending in the Plan Year.
☐	☐	☐	(4)	The 12-month period ending on which ends during the Plan Year.

(b) **Compensation while a Participant.** Unless provided otherwise under this subsection (b), in determining Plan Compensation, only compensation earned while an individual is a Participant under the Plan with respect to a particular contribution source will be taken into account.

To count compensation for the entire Plan Year for a particular contribution source, including compensation earned while an individual is not a Participant with respect to such contribution source, check below. (See Section 1.97 of the Plan.)

Deferral	Match	ER	
☐	☐	☐	All compensation earned during the Plan Year will be taken into account, including compensation earned while an individual is not a Participant.

(c) **Few weeks rule.** The few weeks rule (as described in Section 5.03(c)(7)(ii) of the Plan) will not apply unless designated otherwise under this subsection (c).

☐ Amounts earned but not paid during a Limitation Year solely because of the timing of pay periods and pay dates shall be included in Total Compensation for the Limitation Year, provided the amounts are paid during the first few weeks of the next Limitation Year, the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees, and no amounts are included in more than one Limitation Year.

SECTION 6
EMPLOYER CONTRIBUTIONS

6-1 **EMPLOYER CONTRIBUTIONS.** Is the Employer authorized to make Employer Contributions under the Plan (other than Safe Harbor Employer Contributions or QNECs)?

☑ Yes

☐ No [If No, skip to Section 6A.]

[***Note:*** *See AA §6C below for rules regarding Safe Harbor Employer Contributions and AA §6D-3 for rules regarding Qualified Nonelective Contributions (QNECs).*]

6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4 below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

☑ (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.

☐ (b) **Fixed contribution.**

☐ (1) _____% of each Participant's Plan Compensation.

☐ (2) $_____ for each Participant.

☐ (3) The Employer Contribution will be determined in accordance with any Collective Bargaining Agreement(s) addressing retirement benefits of Collectively Bargained Employees under the Plan.

☐ (c) **Service-based contribution.** The Employer will make the following contribution:

☐ (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.

☐ (2) **Fixed percentage.** ____% of Plan Compensation paid for each period of service designated below.

☐ (3) **Fixed dollar.** $ _____for each period of service designated below.

The service-based contribution will be based on the following periods of service:

☐ (4) Each Hour of Service

☐ (5) Each week of employment

☐ (6) Describe period:

The service-based contribution is subject to the following rules.

☐ (7) Describe any special provisions that apply to service-based contribution:

[***Note:*** *Any period described in subsection (6) must apply uniformly to all Participants and cannot exceed a 12-month period. Any special provisions under subsection (7) must satisfy the nondiscrimination requirements under Code §401 (a)(4) and the regulations thereunder.]*

☐ (d) **Year of Service contribution.** The Employer will make an Employer Contribution based on Years of Service with the Employer.

		Years of Service	Contribution %
☐	(1)	For Years of Service between ___ and ___	**_____%**
☐	(2)	For Years of Service between ___ and ___	**_____%**
☐	(3)	For Years of Service between ___ and ___	**_____%**
☐	(4)	For Years of Service ___ and above	**_____%**

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is:

[***Note:*** *Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan.*]

☐ (e) **Prevailing Wage Formula.** The Employer will make a contribution for each Participant's Prevailing Wage Service based on the hourly contribution rate for the Participant's employment classification. (See Section 3.02(a)(5) of the Plan.)

☐ (1) **Amount of contribution.** The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant's employment classification. The Prevailing Wage Contribution will be determined as follows:

☐ (i) The Employer Contribution will be determined based on the required contribution rates for the employment classifications under the applicable federal, state or municipal prevailing wage laws. For any Employee performing Prevailing Wage Service, the Employer may make the required contribution for such service without designating the exact amount of such contribution.

☐ (ii) The Employer will make the Prevailing Wage Contribution based on the hourly contribution rates as set forth in the Addendum attached to this Adoption Agreement. However, if the required contribution under the applicable federal, state or municipal prevailing wage law provides for a greater contribution than set forth in the Addendum, the Employer may make the greater contribution as a Prevailing Wage Contribution.

☐ (2) **Offset of other contributions.** The contributions under the Prevailing Wage Formula will offset the following contributions under this Plan. (See Section 3.02(a)(5) of the Plan.)

☐ (i) Employer Contributions (other than Safe Harbor Employer Contributions)

☐ (ii) Safe Harbor Employer Contributions.

☐ (iii) Qualified Nonelective Contributions (QNECs)

☐ (iv) Matching Contributions (other than Safe Harbor Matching Contributions)

☐ (v) Safe Harbor Matching Contributions.

☐ (vi) Qualified Matching Contributions (QMACs)

[***Note:*** *If subsection (ii) or (v) is checked, the Prevailing Wage contribution must satisfy the requirements for a Safe Harbor Contribution.]*

☐ (3) **Modification of default rules.** Section 3.02(a)(5) of the Plan contains default rules for administering the Prevailing Wage Formula. Complete this subsection (3) to modify the default provisions.

☐ (i) **Application to Highly Compensated Employees.** Instead of applying only to Nonhighly Compensated Employees, the Prevailing Wage Formula applies to all eligible Participants, including Highly Compensated Employees.

☐ (ii) **Minimum age and service conditions.** Instead of no minimum age or service condition, Prevailing Wage contributions are subject to a one Year of Service (as defined in AA§4-3) and age 21 minimum age and service requirement with semi-annual Entry Dates.

☐ (iii) **Allocation conditions.** Instead of no allocation conditions, the Prevailing Wage contributions are subject to a 1,000 Hours of Service and last day employment allocation condition, as set forth under Section 3.09 of the Plan.

☐ (iv) **Vesting.** Instead of 100% immediate vesting, Prevailing Wage contributions will vest under the following vesting schedule (as defined in Section 7.02 of the Plan):

☐ (A) 6-year graded vesting schedule

☐ (B) 3-year cliff vesting schedule

☐ (v) **Describe:** _

[***Note:*** Overriding the default provisions under this subsection (3) may restrict the ability of the Employer to take full credit for Prevailing Wage Contributions for purposes of satisfying its obligations under applicable federal, state or municipal prevailing wage laws. Any modifications must satisfy the nondiscrimination requirements under Code §401 (a) (4) and should be consistent with the applicable federal, state or municipal prevailing wage laws. See Section 3.02(a)(5) of the Plan.]

☑ (f) **Describe special rules for determining contributions under Plan:** An Employer Retirement contribution may be made to Eligible Employees hired prior to January 1, 2006. An Enhanced Retirement contribution may be made to Eligible Employees hired on or after January 1, 2006.

[***Note:*** *Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401 (a) (4) and the regulations thereunder.*]

6-3 **ALLOCATION FORMULA.**

☐ (a) **Pro rata allocation.** The discretionary Employer Contribution under AA §6-2 will be allocated:

☐ (1) as a uniform percentage of Plan Compensation.

☐ (2) as a uniform dollar amount.

☐ (b) **Fixed contribution.** The fixed Employer Contribution under AA §6-2 will be allocated in accordance with the selections made under AA §6-2.

☐ (c) **Permitted disparity allocation.** The discretionary Employer Contribution under AA §6-2 will be allocated under the two-step method (as defined in Section 3.02(a)(l)(ii)(A) of the Plan), using the Taxable Wage Base (as defined in Section 1.136 of the Plan) as the Integration Level. However, for any Plan Year in which the Plan is Top Heavy, the four-step method (as defined in Section 3.02(a)(l)(ii)(B) of the Plan) applies, unless provided otherwise under subsection (2) below.

To modify these default rules, complete the appropriate provision(s) below.

☐ (1) **Integration Level.** Instead of the Taxable Wage Base, the Integration Level is:

☐ (i) % of the Taxable Wage Base, increased (but not above the Taxable Wage Base) to the next higher:

☐ (A) **N/A** ☐ (B) $1

☐ (C) $100 ☐ (D) $1,000

☐ (ii) $____ (not to exceed the Taxable Wage Base)

☐ (iii) 20% of the Taxable Wage Base

[***Note:*** *See Section 3.02(a)(l)(ii) of the Plan for rules regarding the Maximum Disparity Rate that may be used where an Integration Level other than the Taxable Wage Base is selected.*]

☐ (2) **Four-step method.**

☐ (i) Instead of applying only when the Plan is Top Heavy, the four-step method will always be used.

☐ (ii) The four-step method will never be used, even if the Plan is Top Heavy.

☐ (iii) In applying step one and step two under the four-step method, instead of using Total Compensation, the Plan will use Plan Compensation. (See Section 3.02(a)(l)(ii)(B) of the Plan.)

☐ (3) **Describe** special rules for applying permitted disparity allocation formula:

[***Note:*** *Any special rules must satisfy the nondiscrimination requirements of Code §401 (a) (4) and the regulations thereunder.]*

☐ (d) **Uniform points allocation.** The discretionary Employer Contribution designated in AA §6-2 will be allocated to each Participant in the ratio that each Participant's total points bears to the total points of all Participants. A Participant will receive the following points:

☐ (1) __ point(s) for each __ year(s) of age (attained as of the end of the Plan Year).

☐ (2) __ point(s) for each $ __ (not to exceed $200) of Plan Compensation.

☐ (3) __ point(s) for each __ Year(s) of Service. For this purpose, Years of Service are determined:

☐ (i) In the same manner as determined for eligibility.

☐ (ii) In the same manner as determined for vesting.

☐ (iii) Points will not be provided with respect to Years of Service in excess of ____.

☐ (e) **Employee group allocation.** The Employer may make a separate Employer Contribution to the Participants in the following allocation groups. The Employer must notify the Trustee in writing of the amount of the contribution to be allocated to each allocation group.

☐ (1) A separate discretionary Employer Contribution may be made to each Participant of the Employer (i.e., each Participant is in his/her own allocation group).

☐ (2) A separate discretionary or fixed Employer Contribution may be made to the following allocation groups. If no fixed amount is designated for a particular allocation group, the contribution made for such allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Participants within that allocation group.

☐ (3) *[**Note:** The allocation groups designated above must be clearly defined in a manner that will not violate the definite allocation formula requirement of Treas. Reg. §1.401-l(b)(l)(ii). See Section 3.02(a)(l)(iv)(B)(V) of the Plan for restrictions that apply with respect to "short-service " Employees. In the case of self-employed individuals (i.e., sole proprietorships or partnerships), the requirements of 1.401(k)-l(a)(6) continue to apply, and the allocation method should not be such that a cash or deferred election is created for a self-employed individual as a result of application of the allocation method.]*

Special rules. The following special rules apply to the Employee group allocation formula.

☐ (i) **Family Members.** In determining the separate groups under (2) above, each Family Member (as defined in Section 1.65 of the Plan) of a Five Percent Owner is always in a separate allocation group. If there are more than one Family Members, each Family Member will be in a separate allocation group.

☐ (ii) **Benefiting Participants who do not receive Minimum Gateway Contribution.** In determining the separate groups under (2) above, Benefiting Participants who do not receive a Minimum Gateway Contribution are always in a separate allocation group. If there are more than one Benefiting Participants who do not receive a Minimum Gateway Contribution, each will be in a separate allocation group. (See Section 3.02(a)(l)(iv)(B)(III) of the Plan.)

☐ (iii) **More than one Employee group.** Unless designated otherwise under this subsection (iii), if a Participant is in more than one allocation group described in (2) above during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. (See Section 3.02(a)(l)(iv)(A) of the Plan.)

☐ (A) **Determined separately for each Employee group.** If a Participant is in more than one allocation group during the Plan Year, the Participant's share of the Employer Contribution will be based on the Participant's status for the part of the year the Participant is in each allocation group.

☐ (B) Describe: _

[***Note:** Any language under this subsection (B) must be definitely determinable and may not violate the nondiscrimination requirements under Code §401(a)(4).*]

☐ (f) **Age-based allocation.** The discretionary Employer Contribution designated in AA §6-2 will be allocated under the age-based allocation formula so that each Participant receives a pro rata allocation based on adjusted Plan Compensation. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in Section 1.04 of the Plan).

A Participant's Actuarial Factor is determined based on a specified interest rate and mortality table. Unless designated otherwise under (1) or (2) below, the Plan will use an applicable interest rate of 8.5% and a UP-1984 mortality table.

☐ (1) **Applicable interest rate.** Instead of 8.5%, the Plan will use an interest rate of _____ % (must be between 7.5% and 8.5%) in determining a Participant's Actuarial Factor.

☐ (2) **Applicable mortality table.** Instead of the UP-1984 mortality table, the Plan will use the following mortality table in determining a Participant's Actuarial Factor: _

☐ (3) **Describe special rules applicable to age-based allocation:**_____

[***Note:*** *See Exhibit A of the Plan for sample Actuarial Factors based on an 8.5% applicable interest rate and the UP-1984 mortality table. If an interest rate or mortality table other than 8.5% or UP-1984 is selected, appropriate Actuarial Factors must be calculated. Any alternative interest or mortality factors must meet the requirements for standard interest and mortality assumptions as defined in Treas. Reg. §1.401(a)(4)-12. Any special rules described under subsection (3) may not violate the nondiscrimination requirements under Code §401(a)(4).*]

☐ (g) **Service-based allocation formula**. The service-based Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the service-based allocation formula in AA §6-2.

☐ (h) **Year of Service allocation formula.** The Year of Service Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the Year of Service allocation formula in AA §6-2.

☐ (i) **Prevailing Wage allocation formula.** The Prevailing Wage Employer Contribution selected in AA §6-2 will be allocated in accordance with the selections made under the Prevailing Wage allocation formula in AA §6-2. The Employer may attach an Addendum to the Adoption Agreement setting forth the hourly contribution rate for the employment classifications eligible for Prevailing Wage contributions.

☑ (j) **Describe special rules for determining allocation formula:** The Employer Retirement contribution will be up to one-half percent of an Eligible Employee's Compensation. The Enhanced Retirement contribution will equal 3% of an Eligible Employee's compensation.

[***Note:*** *Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondiscrimination requirements of Code §401 (a) (4) and the regulations thereunder.*]

6-4 **SPECIAL RULES.** No special rules apply with respect to Employer Contributions under the Plan, except to the extent designated under this AA §6-4. Unless designated otherwise, in determining the amount of the Employer Contributions to be allocated under this AA §6, the Employer Contribution will be based on Plan Compensation earned during the Plan Year. (See Section 3.02(c) of the Plan.)

☑ (a) Period for determining Employer Contributions. Instead of the Plan Year, Employer Contributions will be determined based on Plan Compensation earned during the following period: [The Plan Year must be used if the permitted disparity allocation method is selected under AA §6-3 above.]

☐ (1) Plan Year quarter

☐ (2) calendar month

☐ (3) payroll period

☑ (4) Other: The period for determining Employer Retirement contributions is the payroll period. The period for determining Enhanced Retirement contributions is the Plan Year.

[***Note:*** *Although Employer Contributions are determined on the basis of Plan Compensation earned during the period designated under this subsection, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Employer Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415(c)-l(b)(6)(B), regardless of the period selected under this subsection. Any alternative period designated under subsection (4) may not exceed a 12-month period and will apply uniformly to all Participants.*]

☐ (b) **Limit on Employer Contributions.** The Employer Contribution elected in AA §6-2 may not exceed:

☐ (1) ____% of Plan Compensation

☐ (2) $ _____

☐ (3) Describe:

[***Note:*** *Any limitations under this subsection (3) must satisfy the nondiscrimination requirements of Code §401 (a)(4) and the regulations thereunder.*]

☐ (c) **Offset of Employer Contribution.**

☐ (1) A Participant's allocation of Employer Contributions under AA §6-2 of this Plan is reduced by contributions under ____ **[*insert name of plan(s)*]**. (See Section 3.02(d)(2) of the Plan.)

☐ (2) In applying the offset under this subsection, the following rules apply: __

[***Note:*** *Any language regarding the offset of benefits must satisfy the nondiscrimination requirements under Code §401 (a)(4) and the regulations thereunder.*]

☐ (d) Special rules:

[***Note:*** Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4).]

6-5 ALLOCATION CONDITIONS. A Participant must satisfy any allocation conditions designated under this AA §6-5 to receive an allocation of Employer Contributions under the Plan.

[***Note:*** Any allocation conditions set forth under this AA §6-5 do not apply to Prevailing Wage Contributions under AA §6-2, Safe Harbor Employer Contributions under AA §6C, or QNECs under AA §6D, unless provided otherwise under those specific sections. See AA §4-5 for treatment of service with Predecessor Employers for purposes of applying the allocation conditions under this AA §6-5.]

☐ (a) **No allocation conditions apply** with respect to Employer Contributions under the Plan.

☐ (b) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than:

☐ (1) ___ (not to exceed 500) Hours of Service during the Plan Year.

☐ (i) Hours of Service are determined using actual Hours of Service.

☐ (ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):

☐ (A) Monthly ☐ (B) Weekly

☐ (C) Daily ☐ (D) Semi-monthly

☐ (2) ___ (not more than 91) consecutive days of employment with the Employer during the Plan Year.

[***Note:*** *Under this safe harbor allocation condition, an Employee will satisfy the allocation conditions if the Employee completes the designated Hours of Service or period of employment, even if the Employee is not employed on the last day of the Plan Year. See Section 3.09 of the Plan for rules regarding the application of this allocation condition to the minimum coverage test.*]

☐ (c) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.

☐ (d) **Minimum service condition.** An Employee must be credited with at least:

☐ (1) ___ (not to exceed 1,000) Hours of Service during the Plan Year.

☐ (i) Hours of Service are determined using actual Hours of Service.

☐ (ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):

☐ (A) Monthly ☐ (B) Weekly

☐ (C) Daily ☐ (D) Semi-monthly

☐ (2) ___ (not more than 182) consecutive days of employment with the Employer during the Plan Year.

☐ (e) **Application to a specified period.** The allocation conditions selected under this AA §6-5 apply on the basis of the Plan Year. Alternatively, if an employment or minimum service condition applies under this AA §6-5, the Employer may elect under this subsection to apply the allocation conditions on a periodic basis as set forth below. (See Section 3.09(a) of the Plan for a description of the rules for applying the allocation conditions on a periodic basis.)

☐ (1) **Period for applying allocation conditions.** Instead of the Plan Year, the allocation conditions set forth under subsection (2) below apply with respect to the following periods:

☐ (i) Plan Year quarter

☐ (ii) calendar month

☐ (iii) payroll period

☐ (iv) Other: _

☐ (2) **Application to allocation conditions.** If this subsection is checked to apply allocation conditions on the basis of specified periods, to the extent an employment or minimum service allocation condition applies under this AA §6-5, such allocation condition will apply based on the period selected under subsection (1) above, unless designated otherwise below:

☐ (i) Only the employment condition will be based on the period selected in subsection (1) above.

☐ (ii) Only the minimum service condition will be based on the period selected in subsection (1) above.

☐ (iii) Describe any special rules:

[***Note:*** *Any special rules under subsection (iii) must satisfy the nondiscrimination requirements of Code §401 (a) (4).*]

☐ (f) **Exceptions.**

☐ (1) The above allocation condition(s) will **not** apply if the Employee:

☐ (i) dies during the Plan Year.

☐ (ii) terminates employment due to becoming Disabled.

☐ (iii) terminates employment after attaining Normal Retirement Age.

(iv) terminates employment after attaining Early Retirement Age.

□

☐ (v) is on an authorized leave of absence from the Employer.

☐ (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).

☐ (3) The exceptions selected under subsection (1) do not apply to:

☐ (i) an employment condition designated under this AA §6-5.

☐ (ii) a minimum service condition designated under this AA §6-5.

☑ (g) **Describe** any special rules governing the allocation conditions under the Plan: No allocation conditions apply with respect to the Employer Retirement contributions. To receive the Enhanced Retirement contribution, the employee must be employed on the last day of the Plan Year.

[***Note:*** *Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4).*]

SECTION 6A
SALARY DEFFERALS

6A-1 SALARY DEFERRALS. Are Employees permitted to make Salary Deferrals under the Plan? 0

☑ Yes

☐ No [If "No" is checked, skip to Section 6B.]

6A-2 MAXIMUM LIMIT ON SALARY DEFERRALS. Unless designated otherwise under this AA §6A-2, a Participant may defer any amount up to the Elective Deferral Dollar Limit and the Code §415 Limitation (as set forth in Sections 5.02 and 5.03 of the Plan).

☑ (a) Salary Deferral Limit. A Participant may not defer an amount in excess of:

☑ (1) 100 % of Plan Compensation

☐ (2) $_____.

[***Note:*** If both (1) and (2) are checked, the deferral limit is the lesser of the amounts selected.]

Any limit described in subsection (1) or (2) above applies with respect to the following period:

☐ (3) Plan Year.

☑ (4) the portion of the Plan Year during which the individual is eligible to participate.

☐ (5) each separate payroll period during which the individual is eligible to participate.

☐ (b) Different limit for Highly Compensated Employees and Nonhighly Compensated Employees. The Salary Deferral Limit described above applies only to Employees who are Highly Compensated Employees as of the first day of the Plan Year. For Nonhighly Compensated Employees, the following limit applies:

☐ (1) No limit (other than the Elective Deferral Dollar Limit and the Code §415 Limitation).

☐ (2) Nonhighly Compensated Employee limit.

☐ (i) 100 % of Plan Compensation

☐ (ii) $_____.

during the following period:

☐ (iii) Plan Year.

☐ (iv) the portion of the Plan Year during which the individual is eligible to participate.

☐ (v) each separate payroll period during which the individual is eligible to participate.

[***Note:*** *Any percentage or dollar limit imposed on Nonhighly Compensated Employees under (i) and/or (ii) above may not be lower than the percentage or dollar limit imposed on Highly Compensated Employees under (a) above. If both (i) and (ii) are checked, the deferral limit is the lesser of the amounts selected.*]

☐ (c) Special limit for bonus payments. If bonus payments are not excluded from the definition of Plan Compensation under AA §5-3, Employees may defer any amounts out of bonus payments, subject to the Elective Deferral Dollar Limit and the Code §415 Limitation (as defined in Sections 5.02 and 5.03 of the Plan) and any other limit on Salary Deferrals under this AA 6A-2. The Employer may use this section to impose special limits on bonus payments or may impose special limits on bonus payments under the Salary Deferral Election. (See Section 3.03 (a) of the Plan.)

☐ A Participant may defer up to ___% *(not to exceed 100%)* of any bonus payment (subject to the Elective Deferral Dollar Limit and the Code §415 Limitation) without regard to any other limits described under this AA §6A-2.

[***Note:*** *If this (c) is checked, bonus payments may not be excluded from Plan Compensation in the Deferral column under AA §5-3.*]

☑ (d) **Describe** any other limits that apply with respect to Salary Deferrals under the Plan: Deferred Salary contributions, when combined with After-Tax contributions made by a Participant may not exceed 100% of the Participant's Compensation for the Plan Year.

[***Note:*** Any limits provided under this AA §6A-2 must satisfy the nondiscrimination requirements under Code §401(a)(4).]

6A-3 **MINIMUM DEFERRAL RATE.** Unless designated otherwise under this AA §6A-3, no minimum deferral requirement applies under the Plan. Alternatively, a Participant must defer at least the following amount in order to make Salary Deferrals under the Plan.

☑ (a) _1_% of Plan Compensation for a payroll period.

☐ (b) $_____ for a payroll period.

☐ (c) **Describe. _____**

[***Note:*** If more than one limit applies under this AA §6A-3, the minimum deferral rate is the lesser of the amounts designated under this AA §6A-3. Any minimum deferral rates provided under this AA §6A-3 must comply with the nondiscrimination requirements under Code §401 (a)(4).]

6A-4 **CATCH-UP CONTRIBUTIONS.** Catch-Up Contributions are permitted under the Plan, unless designated otherwise under this AA §6A-4.

☐ Catch-Up Contributions are not permitted under the Plan.

6A-5 **ROTH DEFERRALS.** Roth Deferrals (as defined in Section 3.03(e) of the Plan) are not permitted under the Plan, unless designated otherwise under this AA §6A-5.

☐ (a) **Availability of Roth Deferrals.** Roth Deferrals are permitted under the Plan. [***Note:*** If Roth Deferrals are effective as of a date later than the Effective Date of the Plan, designate such special Effective Date in AA §6A-9 below. Roth Deferrals may not be made prior to January 1, 2006.]

☐ (b) **Distribution of Roth Deferrals.** Unless designated otherwise under this subsection, to the extent a Participant takes a distribution or withdrawal from his/her Salary Deferral Account(s), the Participant may designate the extent to which such distribution is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account. (See Section 8.11(b)(2) of the Plan for default distribution rules if a Participant fails to designate the appropriate Account for corrective distributions from the Plan.)

Alternatively, the Employer may designate the order of distributions for the distribution types listed below:

☐ (1) **Distributions and withdrawals.**

☐ (i) Any distribution will be taken on a pro rata basis from the Participant's Pre-Tax Deferral Account and Roth Deferral Account.

☐ (ii) Any distribution will be taken first from the Participant's Roth Deferral Account and then from the Participant's Pre-Tax Deferral Account.

☐ (iii) Any distribution will be taken first from the Participant's Pre-Tax Deferral Account and then from the Participant's Roth Deferral Account.

☐ (2) **Distribution of Excess Deferrals.**

☐ (i) Distribution of Excess Deferrals will be made from Roth and Pre-Tax Deferral Accounts in the same proportion that deferrals were allocated to such Accounts for the calendar year.

☐ (ii) Distribution of Excess Deferrals will be made first from the Roth Deferral Account and then from the Pre-Tax Deferral Account.

☐ (iii) Distribution of Excess Deferrals will be made first from the Pre-Tax Deferral Account and then from the Roth Deferral Account.

☐ (3) **Distribution of Salary Deferrals to Highly Compensated Employees to correct ADP or ACP Test failure.**

☐ (i) Distribution of Excess Contributions (or Excess Aggregate Contributions) will be made from Roth and Pre-Tax Deferral Accounts in the same proportion that deferrals were allocated to such Accounts for the Plan Year.

☐ (ii) Distribution of Excess Contributions (or Excess Aggregate Contributions) will be made first from the Roth Deferral Account and then from the Pre-Tax Deferral Account.

☐ (iii) Distribution of Excess Contributions (or Excess Aggregate Contributions) will be made first from the Pre-Tax Deferral Account and then from the Roth Deferral Account.

☐ (c) **In-Plan Roth Conversions (pre-2013 provisions).** Unless elected under this subsection, the Plan does not permit a Participant to make an In-Plan Roth Conversion under the Plan. To override this provision to allow Participants to make an In-Plan Roth Conversion, this subsection must be completed.

☐ (1) **Effective date.** Effective _____ *[not earlier than 9/27/2010 or later than 12/31/2012]*, a Participant may elect to convert all or any portion of his/her non-Roth vested Account Balance to an In-Plan Roth Conversion Account.

[***Note:*** *The Plan must provide for Roth Deferrals under AA §6A-5 as of the effective date designated in this subsection (1). The provisions under this subsection do not address the provisions under the American Taxpayer Relief Act of 2012 (ATRA). To apply the rules under ATRA for In-Plan Roth Conversions made on or after January 1, 2013, see Appendix B of the Plan and Interim Amendment #1.*]

☐ (2) **Additional in-service distribution options for In-Plan Roth Conversions.** For a Participant to convert his/her contributions to Roth contributions, the Participant must be eligible to take a distribution from the Plan. This subsection (2) may be used to add the in-service distribution options under the Plan applicable only to In-Plan Roth Conversions.

☐ (i) **In-service distribution events:** In addition to any in-service distribution options described in AA §10, the following in-service distribution options apply for In-Plan Roth Conversions: [*Check the appropriate boxes.*]

☐ (A) Attainment of age 59½ for all contribution sources

☐ (B) Attainment of age 59½ for Salary Deferrals (including QNECs, QMACs and Safe Harbor Contributions, if applicable)

☐ (C) Attainment of age ___ for contribution sources other than Salary Deferrals (and QNECs, QMACs and Safe Harbor Contributions, if applicable).

☐ (D) Completion of ____ (cannot be less than 60) months of participation in the Plan. (*Not applicable to Salary Deferrals, QNECs, QMACs or Safe Harbor Contributions, as applicable.*)

☐ (E) The amounts being withdrawn have been held in Plan for at least two years. (*Not applicable to Salary Deferrals, QNECs, QMACs or Safe Harbor Contributions, as applicable.*)

☐ (F) Other distribution event:_

[***Note:*** *For Salary Deferrals (including any QNECs, QMACs or Safe Harbor Contributions), a Participant must be at least age 59½ to take an in-service distribution. For Employer Contributions and Matching Contributions, the Plan may authorize an in-service distribution upon a stated event, including the attainment of any age. Any selection in subsection (F) must be definitely determinable and not subject to Employer discretion.*]

☐ (ii) **In-service distribution option available only to accomplish In-Plan Roth Conversion.** If this subsection (ii) is checked, the in-service distribution options described in subsection (i) will be permitted only to accomplish an In-Plan Roth Conversion.

[***Note:*** *An in-service distribution may be limited solely to accomplish a Roth conversion only if the Plan does not already authorize an in-service distribution. Thus, this subsection (ii) will not apply to the extent an in-service distribution is already authorized under the Plan.*]

☐ (3) **Contribution sources.** An Employee may only elect to make an In-Plan Roth Conversion from the following sources: *[Check all contribution sources available under the Plan from which an In-Plan Roth Conversion is available.*]

☐ (i) All available sources under the Plan

☐ (ii) Pre-tax Salary Deferrals

☐ (iii) Employer Contributions

☐ (iv) Matching Contributions

☐ (v) Safe Harbor Contributions

☐ (vi) QNECs and QMACs

☐ (vii) After-Tax Contributions

☐ (viii) Rollover Contributions

☐ (ix) Describe: _

[***Note:*** *Any selection in subsection (ix) must be definitely determinable and not subject to Employer discretion.*]

☐ (4) **Limits applicable to In-Plan Roth Conversions.** The following limits apply in determining the amounts that are eligible for an In-Plan Roth Conversion.

☐ (i) Check this box if Roth conversions may only be made from contribution sources that are fully vested (i.e., 100% vested).

[***Note:*** *If an In-Plan Roth Conversion is permitted from partially-vested sources, special rules apply for determining the vested percentage of such amounts after conversion. See Section 7.09 of the Plan.*]

☐ (ii) A Participant may not make an In-Plan Roth Conversion of less than $_____ (may not exceed $1,000).

☐ (iii) A Participant may not make an In-Plan Roth Conversion of any outstanding loan amount.

[***Note:*** *If this subsection (iii) is not checked, a Participant may convert amounts that are attributable to an outstanding loan, to the extent the loan relates to a contribution source that is eligible for conversion under subsection (3) above.*]

☐ (iv) Describe: _

[***Note:*** Any selection in subsection (iv) must be definitely determinable and not subject to Employer discretion.]

☐ (5) **Amounts available to pay federal and state taxes generated from an In-Plan Roth Conversion.**

☐ (i) In-service distribution. If the Plan does not otherwise permit an in-service distribution at the time of the In-Plan Roth Conversion and this subsection (i) is checked, a Participant may elect to take an in-service distribution solely to pay taxes generated from the In-Plan Roth Conversion.

☐ (ii) Participant loan. Generally, a Participant may request a loan from the Plan to the extent permitted under Section 13 of the Plan and Appendix B of this Adoption Agreement. However, to the extent a Participant loan is not otherwise allowed and this subsection (ii) is selected, a Participant may receive a Participant loan solely to pay taxes generated from an In-Plan Roth Conversion.

[***Note:*** *If this subsection (ii) is selected and Participant loans are not otherwise authorized under the Plan, any Participant loan made pursuant to this subsection (ii) will be made in accordance with the default loan policy described in Section 13 of the Plan.*]

☐ (6) **Distribution from In-Plan Roth Conversion Account.** Distributions from the In-Plan Roth Conversion account will be permitted as follows:

☐ (i) In-service distributions will not be permitted from an In-Plan Roth Conversion account until the earliest date a distribution would otherwise be permitted for any contribution source eligible for conversion, without regard to the conversion distribution.

☐ (ii) An in-service distribution may be made from the In-Plan Roth Conversion account at any time.

☐ (iii) A separate In-Plan Roth Conversion account will be maintained for converted amounts attributable to Rollover Contributions and/or After-Tax Contributions. An in-service distribution may be made at any time from this separate account.

☐ (iv) Describe distribution options: _

[***Note:*** *This subsection (6) may not be used to eliminate an in-service distribution option that was otherwise available at the time of the In-Plan Roth Conversion. Thus, for example, if a Participant is permitted to make an In-Plan Roth Conversion of After-Tax Contributions or Rollover contributions, and such contributions are eligible for immediate distribution at the time of the In-Plan Roth Conversion, those amounts must continue to be available for distribution after the In-Plan Roth Conversion. Subsection (iii) permits the protection of the immediate distribution option for Rollover and After-Tax Contributions while still delaying the distribution of other contribution sources. If subsection (iii) is checked, subsection (i) or (iv) should also be checked to describe distribution options for other contribution sources. To the extent a selection in this subsection (6) results in an improper elimination of a distribution right, the provisions of this subsection (6) will not apply.*]

☐ (d) **Describe** any special rules that apply to Roth Deferrals under the Plan: _

[***Note:*** *Any special rules must satisfy the nondiscrimination requirements under Code §401 (a) (4).*]

6A-6 **ADP TESTING.** The ADP Test will be performed using the Current Year Testing Method, unless designated otherwise under this AA §6A-6. (See Section 6.01 (a) of the Plan.)

☐ (a) **Prior Year Testing Method.** Instead of the Current Year Testing Method, the Plan will use the Prior Year Testing Method in running the ADP Test.

[***Note:*** *If the Plan is a Safe Harbor 401 (k) Plan (as designated in AA §6C below), the Plan must use the Current Year Testing Method. Thus, for any year the Plan is a Safe Harbor 401(k) Plan, the Current Year Testing Method applies, regardless of any selection under this subsection.]*

☐ (b) **Application of Current Year Testing Method.** The Current Year Testing Method has applied since the ___ Plan Year. [*If the Plan has switched from the Prior Year Testing Method to the Current Year Testing Method, this subsection may be checked to designate the first Plan Year for which the Current Year Testing Method applies.*]

☐ (c) **Special rule for first Plan Year.** If this is a new 401(k) Plan, the testing method selected in this AA §6A-6 applies for purposes of applying the ADP Test for the first Plan Year of the Plan, unless designated otherwise under this subsection. If the Prior Year Testing Method applies, the ADP of the Nonhighly Compensated Group for the first Plan Year is deemed to be 3%. (See Section 6.01 (a)(3) of the Plan.)

☐ (1) **Instead of the Prior Year Testing Method,** the Plan will use the Current Year Testing Method for the first Plan Year for which the 401(k) Plan is effective.

☐ (2) **Instead of the Current Year Testing Method,** the Plan will use the Prior Year Testing Method for the first Plan Year for which the 401(k) Plan is effective.

6A-7 **CHANGE OR REVOCATION OF DEFERRAL ELECTION:** In addition to the Participant's Entry Date under the Plan, a Participant's election to change or resume a deferral election will be effective as set forth under the Salary Reduction Agreement or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this AA §6A-7 specific dates as of which a Participant may change or resume a deferral election. (See Section 3.03(b) of the Plan.)

☐ (a) The first day of each calendar quarter

☐ (b) The first day of each Plan Year

☐ (c) The first day of each calendar month

☑ (d) The beginning of each payroll period

☐ (e) Other: __

[***Note:*** *A Participant must be permitted to change or revoke a deferral election at least once per year. Unless designated otherwise, a Participant may revoke a deferral election (on a prospective basis) at any time.*]

6A-8 **AUTOMATIC CONTRIBUTION ARRANGEMENT.** No automatic contribution provisions apply under Section 3.03(c) of the Plan, unless provided otherwise under this AA §6A-8.

☑ (a) **Automatic deferral election.** Upon becoming eligible to make Salary Deferrals under the Plan (pursuant to AA §3 and AA §4), a Participant will be deemed to have entered into a Salary Deferral Election for each payroll period, unless the Participant completes a Salary Deferral Election (subject to the limitations under AA §6A-2 and AA §6A-3) in accordance with procedures adopted by the Plan Administrator.

☑ (1) **Effective date of Automatic Contribution Arrangement.** The automatic deferral provisions under this AA §6A-8 are effective as of:

☑ (i) The Effective Date of this Plan as set forth under the Employer Signature Page.

☐ (ii) _____ [insert date]

☐ (iii) As set forth under a prior Plan document. [***Note:*** *If this subsection (iii) is checked, the automatic deferral provisions under this AA §6A-8 will apply as of the original Effective Date of the automatic contribution arrangement. Unless provided otherwise under this AA §6A-8, an Employee who is automatically enrolled under a prior Plan document will continue to be automatically enrolled under the current Plan document.*]

☑ (2) **Automatic Contribution Arrangement.** Check this subsection (2) if the Plan is designated as an Automatic Contribution Arrangement, as described under Section 3.03(c) of the Plan. [***Note:*** Unless an election is made under this AA §6A-8 that is inconsistent with the requirements of an Eligible Automatic Contribution Arrangement (EACA), the Automatic Contribution Arrangement will qualify as an EACA, as described in Section 3.03(c)(1) of the Plan.]

☑ (i) Automatic deferral percentage.

☑ (A) __6__% of Plan Compensation

☐ (B) $_____

☐ (ii) **Automatic increase.** If elected under this subsection (ii), the automatic deferral amount will increase each Plan Year by the following amount. (See Section 3.03(c) of the Plan.)

☐ (A) ____% of Plan Compensation

☐ (B) $_____

☐ (C) Describe: __

Any automatic increase elected under this subsection (ii) will not cause the automatic deferral amount to exceed:

☐ (D) ____% of Plan Compensation

☐ (E) $_____

☐ (F) Describe: _

☐ (3) **Qualified Automatic Contribution Arrangement (QACA).** Check this subsection if the Plan is designated as a QACA under Section 6.04(b) of the Plan. [***Note:*** *If this subsection (3) is checked, a QACA Safe Harbor Contribution must also be selected under AA §6C-2.*]

☐ (i) **Automatic deferral percentage.** ____% [must be at least 3% and no more than 10%] of Plan Compensation.

☐ (ii) **Automatic increase.** If elected under this subsection (ii), the automatic deferral amount will increase each Plan Year by the following amount:

☐ (A) ____% of Plan Compensation

but not in excess of

☐ (B) ____% [not less than 6% or more than 10%] of Plan Compensation

[***Note:*** *If the percentage under subsection (i) is less than 6% of Plan Compensation, an automatic deferral of at least 1% must apply under subsection (A). If no percentage is entered under subsection (B), any automatic increase selected under subsection (ii) will not exceed 10% of Plan Compensation.*]

☑ (4) **Application of automatic deferral provisions.** The automatic deferral election under subsection (2) or (3), as applicable, will apply to new Participants and existing Participants as set forth under this subsection (4).

☑ (i) **New Participants.** The automatic deferral provisions apply to all eligible Participants who do not enter into a Salary Deferral Election (including an election not to defer) and who:

☐ (A) become Participants on or after the effective date of the automatic deferral provisions.

☑ (B) are hired on or after the effective date of the automatic deferral provisions.

☑ (ii) **Current Participants.** The automatic deferral provisions apply to all other eligible Participants as follows:

☐ (A) Automatic deferral provisions apply to all current Participants who have not entered into a Salary Deferral Election (including an election not to defer under the Plan).

☐ (B) Automatic deferral provisions apply to all current Participants who have not entered into a Salary Deferral Election that is at least equal to the automatic deferral amount under subsection (2)(i) or (3)(i), as applicable. Current Participants who have made a Salary Deferral Election that is less than the automatic deferral amount or who have not made a Salary Deferral Election will automatically be increased to the automatic deferral amount unless the Participant enters into a new Salary Deferral election on or after the effective date of the automatic deferral provisions.

☑ (C) Automatic deferral provisions do not apply to current Participants. Only new Participants described in subsection (i) are subject to the automatic deferral provisions. [***Note:*** *This subsection (C) may not be selected if the Plan is a QACA under subsection (3). Also see Section 3.03(c)(2)(i) of the Plan for the application of this subsection under an EACA.*]

☐ (D) Describe: _

[***Note:*** *Any special provisions under subsection (D) must comply with the nondiscrimination requirements under Code §401(a)(4).*]

☑ (iii) **Treatment of automatic deferrals.** Any Salary Deferrals made pursuant to an automatic deferral election will be treated as Pre-Tax Salary Deferrals, unless designated otherwise under this subsection (iii).

☐ Any Salary Deferrals made pursuant to an automatic deferral election will be treated as Roth Deferrals. [This subsection (iii) may only be checked if Roth Deferrals are permitted under AA §6A-5.]

[***Note:*** *Any Salary Deferral Election (including an election not to defer under the Plan) made after the effective date of the automatic deferral provisions will override such automatic deferral provisions. See Section 6.04(b)(1)(iii) of the Plan for the application of this provision to rehired Employees.*]

☐ (5) **Application of automatic increase.** Unless designated otherwise under this subsection (5), if an automatic increase is selected under subsection (2)(ii) or (3)(ii) above, the automatic increase will take effect as of the first day of the second Plan Year following the Plan Year in which the automatic deferral election first becomes effective with respect to a Participant. (See Section 3.03(c)(2)(iii) of the Plan.)

☐ (i) **First Plan Year.** Instead of applying as of the second Plan Year, the automatic increase described in subsection (2)(ii) or (3)(ii), as applicable, takes effect as of the appropriate date (as designated under subsection (iii) below) within the first Plan Year following the date automatic contributions begin.

☐ (ii) **Designated Plan Year.** Instead of applying as of the second Plan Year, the automatic increase described in subsection (2)(ii) or (3)(ii), as applicable, takes effect as of the appropriate date (as designated under subsection (iii) below) within the _____ Plan Year following the Plan Year in which the automatic deferral election first becomes effective with respect to a Participant. [***Note:*** *If this subsection (ii) is checked and the Plan is intended to qualify for the QACA safe harbor, the Plan must satisfy the minimum deferral requirements. See Section 6.04(b)(1)(i) of the Plan for special rules that apply if this subsection (ii) is checked for a QACA plan. Also see Rev. Rul. 2009-30.*]

☐ (iii) **Effective date.** The automatic increase described under subsection (2)(ii) or (3)(ii), as applicable, is generally effective as of the first day of the Plan Year. If this subsection (iii) is checked, instead of becoming effective on the first day of the Plan Year, the automatic increase will be effective on:

☐ (A) The anniversary of the Participant's date of hire.

☐ (B) The anniversary of the Participant's first automatic deferral contribution.

☐ (C) The first day of each calendar year.

☐ (D) Other date: _

[***Note:*** *If this subsection (iii) is checked and the Plan is intended to qualify for the QACA safe harbor, the Plan must satisfy the minimum deferral requirements. See Section 6.04(b)(1)(i) of the Plan for special rules that apply if this subsection (iii) is checked for a QACA plan. Also see Rev. Rul. 2009-30.*]

☐ (iv) **Special rules:** _

[***Note:*** *Any special rules under this subsection (iv) must satisfy the rules applicable to automatic increases under Treas. Reg. §1.401(k)-3, if applicable, and must satisfy the nondiscrimination requirements under Code §401 (a) (4).*]

☐ (6) **Treatment of terminated Employees.** Unless designated otherwise under subsection (i) below, a Participant's affirmative election to defer (or to not defer) will cease upon termination of employment. In addition, unless designated otherwise under subsection (ii) below, in applying the automatic deferral provisions under the Plan, a rehired Participant is treated as a new Employee if the Participant is precluded from making automatic deferrals to the Plan for a full Plan Year.

☐ (i) **Terminated Employees.** If this subsection (i) is selected, a terminated Participant's affirmative election to defer (or to not defer) will not cease upon termination of employment. Thus, a Participant who entered into an election to defer (or to not defer) prior to termination of employment will not be subject to the automatic deferral provisions upon rehire. (See Section 3.03(c)(2)(i) of the Plan.)

☐ (ii) **Rehired Employees.** If this provision applies, a Participant who is precluded from making automatic deferrals to the Plan for a full Plan Year will not be treated as a new Employee for purposes of applying the automatic deferral provisions under the Plan. Thus, a rehired Participant's minimum deferral percentage will continue to be calculated based on the date the individual first began making automatic deferrals under the Plan. (See Section 6.04(b)(1)(iii) of the Plan.)

☑ (b) **Permissible Withdrawals under Automatic Contribution Arrangement.**

☑ (1) **Permissible withdrawals allowed.** If the Plan satisfies the requirements for an EACA (as set forth in Section 3.03(c)(2) of the Plan) or a QACA (as set forth in Section 6.04(b) of the Plan), the permissible withdrawal provisions under Section 3.03(c)(3) of the Plan apply. Thus, a Participant who receives an automatic deferral may withdraw such contributions (and earnings attributable thereto) within the time period set forth under Section 3.03(c)(3) of the Plan, without regard to the in-service distribution provisions selected under AA §10-1.

☐ (2) **No permissible withdrawals.** Although the Plan contains an automatic deferral election that is designed to satisfy the requirements of an EACA or QACA, the permissible withdrawal provisions under this subsection (b) are not available.

☑ (3) **Time period for electing a permissible withdrawal**. Instead of a 90-day election period, a Participant must request a permissible withdrawal no later than 45 [*may not be less than 30 or more than 90*] days after the date the Plan Compensation from which such Salary Deferrals are withheld would otherwise have been included in gross income.

☐ (c) Other automatic deferral provisions: _

[***Note:*** *Any language added under this subsection must comply with the nondiscrimination requirements under Code §401 (a)(4) and the regulations thereunder.*]

6A-9 SPECIAL DEFERRAL EFFECTIVE DATES. Unless designated otherwise under this AA §6A-9, a Participant is eligible to make Salary Deferrals under the Plan as of the Effective Date of the Plan (as designated in the Employer Signature Page). However, in no case may a Participant begin making Salary Deferrals prior to the later of the date the Employee becomes a Participant, the date the Participant executes a Salary Reduction Agreement or the date the Plan is adopted or effective. (See Section 3.03 (a) of the Plan.)

To designate a later Effective Date for Salary Deferrals or Roth Deferrals, complete this AA §6A-9.

☐ (a) **Salary Deferrals.** A Participant is eligible to make Salary Deferrals under the Plan as of:

☐ (1) the date the Plan is executed by the Employer (as indicated on the Employer Signature Page).

☐ (2) _____ (insert date).

☐ (b) **Roth Deferrals.** The Roth Deferral provisions under AA §6A-5 are effective as of ____. [If Roth Deferrals are permitted under AA §6A-5 above, Roth Deferrals are effective as of the Effective Date applicable to Salary Deferrals under this AA §6A-9, unless a later date is designated under this subsection.]

6A-10 **SIMPLE 401(k) PLAN PROVISIONS.** The SIMPLE 401(k) provisions under Section 6.05 of the Plan do not apply unless specifically elected under this AA §6A-10.

☐ (a) By checking this box the Employer elects to have the SIMPLE 401(k) provisions described in Section 6.05 of the Plan apply.

☐ (1) Employer will make Matching Contribution under Section 6.05(b)(3) of the Plan.

☐ (2) Employer will make Employer Contribution under Section 6.05(b)(4) of the Plan.

☐ (b) Other SIMPLE 401 (k) provisions: _

[***Note:*** *This AA §6A-10 may only be checked if the Plan uses a calendar-year Plan Year and the Employer is an Eligible Employer as defined in Section 6.05 (a)(l) of the Plan. All contributions under the SIMPLE 401 (k) Plan are 100% vested at all times. If this AA §6A-10 is selected, no contributions may be authorized under AA §6 and AA §6B- §6D. Any special rules under subsection (b) must satisfy the nondiscrimination requirements under Code §401(a)(4).*]

SECTION 6B
MATCHING CONTRIBUTIONS

6B-1 **MATCHING CONTRIBUTIONS.** Is the Employer authorized to make Matching Contributions under the Plan?

☑ **Yes.** [*Check this box if Matching Contributions may be made under the Plan, including Matching Contributions that satisfy the ACP safe harbor (i.e., Matching Contributions that are made in addition to the Safe Harbor Contributions required to satisfy the ADP safe harbor under AA §6C-2(a)).*]

☐ **No.** [*Check this box if there are no Matching Contributions or the only Matching Contributions are Safe Harbor Matching Contributions that satisfy the ADP safe harbor under AA §6C-2(a). If "No" is checked, skip to Section 6C.*]

6B-2 **MATCHING CONTRIBUTION FORMULA:** For the period designated in AA §6B-5 below, the Employer will make the following Matching Contribution on behalf of Participants who satisfy the allocation conditions under AA §6B-7 below. [*See AA §6B-3 for the definition of Eligible Contributions for purposes of the Matching Contributions under the Plan. If the Plan provides for After-Tax Employee Contributions, also see AA §6D-2 to determine the application of the Matching Contribution formulas to After-Tax Employee Contributions.*]

☑ (a) **Discretionary match.** The Employer will determine in its sole discretion how much, if any, it will make as a Matching Contribution. Such amount can be determined either as a uniform percentage of deferrals or as a flat dollar amount for each Participant.

☑ (b) **Fixed match.** The Employer will make a Matching Contribution for each Participant equal to:

☑ (1) 60 % of Eligible Contributions made for each period designated in AA §6B-5 below.

☐ (2) $_____ for each period designated in AA §6B-5 below.

☐ (3) ____% of Eligible Contributions made for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least ____% of Plan Compensation for such period.

☐ (4) $_____ for each period designated in AA §6B-5 below. However, to receive the Matching Contribution for a given period, a Participant must contribute Eligible Contributions equal to at least ____% of Plan Compensation for such period.

☐ (c) **Tiered match.** The Employer will make a Matching Contribution to all Participants based on the following tiers of Eligible Contributions.

☐ (1) **Tiers as percentage of Plan Compensation.**

Eligible Contributions	Fixed Match %	Discretionary Match
☐ (i) Up to ____% of Plan Compensation	_____%	☐
☐ (ii) From ____% up to ____% of Plan Compensation	_____%	☐
☐ (iii) From ____% up to ____% of Plan Compensation	_____%	☐
☐ (iv) From ____% up to ____% of Plan Compensation	_____%	☐

☐ (2) **Tiers as dollar amounts.**

Eligible Contributions	Fixed Match	Discretionary Match
☐ (i) Up to $_____	_____%	☐
☐ (ii) From $_____ up to $____	_____%	☐
☐ (iii) From $_____ up to $____	_____%	☐
☐ (iv) Above $_____	_____%	☐

[***Note:*** *If the Plan is designed to satisfy the ACP safe harbor with respect to the Matching Contributions, the rate of Matching Contribution may not increase as the rate of Eligible Contributions increases.*]

☐ (d) **Year of Service match.** The Employer will make a Matching Contribution as a uniform percentage of Eligible Contributions to all Participants based on Years of Service with the Employer.

Years of Service	Matching %
☐ (1) From ____ up to ____ Years of Service	_____%
☐ (2) From ____ up to ____ Years of Service	_____%
☐ (3) From ____ up to ____ Years of Service	_____%
☐ (4) Years of Service equal to and above ___	_____%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is: _

[***Note:*** *Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature. Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03 of the Plan.*]

☐ (e) **Different Employee groups.** The Employer may make a different Matching Contribution to the Employee groups designated under subsection (1) below. The Matching Contribution will be allocated separately to each designated Employee group in accordance with the formula designated under subsection (2).

(1) **Designated Employee groups.**

(2) **Matching Contribution formulas.**

☐ (i) **Discretionary Matching Contribution.** The Employer may make a different discretionary Matching Contribution for each Employee group designated under subsection (1).

☐ (ii) **Different Matching Contribution formula.** The following Matching Contribution will apply for each Employee group designated under subsection (1).

[***Note:*** *Each separate rate of Matching Contribution must satisfy the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-4 as a separate benefit, right or feature.*]

☐ (f) **Describe special rules for determining allocation formula:** _

[***Note:*** *Any special rules must be described in a manner that precludes Employer discretion and must satisfy the nondis crimination requirements of Code §401 (a) (4) and the regulations thereunder.*]

6B-3 **CONTRIBUTIONS ELIGIBLE FOR MATCHING CONTRIBUTIONS ("ELIGIBLE CONTRIBUTIONS").** Unless designated otherwise under this AA §6B-3, all Salary Deferrals, including any Roth Deferrals and Catch-Up Contributions are eligible for the Matching Contributions designated under AA §6B-2.

☐ (a) **Matching Contributions.** Only the following contribution sources are eligible for a Matching Contribution under AA §6B-2:

☐ (1) Pre-tax Salary Deferrals

☐ (2) Roth Deferrals

☐ (3) Catch-Up Contributions

[***Note:*** *Any amounts excluded under this subsection do not apply to Safe Harbor Matching Contributions under AA §6C-2. See AA §6D-2 to determine eligibility of After-Tax Employee Contributions for Matching Contributions.*]

☐ (b) **Application of Matching Contributions to elective deferrals made under another plan maintained by the Employer.** If this subsection is checked, the Matching Contributions described in AA §6B-2 will apply to elective deferrals made under another plan maintained by the Employer.

☐ (1) The Matching Contribution designated in AA §6B-2 above will apply to elective deferrals under the following plan maintained by the Employer: _

☐ (2) The following special rules apply in determining the amount of Matching Contributions under this Plan with respect to elective deferrals under the plan described in subsection (1): __

[***Note:*** *This subsection may be used to describe special provisions applicable to Matching Contributions provided with respect to elective deferrals under another plan maintained by the Employer, including another qualified plan, Code §403 (b) plan or Code §45 7(b) plan.*]

☑ (c) **Special rules.** The following special rules apply for purposes of determining the Matching Contribution under this AA §6B-3: A Participant who receives a non-hardship withdrawal of After-tax or Company Matching contributions is suspended from receiving Company Matching contributions for three months following the date of withdrawal.

[***Note:*** *Any special rules must satisfy the nondiscrimination requirements under Code §401 (a) (4) and the regulations thereunder. If contribution sources are limited for only certain Matching Contributions, those limitations may be described under this subsection.*]

6B-4 **LIMITS ON MATCHING CONTRIBUTIONS.** In applying the Matching Contribution formula(s) selected under AA §6B-2 above, all Eligible Contributions are eligible for Matching Contributions, unless elected otherwise under this AA §6B-4. [*See AA §6D-2for any limits that apply with respect to After-Tax Employee Contributions.*]

☐ (a) **ACP safe harbor match.** The Matching Contribution formula(s) selected in AA §6B-2 are designed to satisfy the ACP Safe Harbor as described in Section 6.04(i) of the Plan. Therefore, any Matching Contribution selected in AA §6B-2 will only apply with respect to Eligible Contributions that do not exceed 6% of Plan Compensation and to the extent any Matching Contribution formula is discretionary, the total amount of discretionary Matching Contributions will not exceed 4% of Plan Compensation for the Plan Year.

[***Note:*** *If this subsection is checked, no allocation conditions should be selected under AA §6B-7. If allocation conditions are selected under AA §6B-7, the Matching Contributions under this AA §6B-2 may not qualify for the ACP safe harbor. See Section 6.04(i) of the Plan.*]

☑ (b) **Limit on the amount of Eligible Contributions.** The Matching Contribution formula(s) selected in AA §6B-2 above apply only to Eligible Contributions that do not exceed:

☑ (1) 6 % of Plan Compensation

☐ (2) $_____.

☐ (3) A discretionary amount determined by the Employer.

[***Note:*** *If both (1) and (2) are selected, the limit under this subsection is the lesser of the percentage selected in subsection (1) or the dollar amount selected in subsection (2).*]

☐ (c) **Limit on Matching Contributions.** The total Matching Contribution provided under the formula(s) selected in AA §6B-2 above will not exceed:

☑ (1) 100 % of Plan Compensation

☐ (2) $_____.

☑ (d) **Application of limits.** The limits identified under this AA §6B-4 do not apply to the following Matching Contribution formula(s):

☑ (1) Any limit on the amount of Eligible Contributions does not apply to:

- ☑ (i) Discretionary match
- ☐ (ii) Fixed match
- ☐ (iii) Tiered match
- ☐ (iv) Year of Service match
- ☐ (v) Employee group match

☐ (2) Any limit on Matching Contributions does not apply to:

- ☐ (i) Discretionary match
- ☐ (ii) Fixed match
- ☐ (iii) Tiered match
- ☐ (iv) Year of Service match
- ☐ (v) Employee group match

☐ (e) **Special limits applicable to Matching Contributions:** __

[***Note:*** *Any special provisions under this subsection must comply with the nondiscrimination requirements under Code §401(a)(4).*]

6B-5 **PERIOD FOR DETERMINING MATCHING CONTRIBUTIONS.** The Matching Contribution formula(s) selected in AA §6B-2 above (including any limitations on such amounts under AA §6B-4) are based on Eligible Contributions and Plan Compensation for the Plan Year. To apply a different period for determining the Matching Contributions and limits under AA §6B-2 and AA §6B-3, complete this AA §6B-5.

☐ (a) payroll period

☐ (b) Plan Year quarter

☐ (c) calendar month

☑ (d) Other: The Matching Contribution formula for the Fixed Match is calculated on a payroll period basis. The Discretionary Matching Contribution is calculated based on Eligible Contributions and Plan Compensation for the Plan Year.

[***Note:*** *Although Matching Contributions (and any limits on those Matching Contributions) will be determined on the basis of the period designated under this AA §6B-5, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Matching Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415-6, regardless of the period selected under this AA §6B-5. Any alternative period designated under this AA §6B-5 may not exceed a 12-month period and will apply uniformly to all Participants.*]

[***Note:*** *In determining the amount of Matching Contributions for a particular period, if the Employer actually makes Matching Contributions to the Plan on a more frequent basis than the period selected in this AA §6B-5, a Participant will be entitled to a true-up contribution to the extent he/she does not receive a Matching Contribution based on the Eligible Contributions and/or Plan Compensation for the entire period selected in this AA §6B-5. If a period other than the Plan Year is selected under this AA §6B-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under this AA §6B-5. See Section 3.04(c) of the Plan.*]

6B-6 **ACP TESTING.** The ACP Test will be performed using the Current Year Testing Method, unless designated otherwise under this AA §6B-6. (See Section 6.02(a) of the Plan.)

☐ (a) **Prior Year Testing Method.** Instead of the Current Year Testing Method, the Plan will use the Prior Year Testing Method in running the ACP Test.

[***Note:*** *If the Plan is intended to be a Safe Harbor 401 (k) Plan (as designated in AA §6C below), the Plan must use the Current Year Testing Method. Thus, for any year the Plan is a Safe Harbor 401 (k) Plan, the Current Year Testing Method applies, regardless of any selection under this subsection.*]

☐ (b) **Application of Current Year Testing Method.** The Current Year Testing Method has applied since the ___ Plan Year. [If the Plan has switched from the Prior Year Testing Method to the Current Year Testing Method, this subsection may be checked to designate the first Plan Year for which the Current Year Testing Method applies.]

☐ (c) **Special rule for first Plan Year.** If this is a new 401(m) Plan, the testing method selected in this AA §6B-6 applies for purposes of applying the ACP Test for the first Plan Year of the Plan, unless designated otherwise under this subsection. If the Prior Year Testing Method applies, the ACP of the Nonhighly Compensated Employee Group for the first Plan Year is deemed to be 3%. (See Section 6.02(a)(3) of the Plan.)

☐ (1) **Instead of the Prior Year Testing Metho**d, the Plan will use the Current Year Testing Method for the first Plan Year for which the 401(m) Plan is effective.

☐ (2) **Instead of the Current Year Testing Method**, the Plan will use the Prior Year Testing Method for the first Plan Year for which the 401(m) Plan is effective.

6B-7 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6B-7 to receive an allocation of Matching Contributions under the Plan.

[***Note:*** *Any allocation conditions set forth under this AA §6B-7 do not apply to Safe Harbor Matching Contributions under AA §6C or QMACs under AA §6D, unless provided otherwise under those specific sections. See AA §4-5 for treatment of service with Predecessor Employers for purposes of applying the allocation conditions under this AA §6B-7.*]

☑ (a) **No allocation conditions** apply with respect to Matching Contributions under the Plan.

☐ (b) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than:

☐ (1) _____ Hours of Service(not to exceed 500) during the Plan Year.

☐ (i) Hours of Service are determined using actual Hours of Service.

(ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):

☐ (A) Monthly ☐ (B) Weekly

☐ (C) Daily ☐ (D) Semi-monthly

☐ (2) _____ (not more than 91) consecutive days of employment with the Employer during the Plan Year.

[***Note:*** *Under this safe harbor allocation condition, an Employee will satisfy the allocation conditions if the Employee completes the designated Hours of Service or period of employment, even if the Employee is not employed on the last day of the Plan Year. See Section 3.09 of the Plan for rules regarding the application of this allocation condition to the minimum coverage test.]*

☐ (c) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.

(d) **Minimum service condition.** An Employee must be credited with at least:

☐ (1) _____ Hours of Service (not to exceed 1,000) during the Plan Year.

☐ (i) Hours of Service are determined using actual Hours of Service.

(ii) Hours of Service are determined using the following Equivalency Method (as defined under AA §4-3):

☐ (A) Monthly ☐ (B) Weekly

☐ (C) Daily ☐ (D) Semi-monthly

☐ (2) _____ (not more than 182) consecutive days of employment with the Employer during the Plan Year.

☐ (e) **Application to a specified period.** The allocation conditions selected under this AA §6B-7 apply on the basis of the Plan Year. Alternatively, if an employment or minimum service condition applies under this AA §6B-7, the Employer may elect under this subsection to apply the allocation conditions on a periodic basis as set forth below. (See Section 3.09(a) of the Plan for a description of the rules for applying the allocation conditions on a periodic basis.)

☐ (1) **Period for applying allocation conditions.** Instead of the Plan Year, the allocation conditions set forth under subsection (2) below apply with respect to the following periods:

☐ (i) Plan Year quarter

☐ (ii) calendar month

☐ (iii) payroll period

☐ (iv) Other:

☐ (2) **Application to allocation conditions.** To the extent an employment or minimum service allocation condition applies under this AA §6B-7, such allocation condition will apply based on the period selected under subsection (1) above, unless designated otherwise below:

☐ (i) Only the employment condition will be based on the period selected in subsection (1) above.

☐ (ii) Only the minimum service condition will be based on the period selected in subsection (1) above.

☐ (iii) Describe any special rules:

[***Note:*** Any special rules under subsection (iii) must satisfy the nondiscrimination requirements of Code §401 (a) (4).]

☐ (f) **Exceptions.**

☐ (1) The above allocation condition(s) will not apply if the Employee:

☐ (i) dies during the Plan Year.

☐ (ii) terminates employment as a result of becoming Disabled.

☐ (iii) terminates employment after attaining Normal Retirement Age.

☐ (iv) terminates employment after attaining Early Retirement Age.

☐ (v) is on an authorized leave of absence from the Employer.

☐ (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).

☐ (3) The exceptions selected under subsection (1) do not apply to:

☐ (i) an employment condition designated under this AA §6B-7.

☐ (ii) a minimum service condition designated under this AA §6B-7.

☐ (v) the following Matching Contributions:

☐ (A) Discretionary match

☐ (B) Fixed match

☐ (C) Tiered match

☐ (D) Year of Service match

☐ (E) Employee group match

☐ (g) **Describe** any special rules governing the allocation conditions under the Plan:

[***Note:*** *Any special rules must satisfy the nondiscrimination requirements under Code §401(a)(4).*]

SECTION 6C
SAFE HARBOR 401 (k) CONTRIBUTIONS

6C-1 **SAFE HARBOR 401 (k) PLAN.** Is the Plan intended to be a Safe Harbor 401 (k) Plan?

☐ Yes

☑ No No [If "No " is checked, skip to Section 6D.]

6C-2 **SAFE HARBOR CONTRIBUTIONS.** To qualify as a Safe Harbor 401 (k) Plan, the Employer must make a Safe Harbor/QACA Safe Harbor Matching Contribution or Safe Harbor/QACA Safe Harbor Employer Contribution. The Safe Harbor Contribution elected under this AA §6C-2 will be in addition to any Employer Contribution or Matching Contribution elected in AA §6 or AA §6B above.

☐ (a) **Safe Harbor/QACA Safe Harbor Matching Contribution.**

☐ (1) **Safe Harbor Matching Contribution formula.**

☐ (i) **Basic match:** 100% of Salary Deferrals up to the first 3% of Plan Compensation, plus 50% of Salary Deferrals up to the next 2% of Plan Compensation.

☐ (ii) **Enhanced match:** ___% of Salary Deferrals up to _____% of Plan Compensation.

☐ (iii) **Tiered match:** ____% of Salary Deferrals up to the first _____% of Plan Compensation.

☐ (A) plus ____% of Salary Deferrals up to the next _____% of Plan Compensation.

☐ (B) plus ____% of Salary Deferrals up to the next _____% of Plan Compensation.

[***Note:*** *The enhanced match under subsection (ii) and the tiered match under subsection (iii) must provide a matching contribution that is at least equivalent at all deferral levels to the basic match described in subsection (i). If the enhanced match or tiered match applies to Salary Deferrals in excess of 6% of Plan Compensation or if the tiered match provides for a greater level of match at higher levels of Salary Deferrals, the Matching Contribution will be subject to ACP Testing. See Section 6.04(i)(2) of the Plan.*]

☐ (2) **QACA Safe Harbor Matching Contribution formula.** [***Note:*** *Also must select AA §6A-8.*]

☐ (i) **Basic match:** 100% of Salary Deferrals up to the first 1% of Plan Compensation, plus 50% of Salary Deferrals up to the next 5% of Plan Compensation.

☐ (ii) **Enhanced match:** _____% of Salary Deferrals up to _____% of Plan Compensation.

☐ (iii) **Tiered match:** _____% of Salary Deferrals up to the first _____% of Plan Compensation,

☐ (A) plus _____% of Salary Deferrals up to the next _____% of Plan Compensation,

☐ (B) plus _____% of Salary Deferrals up to the next _____% of Plan Compensation.

[***Note:*** *The enhanced match under subsection (ii) and the tiered match under subsection (iii) must provide a matching contribution that is at least equivalent at all deferral levels to the basic match described in subsection (i). If the enhanced match or tiered match applies to Salary Deferrals in excess of 6% of Plan Compensation or if the tiered match provides for a greater level of match at higher levels of Salary Deferrals, the Matching Contribution will be subject to ACP Testing. See Section 6.04(i)(2) of the Plan.*]

☐ (3) **Period for determining Safe Harbor Matching Contributions.** Instead of the Plan Year, the Safe Harbor/QACA Safe Harbor Matching Contribution formula selected in (1) or (2) above is based on Salary Deferrals for the following period:

☐ (i) payroll period

☐ (ii) Plan Year quarter

☐ (iii) calendar month

☐ (iv) Other:_

[***Note:*** *In determining the amount of Safe Harbor/QACA Safe Harbor Matching Contributions for a particular period, if the Employer actually makes Safe Harbor/QACA Safe Harbor Matching Contributions to the Plan on a more frequent basis than the period selected in this subsection (3), a Participant will be entitled to a "true-up " contribution to the extent he/she does not receive a Safe Harbor/QACA Safe Harbor Matching Contribution based on the Salary Deferrals and/or Plan Compensation for the entire period selected in subsection (3). Thus, for example, if Plan Year applies under this subsection (3), additional Safe Harbor/QACA Safe Harbor Matching Contributions may be required if the Safe Harbor/QACA Safe Harbor Matching Contributions are made on a more frequent basis than annually. If true-up contributions will not be made for any Participant under the Plan, payroll period should be selected under subsection (i).*]

☐ (b) **Safe Harbor/QACA Safe Harbor Employer Contribution:** % (not less than 3%) of Plan Compensation.

[***Note:*** *If the Plan is designated as a QACA under AA §6A-8, the Safe Harbor/QACA Safe Harbor Employer Contribution will be a QACA Safe Harbor Contribution. If the Plan is not designated as a QACA under AA §6A-8, the Safe Harbor/QACA Safe Harbor Employer Contribution will be a regular Safe Harbor Employer Contribution.*]

☐ (1) **Supplemental Safe Harbor notice.** Check this selection if the Employer will make the Safe Harbor/QACA Safe Harbor Employer Contribution pursuant to a supplemental notice, as described in Section 6.04(a)(4)(iii) of the Plan.

[***Note:*** *If this subsection (I) is checked, the Safe Harbor/QACA Safe Harbor Employer Contribution described above will be required for a Plan Year only if the Employer provides a supplemental notice (as described in Section 6.04(a) (4) (iii) of the Plan). If the Employer properly provides the Safe Harbor notice but does not provide a supplemental notice, the Employer need not provide the Safe Harbor/QACA Safe Harbor Employer Contribution described above. In such a case, the Plan will not qualify as a Safe Harbor 401 (k) Plan for that Plan Year and will be subject to ADP/ACP testing, as applicable. See Section 6.04(a)(4)(iii) of the Plan for rules that apply in subsequent Plan Years.*]

☐ (2) **Other plan.** Check this subsection (2) if the Safe Harbor/QACA Safe Harbor Employer Contribution will be made under another plan maintained by the Employer and identify the plan:

☐ (c) **Special rules:** The following special rules apply for purposes of applying the Safe Harbor provisions under the Plan:

[***Note:*** *Any special rules must satisfy the nondis crimination requirements of Code §401(a)(4).*]

6C-3 **ELIGIBILITY FOR SAFE HARBOR CONTRIBUTION.** The Safe Harbor Contribution selected in AA §6C-2 above will be allocated to all Participants who are eligible to make Salary Deferrals under the Plan, unless designated otherwise under this AA §6C-3.

☐ (a) **Availability of Safe Harbor Contributions.** Instead of being allocated to all eligible Participants, the Safe Harbor Contribution selected in AA §6C-2 will be allocated only to:

☐ (1) Nonhighly Compensated Participants

☐ (2) Nonhighly Compensated Participants and any Highly Compensated Non-Key Employees

☐ (b) **Eligible Employees.** Unless designated otherwise under this subsection, any Excluded Employees will be determined under the Deferral column under AA §3-1. If this subsection is checked, the following Employees will be excluded for purposes of receiving the Safe Harbor Contribution. [***Note:*** The exclusion of Employees under this subsection may require additional nondiscrimination testing. See Section 6.04 (c) of Plan.]

☐ (1) Same exclusions as designated for Matching Contributions under AA §3-1.

☐ (2) Same exclusions as designated for Employer Contributions under AA §3-1.

☐ (3) The following Employees are Excluded Employees for purposes of receiving the Safe Harbor Contribution:

☐ (i) Collectively Bargained Employees

☐ (ii) Non-resident aliens who receive no compensation from the Employer which constitutes U.S. source income

☐ (iii) Leased Employees

☐ (iv) Describe:

[***Note:*** *If subsection (iv) is completed to designate a class of Excluded Employees, such Employee class must be defined in such away that it precludes Employer discretion and may not be based on time or service (e.g., part-time Employees) and may not provide for an exclusion designed to cover only Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service which may represent the minimum number of Nonhighly Compensated Employees necessary to satisfy the coverage requirements under Code §410(b).*]

☐ (c) **Minimum age and service conditions.** Unless designated otherwise under this subsection, the minimum age and service conditions applicable to Salary Deferrals under AA §4 will apply for purposes of any Safe Harbor Contributions selected under AA §6C-2. If this subsection is checked, the following minimum age and service conditions apply for Safe Harbor Contributions. [***Note:*** The addition of minimum age or service conditions under this subsection may require additional nondiscrimination testing. See Section 6.04(d) of the Plan.]

☐ (1) **Minimum service requirement.**

☐ (i) No minimum service conditions apply.

☐ (ii) The minimum service conditions applicable to Matching Contributions (as selected in AA §4).

☐ (iii) The minimum service conditions applicable to Employer Contributions (as selected in AA §4).

☐ (iv) One Year of Service using shifting Eligibility Computation Period. (See Section 2.03(a)(3)(i) of the Plan.)

☐ (v) The completion of at least ____ [cannot exceed 1,000] Hours of Service during the first months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.

☐ (vi) Describe:_

[***Note:*** *For purposes of determining eligibility for Safe Harbor Contributions, an Employee may not be required to complete more than one Year of Service*.]

☐ (2) **Minimum age requirement.**

☐ (i) No minimum age requirement.

☐ (ii) Age 21

☐ (iii) Age ___ (not later than age 21)

☐ (3) **Entry Date.**

☐ (i) Immediate ☐ (ii) Semi-annual

☐ (iii) Quarterly ☐ (iv) Monthly

☐ (d) **Describe eligibility conditions:**_

[***Note:*** *Any additional eligibility conditions must satisfy the requirements of Code §410(a) and may not violate the nondiscrimination requirements of Code §401(a)(4).*]

6C-4 **DEFINITION OF PLAN COMPENSATION.** Unless designated otherwise under this AA §6C-4, Plan Compensation is the same definition as selected under the Deferral column of AA §5-3 and AA §5-4. [See Note below for special rules applicable to definition of Plan Compensation.]

☐ (a) **Modification of Plan Compensation.** Instead of using the definition of Plan Compensation used for Salary Deferrals under AA §5-3, the following exclusions apply for Safe Harbor Contributions:

☐ (1) No exclusions.

☐ (2) All fringe benefits, expense reimbursements, deferred compensation, moving expenses, and welfare benefits are excluded.

☐ (3) Amounts received as a bonus are excluded.

☐ (4) Amounts received as commissions are excluded.

☐ (5) Overtime payments are excluded.

☐ (6) Describe adjustments to Plan Compensation:

[***Note:*** *Any exclusions selected under subsections (3) - (6) may cause the definition of Plan Compensation to fail to satisfy a safe harbor definition of compensation under Code §414(s). Any modification under subsection (6) must be definitely determinable and preclude Employer discretion.*]

☐ (b) **Exclusions applicable only to Highly Compensated Employees.** If this subsection is checked, any non-safe harbor adjustments selected under AA §5-3 or under this AA §6C-4, to the extent the adjustments apply to Safe Harbor Contributions, will apply only to Highly Compensated Employees. [***Note:*** If this subsection is checked, the definition of Plan Compensation that applies for purposes of determining the amount of Safe Harbor Contributions under the Plan will be deemed to satisfy a safe harbor definition of compensation under Code §414(s). See Section 1.137 of the Plan for a description of non-safe harbor compensation adjustments.]

☐ (c) **Compensation while a Participant.** Instead of using the period of compensation designated under AA §5-4 for Salary Deferrals, the following Plan Compensation will be taken into account for Safe Harbor Contributions:

☐ (1) Only Plan Compensation earned while the Employee is eligible to receive a Safe Harbor Contribution.

(2) Plan Compensation for the entire Plan Year, including compensation earned while an individual is not eligible to receive the Safe Harbor Contribution.

[***Note:*** *In order to qualify as a Safe Harbor 401 (k) Plan, the Plan must use a definition of Plan Compensation that satisfies a nondiscriminatory definition under Code §414(s). If the definition of Plan Compensation used for determining Safe Harbor Contributions under the Plan does not satisfy a nondiscriminatory definition under Code §414(s) for a given Plan Year, the Employer will be deemed to have elected to use Total Compensation for purposes of determining the Safe Harbor/QACA Safe Harbor Contribution for such Plan Year. See Section 1.97 (a) of the Plan.*]

6C-5 **OFFSET OF ADDITIONAL EMPLOYER CONTRIBUTIONS.** Any additional Employer Contributions under AA §6 will be allocated to all eligible Participants in addition to the Safe Harbor Employer Contribution, unless selected otherwise under this AA§6C-5.

☐ Check this AA §6C-5 to provide that the Safe Harbor Employer Contribution offsets any additional Employer Contributions designated under AA §6. For this purpose, if the permitted disparity allocation method is selected under AA §6-3, this offset applies only to the second step of the two-step permitted disparity formula or the fourth step of the four-step permitted disparity formula. (See Section 3.02(d)(l) of the Plan.)

6C-6 **DELAYED EFFECTIVE DATE.** The Safe Harbor provisions under this AA §6C are effective as of the Effective Date of the Plan, as designated in the Employer Signature Page. To provide for a delayed effective date for the Safe Harbor provisions, check this AA §6C-6.

☐ The Safe Harbor provisions under this AA §6C are effective beginning _____. Prior to this delayed effective date, the provisions of this AA §6C do not apply. Thus, prior to the delayed effective date, the Employer is not obligated to make a Safe Harbor Contribution and the Plan is subject to ADP and ACP Testing, to the extent applicable.

SECTION 6D
SPECIAL CONTRIBUTIONS

6D-1 **SPECIAL CONTRIBUTIONS.** The following Special Contributions may be made under the Plan:

☐ (a) No Special Contributions are permitted. [Skip to Section 7.]

☑ (b) After-Tax Employee Contributions

☐ (c) Qualified Nonelective Contributions (QNECs)

☐ (d) Qualified Matching Contributions (QMACs)

[***Note:*** *Regardless of any elections under this AA §6D-1, the Employer may make additional QNECs or QMACs to the Plan on behalf of the Nonhighly Compensated Employees and use such amounts to correct an ADP or ACP Test violation. See Sections 6.01(b)(3) and 6.02(b)(3) of the Plan for special rules regarding the allocation of QNECs/QMACs under the Plan.*]

6D-2 **AFTER-TAX EMPLOYEE CONTRIBUTIONS.** If After-Tax Employee Contributions are authorized under AA §6D-1, a Participant may contribute any amount as After-Tax Employee Contributions up to the Code §415 Limitation (as defined in Section 5.03 of the Plan), except as limited under this AA §6D-2.

☑ (a) **Limits on After-Tax Employee Contributions.** If this subsection is checked, the following limits apply to After-Tax Employee Contributions:

☑ (1) **Maximum limit.** A Participant may make After-Tax Employee Contributions up to

☑ (i) 100% of Plan Compensation

☐ (ii) $_____.

for the following period:

☐ (iii) the entire Plan Year.

☑ (iv) the portion of the Plan Year during which the Employee is eligible to participate.

☐ (v) each separate payroll period during which the Employee is eligible to participate.

☑ (2) **Minimum limit.** The amount of After-Tax Employee Contributions a Participant may make for any payroll period may not be less than:

☑ (i) 1 % of Plan Compensation.

☐ (ii) $_____.

☑ (b) **Eligibility for Matching Contributions.** Unless designated otherwise under this subsection, After-Tax Employee Contributions will not be eligible for Matching Contributions under the Plan.

☑ (1) After-Tax Employee Contributions are eligible for the following Matching Contributions under the Plan:

☑ (i) All Matching Contributions elected under AA §6B and AA §6C.

☐ (ii) All Matching Contributions elected under AA §6B (other than Safe Harbor/QACA Safe Harbor Matching Contributions elected under AA §6C-2).

☐ (iii) Only Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2.

☐ (iv) All Matching Contributions designated under AA §6B-2 and/or AA §6C-2, except for the following Matching Contributions:

☑ (2) The Matching Contribution formula only applies to After-Tax Employee Contributions that do not exceed

☑ (i) 6 % of Plan Compensation.

☐ (ii) $_____.

☐ (iii) A discretionary amount determined by the Employer.

☑ (c) **Change or revocation of After-Tax Employee Contributions.** In addition to the Participant's Entry Date under the Plan, a Participant's election to change or resume After-Tax Employee Contributions will be effective as of the dates designated under the After-Tax Employee Contribution election form or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this subsection specific dates as of which a Participant may change or resume After-Tax Employee Contributions. (See Section 3.06 of the Plan.)

☐ (1) The first day of each calendar quarter

☐ (2) The first day of each Plan Year

☐ (3) The first day of each calendar month

☑ (4) The beginning of each payroll period

☐ (5) Other:

[***Note:*** *A Participant must be permitted to change or revoke an After-Tax Employee Contribution election at least once per year. Unless designated otherwise under subsection (5), a Participant may revoke an election to make After-Tax Employee Contributions (on a prospective basis) at any time.*]

☐ (d) **ACP Testing Method.** The same ACP Testing Method will apply to After-Tax Employee Contributions as applies to Matching Contributions, as designated under AA §6B-6. If no method is selected under AA §6B-6, the Current Year Testing Method will apply, unless designated otherwise under this subsection.

☐ Instead of the Current Year Testing Method, if no testing method is selected under AA §6B-6, the Plan will use the **Prior Year Testing Method** in running the ACP Test.

[***Note:*** *If the Plan is a Safe Harbor 401 (k) Plan (as designated in AA §6C), the Plan must use the Current Year Testing Method.*]

☑ (e) **Other limits:** After-Tax contributions, when combined with Deferred Salary contributions made by a Participant may not exceed 100% of the Participant's Compensation for the Plan Year.

[Any other limits must comply with the nondiscrimination requirements under Code §401(a)(4).]

6D-3 **QUALIFIED NONELECTIVE CONTRIBUTIONS (QNECs).** If QNECs are authorized under AA §6D-1, the Employer may make a discretionary QNEC to the Plan as a uniform percentage of Plan Compensation, a uniform dollar amount, or as a Targeted QNEC. (See Section 3.02(a)(6)(ii)(B) of the Plan for the description of a Targeted QNEC.) The Employer also may elect under this AA §6D-3 to make a fixed QNEC to the Plan. If the Employer decides to make a discretionary QNEC, the Employer must designate the contribution as a QNEC prior to making such contribution to the Plan. (See Section 6.01 (a)(4) of the Plan for a description of the amount of QNEC that may be used in the ADP Test and/or ACP Test.)

Unless provided otherwise under this AA §6D-3, any QNEC authorized under AA §6D-1 will be allocated to Nonhighly Compensated Employees who are eligible to make Salary Deferrals, without regard to the allocation conditions selected in AA §6-5. Any contribution designated as a QNEC will automatically be subject to the requirements for QNECs (as described in Section 3.02(a)(6) of the Plan). QNECs will be eligible for in-service distribution under the same conditions as elected for Salary Deferrals under AA §10 (other than hardship distributions), unless designated otherwise under AA §10.

To modify these default allocation provisions, complete the applicable provisions under this AA §6D-3.

☐ (a) **All Participants.** Any QNEC made pursuant to this AA §6D-3 will be allocated to all Participants who are eligible to defer, including Highly Compensated Employees.

☐ (b) **Fixed QNEC.**

☐ (1) The Employer will make a QNEC each Plan Year equal to _____% of Plan Compensation.

☐ (2) The Employer will make a QNEC each Plan Year equal to $_____.

[***Note:*** *A flat dollar QNEC may only be used in the ADP Test to the extent the QNEC does not violate the Targeted QNEC requirements as set forth in Section 3.02(a)(6)(ii)(B) of the Plan.*]

☐ (c) **Allocation conditions.** Any QNEC made pursuant to this AA §6D-3 will be allocated only to Participants who have satisfied the following allocation conditions:

☐ (1) **Safe harbor allocation condition.** An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than 500 Hours of Service. (See Section 3.09 of the Plan.)

☐ (2) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.

☐ (3) **Minimum service condition.** An Employee must be credited with at least 1,000 HOS during the Plan Year.

☐ (4) **Describe:**_____

☐ (d) **Eligibility for QNECs.** In determining eligibility for QNECs, only those Participants who are eligible for the following contributions will share in the allocation of QNECs (subject to the selections in this AA §6D-3):

☐ (1) **Employer Contributions**

☐ (2) **Matching Contributions**

☐ (3) **Describe:**_____

☐ (e) **Special rules:**

[***Note:*** *Any special provisions under this AA §6D-3 must satisfy the nondis crimination requirements of Code §401(a)(4) and the regulations thereunder.*]

6D-4 **QUALIFIED MATCHING CONTRIBUTIONS (QMACs):** If QMACs are authorized under AA §6D-1, the Employer may make a discretionary QMAC as a uniform percentage of Plan Compensation. If the Employer decides to make a discretionary QMAC, the Employer must designate the contribution as a QMAC prior to making such contribution to the Plan. Unless provided otherwise under this AA §6D-4, any QMAC authorized under AA §6D-1 will be allocated only to Nonhighly Compensated Employees, without regard to the allocation conditions selected in AA §6B-7. Any discretionary Matching Contribution designated as a QMAC will automatically be subject to the requirements for QMACs (as described in Section 3.04(d) of the Plan). QMACs will be eligible for in-service distribution under the same conditions as elected for Salary Deferrals under AA §10 (other than hardship distributions). (See Section 6.02(a)(l) of the Plan for a description of the amount of QMAC that may be used in the ADP Test and/or ACP Test.)

To modify these default allocation provisions, complete the applicable provision under this AA §6D-4.

☐ (a) **Eligibility for QMAC.** The discretionary QMAC will be allocated to all Participants (instead of only to Nonhighly Compensated Employees).

☐ (b) **Designated QMACs.** The Employer may designate under this subsection to treat specific Matching Contributions under AA §6B-2 as QMACs. [Any Matching Contributions designated as QMACs will automatically be subject to the requirements for QMACs (as described in Section 3.04(d) of the Plan), notwithstanding any contrary selections in this Adoption Agreement.]

☐ (1) All Matching Contributions are designated as QMACs.

☐ (2) The following Matching Contributions described in AA §6B-2 are designated as QMACs: .

☐ (3) Any discretionary QMAC made pursuant to this AA §6D-4 will be allocated as a Targeted QMAC, as described in Section 3.04(d)(2) of the Plan.

☐ (c) **Allocation conditions.** Any QMAC made pursuant to this AA §6D-4 will be allocated only to Participants who have satisfied the following allocation conditions:

☐ (1) Safe harbor allocation condition. An Employee must be employed by the Employer on the last day of the Plan Year OR must complete more than 500 Hours of Service. (See Section 3.09 of the Plan.)

☐ (2) Employment condition. An Employee must be employed with the Employer on the last day of the Plan Year.

☐ (3) Minimum service condition. An Employee must be credited with at least 1,000 HOS during the Plan Year.

☐ (4) Describe:

☐ (d) **Special rules:**

[***Note:*** *Any special provisions under this AA §6D-4 must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder.*]

SECTION 7
RETIREMENT AGES

7-1 **NORMAL RETIREMENT AGE:** Normal Retirement Age under the Plan is:

☑ (a) Age 65 (not to exceed 65).

☐ (b) The later of age ___ (not to exceed 65) or the ___ (not to exceed 5th) anniversary of the Employee's participation commencement date (as defined in Section 1.89 of the Plan).

☐ (c) (may not be later than the later of age 65 or the 5th anniversary of the Employee's participation commencement date).

[***Note:*** *Effective May 22, 2007, for Plans initially adopted on or after May 22, 2007, and effective for the first Plan Year beginning on or after July 1, 2008, for Plans initially adopted prior to May 22, 2007, if the Plan contains any assets transferred from a Money Purchase Plan (or any other pension plan described in Treas. Reg. §1.401-1(a)(2)(i)), the Normal Retirement Age selected in this AA §7-1 must be reasonably representative of the typical retirement age for the industry in which the Plan Participants work. An NRA under age 55 is presumed not to satisfy this requirement while a Normal Retirement Age of at least age 62 is deemed to be reasonable. See Section 1.89 of the Plan.*]

7-2 **EARLY RETIREMENT AGE:** Unless designated otherwise under this AA §7-2, there is no Early Retirement Age under the Plan.

☐ (a) A Participant reaches Early Retirement Age is he/she is still employed after attainment of each of the following:

☐ (1) Attainment of age ____

☐ (2) The ____ anniversary of the date the Employee commenced participation in the Plan, and/or

☐ (3) The completion of ____ Years of Service, determined as follows:

☐ (i) Same as for eligibility

☐ (ii) Same as for vesting

☐ (b) **Describe:** _____

[***Note:*** *Any special rules under this subsection must preclude Employer discretion and must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder.*]

SECTION 8
VESTING AND FORFEITURES

8-1 **CONTRIBUTIONS SUBJECT TO VESTING:** Does the Plan provide for Employer Contributions under AA §6, Matching Contributions under AA §6B, or QACA Safe Harbor Contributions under AA §6C that are subject to vesting?

☑ Yes

☐ No [*If "No" is checked, skip to Section 9.*]

[***Note:*** *"Yes" should be checked under this AA §8-1 if the Plan provides for Employer Contributions and/or Matching Contributions that are subject to a vesting schedule, even if such contributions are always 100% vested under AA §8-2. "No" should be checked if the only contributions under the Plan are Salary Deferrals, Safe Harbor Contributions (other than QACA Safe Harbor Contributions), QNECs, QMACs and/or After-Tax Employee Contributions. If the Plan holds Employer Contributions and/or Matching Contributions that are subject to vesting but the Plan no longer provides for such contributions, see Sections 7.04(e) and 7.13(e) of the Plan for default rules for applying the vesting and forfeiture rules to such contributions.*]

8-2 **VESTING SCHEDULE.** The vesting schedule under the Plan is as follows for both Employer Contributions and Matching Contributions, to the extent authorized under AA §6 and AA §6B. See Section 7.02 of the Plan for a description of the various vesting schedules under this AA §8-2. [***Note:*** *Any Prevailing Wage Contributions under AA §6-2, any Safe Harbor Contributions under AA §6C and any QNECs or QMACs under AA §6D are always 100% vested, regardless of any contrary selections in this AA §8-2 (unless provided otherwise under AA §6-2 for Prevailing Wage Contributions or under this AA §8-2 for any QACA Safe Harbor Contributions).*]

☑ (a) **Vesting schedule for Employer Contributions and Matching Contributions:**

ER	**Match**	
☐	☐	(1) Full and immediate vesting.

☐ ☐ (2) 3-year cliff vesting schedule

☐ ☐ (3) 6-year graded vesting schedule

☑ ☑ (4) 5-year graded vesting schedule

☐ ☐ (5) Modified vesting schedule

___% after 1 Year of Service

___% after 2 Years of Service

___% after 3 Years of Service

___% after 4 Years of Service

___% after 5 Years of Service

100% after 6 Years of Service

[***Note:*** *If a modified vesting schedule is selected under this subsection (a), the vested percentage for every Year of Service must satisfy the vesting requirements under the 6-year graded vesting schedule, unless 100% vesting occurs after no more than 3 Years of Service.*]

☐ (b) **Special vesting schedule for QACA Safe Harbor Contributions.** Unless designated otherwise under this subsection, any QACA Safe Harbor Contributions will be 100% vested. However, if this subsection is checked, the following vesting schedule applies for QACA Safe Harbor Contributions. [***Note:*** *This subsection may be checked only if a QACA Safe Harbor Contribution is selected under AA §6C-2.*]

Instead of being 100% vested, QACA Safe Harbor Contributions are subject to the following vesting schedule:

☐ (i) 2-year cliff vesting

☐ (ii) 1-year cliff vesting

☐ (iii) Graduated vesting

___% after 1 Year of Service

100% after 2 Years of Service

☑ (c) **Special provisions applicable to vesting schedule:** The 5 year graded schedule under the Employer column at 8-2(a) applies to the Enhanced Retirement contributions. The Employer Retirement contributions are at all times 100% vested. A Participant who experiences a Change in Control as that term is defined in the Retirement Plan for Salaried Employees of Rayonier Inc. shall become 100% vested.

[***Note:*** *Any special provisions must satisfy the nondiscrimination requirements under Code §401(a)(4) and must satisfy the vesting requirements under Code §411.*]

8-3 **VESTING SERVICE.** In applying the vesting schedules under this AA §8, all service with the Employer counts for vesting purposes, unless designated otherwise under this AA §8-3.

☐ (a) Service before the original Effective Date of this Plan (or a Predecessor Plan) is excluded.

☐ (b) Service completed before the Employee's ___ (not to exceed 18th) birthday is excluded.

[***Note:*** *See Section 7.08 of the Plan and AA §4-5 for rules regarding the crediting of service with Predecessor Employers for purposes of vesting under the Plan.*]

8-4 **VESTING UPON DEATH, DISABILITY OR EARLY RETIREMENT AGE.** An Employee's vesting percentage increases to 100% if, while employed with the Employer, the Employee:

☑ (a) dies

☑ (b) becomes Disabled

☐ (c) reaches Early Retirement Age

☐ (d) Not applicable. No increase in vesting applies.

8-5 **DEFAULT VESTING RULES.** In applying the vesting requirements under this AA §8, the following default rules apply. [***Note:*** *No election should be made under this AA §8-5 if all contributions are 100% vested. ER and Match columns also apply to any Safe Harbor QACA Contributions to the extent a vesting schedule applies under AA §8-2(b).*]

Year of Service. An Employee earns a Year of Service for vesting purposes upon completing 1,000 Hours of Service during a Vesting Computation Period. Hours of Service are calculated based on actual hours worked during the Vesting Computation Period. (See Section 1.71 of the Plan for the definition of Hours of Service.)

Vesting Computation Period. The Vesting Computation Period is the Plan Year.

Break in Service Rules. The Nonvested Participant Break in Service rule and One-Year Break in Service rules do NOT apply. (See Section 7.09 of the Plan.)

To override the default vesting rules, complete the applicable sections of this AA §8-5. If this AA §8-5 is not completed, the default vesting rules apply.

ER	Match		
☐	☐	(a)	**Year of Service.** Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of ___ Hours of Service during a Vesting Computation Period.
☐	☐	(b)	**Vesting Computation Period (VCP).** Instead of the Plan Year, the Vesting Computation Period is:
			☐ (1) The 12-month period beginning with the anniversary of the Employee's date of hire and, for subsequent Vesting Computation Periods, the 12-month period beginning with the anniversary of the Employee's date of hire.
			☐ (2) Describe: _
			[***Note:*** *Any Vesting Computation Period described in (2) must be a 12-consecutive month period and must apply uniformly to all Participants.*]
☑	☑	(c)	**Elapsed Time Method.** Instead of determining vesting service based on actual Hours of Service, vesting service will be determined under the Elapsed Time Method. If this subsection is checked, service will be measured from the Employee's employment commencement date (or reemployment commencement date, if applicable) without regard to the Vesting Computation Period designated in Section 7.06 of the Plan. (See Section 7.05(b) of the Plan.)
☐	☐	(d)	**Equivalency Method.** For purposes of determining an Employee's Hours of Service for vesting, the Plan will use the Equivalency Method (as defined in Section 7.03(a)(2) of the Plan). The Equivalency Method will apply to:
			☐ (1) All Employees.
			☐ (2) Only to Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, vesting will be determined based on actual hours worked.
			Hours of Service for vesting will be determined under the following Equivalency Method.
			☐ (3) **Monthly.** 190 Hours of Service for each month worked.
			☐ (4) **Weekly.** 45 Hours of Service for each week worked.
			☐ (5) **Daily.** 10 Hours of Service for each day worked.
			☐ (6) **Semi-monthly.** 95 Hours of Service for each semi-monthly period.
☑	☑	(e)	**Nonvested Participant Break in Service rule applies.** Service earned prior to a Nonvested Participant Break in Service will be disregarded in applying the vesting rules. (See Section 7.09(c) of the Plan.)
			☐ The Nonvested Participant Break in Service rule applies to all Employees, including Employees who have not terminated employment.
☐	☐	(f)	**One-Year Break in Service rule applies.** The One-Year Break in Service rule (as defined in Section 7.09(b) of the Plan) applies to temporarily disregard an Employee's service earned prior to a one-year Break in Service.
			☐ The One-Year Break in Service rule applies to all Employees, including Employees who have not terminated employment.
☐	☐	(g)	Special rules: _
			[***Note:*** *Any special rules must satisfy the nondiscrimination requirements of Code §401(a)(4) and the regulations thereunder.*]

8-6 **ALLOCATION OF FORFEITURES.** The Employer may decide in its discretion how to treat forfeitures under the Plan. Alternatively, the Employer may designate under this AA §8-6 how forfeitures occurring during a Plan Year will be treated. (See Section 7.13 of the Plan.) [***Note:*** *ER and Match columns also apply to any Safe Harbor QACA Contributions to the extent a vesting schedule applies under AA §8-2(b).*]

ER	Match		
☐	☐	(a)	N/A. All contributions are 100% vested. [*Do not complete the rest of this AA §8-6.*]

☐ ☐ (b) Reallocated as additional Employer Contributions or as additional Matching Contributions.

☑ ☑ (c) Used to reduce Employer and/or Matching Contributions.

For purposes of subsection (b) or (c), forfeitures will be applied:

☑ ☑ (d) for the Plan Year in which the forfeiture occurs.

☐ ☐ (e) for the Plan Year **following** the Plan Year in which the forfeitures occur.

Prior to applying forfeitures under subsection (b) or (c):

☑ ☑ (f) Forfeitures may be used to pay Plan expenses. (See Section 7.13(d) of the Plan.)

☐ ☐ (g) Forfeitures may **not** be used to pay Plan expenses.

In determining the amount of forfeitures to be allocated under subsection (b), the same allocation conditions apply as for the source for which the forfeiture is being allocated under AA §6-5 or AA §6B-7, unless designated otherwise below.

☐ ☐ (h) Forfeitures are not subject to any allocation conditions.

☐ ☐ (i) Forfeitures are subject to a last day of employment allocation condition.

☐ ☐ (j) Forfeitures are subject to a ___ Hours of Service minimum service requirement.

In determining the treatment of forfeitures under this AA §8-6, the following special rules apply:

☐ ☐ (k) Describe: _

[***Note:*** *Any language added under this subsection (k) may not result in a discriminatory allocation of forfeitures in violation of the requirements of Code §401(a)(4).*]

8-7 **SPECIAL RULES REGARDING CASH-OUT DISTRIBUTIONS.**

(a) **Additional allocations.** If a terminated Participant receives a complete distribution of his/her vested Account Balance while still entitled to an additional allocation, the Cash-Out Distribution forfeiture provisions do not apply until the Participant receives a distribution of the additional amounts to be allocated. (See Section 7.12(a)(1) of the Plan.)

To modify the default Cash-Out Distribution forfeiture rules, complete this AA §8-7(a).

☑ The Cash-Out Distribution forfeiture provisions will apply if a terminated Participant takes a complete distribution, regardless of any additional allocations during the Plan Year.

(b) **Timing of forfeitures.** A Participant who receives a Cash-Out Distribution (as defined in Section 7.12(a) of the Plan) is treated as having an immediate forfeiture of his/her nonvested Account Balance.

To modify the forfeiture timing rules to delay the occurrence of a forfeiture upon a Cash-Out Distribution, complete this AA §8-7(b).

☐ A forfeiture will occur upon the completion of ___ [*cannot exceed 5*] consecutive Breaks in Service (as defined in Section 7.90(a) of the Plan).

SECTION 9
DISTRIBUTION PROVISIONS - TERMINATION OF EMPLOYMENT

9-1 **AVAILABLE FORMS OF DISTRIBUTION.**

Lump sum distribution. A Participant may take a distribution of his/her entire vested Account Balance in a single lump sum upon termination of employment. The Plan Administrator may, in its discretion, permit Participants to take distributions of less than their entire vested Account Balance provided, if the Plan Administrator permits multiple distributions, all Participants are allowed to take multiple distributions upon termination of employment. In addition, the Plan Administrator may permit a Participant to take partial distributions or installment distributions solely to the extent necessary to satisfy the required minimum distribution rules under Section 8 of the Plan.

Additional distribution options. To provide for additional distribution options, check the applicable distribution forms under this AA §9-1.

☑ (a) **Installment distributions.** A Participant may take a distribution over a specified period not to exceed the life or life expectancy of the Participant (and a designated beneficiary).

☐ (b) **Annuity distributions.** A Participant may elect to have the Plan Administrator use the Participant's vested Account Balance to purchase an annuity as described in Section 8.02 of the Plan. [This annuity distribution option is in addition to any QJSA distribution required under AA §9-2.]

☐ (c) **Describe distribution options:**

[***Note:*** *Any additional distribution options may not be subject to the discretion of the Employer or Plan Administrator.*]

9-2 **QUALIFIED JOINT AND SURVIVOR ANNUITY RULES.** This Plan is not subject to the Qualified Joint and Survivor Annuity rules, except to the extent required under Section 9.01 of the Plan (e.g., if the Plan is a Transferee Plan). Upon termination of employment, a Participant may receive a distribution from the Plan, in accordance with the provisions of AA §9-3, in any form allowed under AA §9-1. (If any portion of this Plan is subject to the Qualified Joint and Survivor Annuity rules, the QJSA and QPSA provisions will automatically apply to such portion of the Plan.)

To override this default provision, complete the applicable sections of this AA §9-2.

☐ (a) **Qualified Joint and Survivor Annuity rules.** Check this subsection to apply the Qualified Joint and Survivor Annuity rules to the entire Plan. If this subsection is checked, all distributions from the Plan must satisfy the QJSA requirements under Section 9 of the Plan, with the following modifications:

☐ (1) **No modifications.**

☐ (2) **Modified QJSA benefit.** Instead of a 50% survivor benefit, the Spouse's survivor benefit is:

☐ (i) 100% ☐ (ii) 75% ☐ (iii) 66-2/3%

☐ (b) **Modified QPSA benefit.** Instead of a 50% QPSA benefit, the QPSA benefit is 100% of the Participant's vested Account Balance.

9-3 **TIMING OF DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT.**

(a) **Distribution of vested Account Balances exceeding $5,000.** A Participant who terminates employment with a vested Account Balance exceeding $5,000 may receive a distribution of his/her vested Account Balance in any form permitted under AA §9-1 within a reasonable period following:

☑ (1) the date the Participant terminates employment.

☐ (2) the last day of the Plan Year during which the Participant terminates employment.

☐ (3) the first Valuation Date following the Participant's termination of employment.

☐ (4) the completion of Breaks in Service.

☐ (5) the end of the calendar quarter following the date the Participant terminates employment.

☐ (6) attainment of Normal Retirement Age, death or becoming Disabled.

☐ (7) Describe:

[***Note:*** *Any distribution event under this subsection (a) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator. See AA §11-7 for special rules that may apply to distributions of Qualifying Employer Securities and/or Qualifying Employer Real Property.*]

(b) **Distribution of vested Account Balances not exceeding $5,000.** A Participant who terminates employment with a vested Account Balance that does not exceed $5,000 may receive a lump sum distribution of his/her vested Account Balance within a reasonable period following:

☑ (1) the date the Participant terminates employment.

☐ (2) the last day of the Plan Year during which the Participant terminates employment.

☐ (3) the first Valuation Date following the Participant's termination of employment.

☐ (4) the end of the calendar quarter following the date the Participant terminates employment.

☐ (5) Describe:

[***Note:*** *Any distribution event under this subsection (b) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator. See AA §11-7 for special rules that may apply to distributions of Qualifying Employer Securities and/or Qualifying Employer Real Property.*]

9-4 **DISTRIBUTION UPON DISABILITY.** Unless designated otherwise under this AA §9-4, a Participant who terminates employment on account of becoming Disabled may receive a distribution of his/her vested Account Balance in the same manner as a regular distribution upon termination.

(a) **Termination of Disabled Employee.**

☐ (1) **Immediate distribution.** Distribution will be made as soon as reasonable following the date the Participant terminates on account of becoming Disabled.

☐ (2) **Following year.** Distribution will be made as soon as reasonable following the last day of the Plan Year during which the Participant terminates on account of becoming Disabled.

☐ (3) **Describe**:__

[***Note:*** *Any distribution event described in subsection (3) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator*.]

(b) **Definition of Disabled.** A Participant is treated as Disabled if such Participant satisfies the conditions in Section 1.38 of the Plan.

To override this default definition, check below to select an alternative definition of Disabled to be used under the Plan.

☐ (1) The definition of Disabled is the same as defined in the Employer's Disability Insurance Plan.

☐ (2) The definition of Disabled is the same as defined under Section 223(d) of the Social Security Act for purposes of determining eligibility for Social Security benefits.

☑ (3) Alternative definition of Disabled: A Participant shall be considered Disabled only if he is eligible to receive a benefit under the Employer's long term disability plan.

[***Note:*** *Any alternative definition described above will apply uniformly to all Participants under the Plan. In addition, any alternative definition of Disabled may not discriminate in favor of Highly Compensated Employees.]*

9-5 **DETERMINATION OF BENEFICIARY.**

(a) Default beneficiaries. Unless elected otherwise under this subsection (a), the default beneficiaries described under Section 8.08(c) of the Plan are the Participant's surviving Spouse, the Participant's surviving children, and the Participant's estate.

☐ If this subsection (a) is checked, the default beneficiaries under Section 8.08(c) of the Plan are modified as follows:

__

(b) **One-year marriage rule.** For purposes of determining whether an individual is considered the surviving Spouse of the Participant, the determination is based on the marital status as of the date of the Participant's death, unless designated otherwise under this subsection (b).

☐ If this subsection (b) is checked, in order to be considered the surviving Spouse, the Participant and surviving Spouse must have been married for the entire one-year period ending on the date of the Participant's death. If the Participant and surviving Spouse are not married for at least one year as of the date of the Participant's death, the Spouse will not be treated as the surviving Spouse for purposes of applying the distribution provisions of the Plan. (See Section 9.04(c)(2) of the Plan.)

(c) **Divorce of Spouse.** Unless elected otherwise under this subsection (c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded as set forth under Section 8.08(c)(6) of the Plan.

☐ If this subsection (c) is checked, a Beneficiary designation will not be rescinded upon divorce of the Participant and Spouse.

[***Note:*** *Section 8.08(c)(6) of the Plan and this subsection (c) will be subject to the provisions of a Beneficiary designation entered into by the Participant. Thus, if a Beneficiary designation specifically overrides the election under this subsection (c), the provisions of the Beneficiary designation will control. See Section 8.08(c)(6) of the Plan.*]

9-6 **SPECIAL RULES.**

(a) **Availability of Involuntary Cash-Out Distributions.** A Participant who terminates employment with a vested Account Balance of $5,000 or less will receive an Involuntary Cash-Out Distribution, subject to the Automatic Rollover provisions under Section 8.06 of the Plan.

Alternatively, an Involuntary Cash-Out Distribution will be made to the following terminated Participants:

☐ (1) **No Involuntary Cash-Out Distributions.** The Plan does not provide for Involuntary Cash-Out Distributions. A terminated Participant must consent to any distribution from the Plan. (See Section 14.03(b) of the Plan for special rules upon Plan termination.)

☑ (2) **Lower Involuntary Cash-Out Distribution threshold.** A terminated Participant will receive an Involuntary Cash-Out Distribution only if the Participant's vested Account Balance is less than or equal to:

☑ (i) $1,000

☐ (ii) $_____(must be less than $5,000)

(b) **Application of Automatic Rollover rules.** The Automatic Rollover rules described in Section 8.06 of the Plan do not apply to any Involuntary Cash-Out Distribution below $1,000 (to the extent available under the Plan).

To override this default provision, check this subsection (b).

☐ The Automatic Rollover provisions under Section 8.06 of the Plan apply to all Involuntary Cash-Out Distributions (including those below $1,000).

(c) **Treatment of Rollover Contributions.** Unless elected otherwise under this subsection (c), Rollover Contributions will be excluded in determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold for purposes of applying the distribution rules under this AA §9 and Section 8.04(a) of the Plan. To include Rollover Contributions for purposes of applying the Plan's distribution rules, check below.

☑ In determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold, Rollover Contributions will be included.

[***Note:*** *This subsection (c) should be checked if a lower Involuntary Cash-Out Distribution is selected in subsection (a)(2) above in order to avoid the Automatic Rollover provisions described in Section 8.06 of the Plan. Failure to check this subsection (c) could cause the Plan to be subject to the Automatic Rollover provisions if a Participant receives a distribution attributable to Rollover Contributions that exceeds $1,000.*]

(d) **Distribution upon attainment of stated age.** The Participant consent requirements under Section 8.04 of the Plan apply for distributions occurring prior to attainment of the Participant's Required Beginning Date.

To allow for involuntary distribution upon attainment of Normal Retirement Age (or age 62, if later), check below.

☐ Subject to the spousal consent requirements under Section 9.04 of the Plan, a distribution from the Plan may be made to a terminated Participant without the Participant's consent, regardless of the value of such Participant's vested Account Balance, upon attainment of Normal Retirement Age (or age 62, if later).

(e) **In-kind distributions.** Section 8.02(b) of the Plan allows the Plan Administrator to authorize an in-kind distribution of property, including Employer Securities, to the extent the Plan holds such property.

To modify this default rule, check below.

☐ A Participant may not receive an in-kind distribution in the form of property or securities, even if the Plan holds such property on behalf of any Participant.

SECTION 10
IN-SERVICE DISTRIBUTIONS AND REQUIRED MINIMUM DISTRIBUTIONS

10-1. **AVAILABILITY OF IN-SERVICE DISTRIBUTIONS.** A Participant may withdraw all or any portion of his/her vested Account Balance, to the extent designated, upon the occurrence of any of the event(s) selected under this AA §10-1. If more than one option is selected for a particular contribution source under this AA §10-1, a Participant may take an in-service distribution upon the occurrence of any of the selected events, unless designated otherwise under this AA §10-1.

Deferral	Match	ER		
☐	☐	☐	(a)	No in-service distributions are permitted
☑	☐	☐	(b)	Attainment of age 59½.
☐	☑	☐	(c)	Attainment of age 70 1/2 .
☑	☐	☐	(d)	Hardship that satisfies the safe harbor rules under Section 8.10(e)(l) of the Plan. [***Note:*** *Not applicable to QNECs, QMACs, or Safe Harbor Contributions.*]
☐	☐	☐	(e)	A non-safe harbor Hardship described in Section 8.10(e)(2) of the Plan. [***Note:*** *Not applicable to QNECs, QMACs, or Safe Harbor Contributions.*]
☐	☐	☐	(f)	Attainment of Normal Retirement Age.
☐	☐	☐	(g)	Attainment of Early Retirement Age.
N/A	☑	☐	(h)	The Participant has participated in the Plan for at least 60 (cannot be less than 60) months.
N/A	☑	☐	(i)	The amounts being withdrawn have been held in the Trust for at least two years.
☐	☐	☐	(j)	Upon a Participant becoming Disabled (as defined in AA §9-4(b)).
☐	**NA**	**NA**	(k)	As a Qualified Reservist Distribution as defined under Section 8.10(d)of the Plan.
☐	☐	☑	(l)	Describe: Employer Retirement contributions may be withdrawn at attainment of age 59 1/2. Enhanced Retirement Contributions maybe withdrawn at attainment of age 70 1/2.

[***Note:*** *Any distribution event described in this AA §10-1 may not discriminate in favor of Highly Compensated Employees. No in-service distribution of Salary Deferrals is permitted prior to age 59½, except for Hardship, Disability or as a Qualified Reservist Distribution. If Normal Retirement Age or Early Retirement Age is earlier than age 59½, such age is deemed to be age 59½ for purposes of determining eligibility to distribute Salary Deferrals. If this Plan has accepted a transfer of assets from a pension plan (e.g., a Money Purchase Plan), no in-service distribution from amounts attributable to such transferred assets is permitted prior to age 62, except for Disability. See AA §11-7 for special rules that may apply to distributions of Qualifying Employer Securities and/or Qualifying Employer Real Property.*]

10-2 **APPLICATION TO OTHER CONTRIBUTION SOURCES.** If the Plan allows for Rollover Contributions under AA §C-2 or After-Tax Employee Contributions under AA §6D, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Rollover Account and After-Tax Employee Contribution Account at any time. If the Plan provides for Safe Harbor Contributions under AA §6C, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Safe Harbor Contribution Account at the same time as elected for Salary Deferrals under AA §10-1.

Alternatively, if this AA §10-2 is completed, the following in-service distribution provisions apply for Rollover Contributrions, After-Tax Employee Contributions, and/or Safe Harbor Contributions:

Rollover	After-Tax	SH		
☐	☐	☐	(a)	No in-service distributions are permitted.
☐	☐	☐	(b)	Attainment of age 59½.
☐	☐	☐	(c)	Attainment of age _____.
☐	☐	**N/A**	(d)	Hardship that satisfies the safe harbor rules under Section 8.10(e)(l) of the Plan.
☐	☐	**N/A**	(e)	A non-safe harbor Hardship described in Section 8.10(e)(2) of the Plan.
☐	☐	☐	(f)	Attainment of Normal Retirement Age.
☐	☐	☐	(g)	Attainment of Early Retirement Age.
☐	☐	☐	(h)	Upon a Participant becoming Disabled (as defined in AA §9-4).
☐	☐	☐	(i)	Describe: _____

[**Note:** Any distribution event described in this AA §10-2 may not discriminate in favor of Highly Compensated Employees. No in-service distribution of Safe Harbor/QACA Safe Harbor Contributions is permitted prior to age 59½, except upon Participant's Disability.]

10-3 **SPECIAL DISTRIBUTION RULES.** No special distribution rules apply, unless specifically provided under this AA §10-3.

☐ (a) In-service distributions will only be permitted if the Participant is 100% vested in the source from which the withdrawal is taken.

☐ (b) A Participant may take no more than ____ in-service distribution(s) in a Plan Year.

☐ (c) A Participant may not take an in-service distribution of less than $____.

☐ (d) A Participant may not take an in-service distribution of more than $____.

☐ (e) Unless elected otherwise under this subsection, the hardship distribution provisions of the Plan are not expanded to cover primary beneficiaries as set forth in Section 8.10(e)(5) of the Plan. If this subsection is checked, the hardship provisions of the Plan will apply with respect to individuals named as primary beneficiaries under the Plan.

☐ (f) In determining whether a Participant has an immediate and heavy financial need for purposes of applying the non-safe harbor Hardship provisions under Section 8.10(e)(2) of the Plan, the following modifications are made to the permissible events listed under Section 8.10(e)(l)(i) of the Plan: _

[**Note:** *This subsection may only be used to the extent a non-safe harbor Hardship distribution is authorized under AA §10-1 or AA §10-2.*]

☑ (g) Other distribution rules: Withdrawals of Company Match contributions permitted only after the Participant has withdrawn all available After-Tax and Rollover contributions. A Participant may not make more than one non-hardship withdrawal in a six month period from After-tax, Company Match and Rollover contributions.

[***Note:*** *Any other distribution rules described in this subsection may not discriminate in favor of Highly Compensated Employees. This subsection may be used to apply the limitations under this AA §10-3 only to specific in-service distribution options (e.g., hardship distributions).*]

10-4 **REQUIRED MINIMUM DISTRIBUTIONS.**

(a) **Required Beginning Date – non-5% owners.** In applying the required minimum distribution rules under Section 8.12 of the Plan, the Required Beginning Date for non-5% owners is the later of attainment of age 70 1/2 or termination of employment. To override this default provision, check this subsection (a).

☐ The Required Beginning Date for a non-5% owner is the date the Employee attains age 70 1/2, even if the Employee is still employed with the Employer.

(b) **Required distributions after death.** If a Participant dies before distributions begin and there is a Designated Beneficiary, the Participant or Beneficiary may elect on an individual basis whether the 5-year rule (as described in Section 8.12(f)(l) of the Plan) or the life expectancy method described under Sections 8.12(b) and (d) of the Plan apply. See Section 8.12(f)(2) of the Plan for rules regarding the timing of an election authorized under this AA §10-4.

Alternatively, if selected under this subsection (b), any death distributions to a Designated Beneficiary will be made only under the 5-year rule.

☐ The 5-year rule under Section 8.12(f)(l) of the Plan applies (instead of the life expectancy method). Thus, the entire death benefit must be distributed by the end of the fifth year following the year of the Participant's death. Death distributions to a Designated Beneficiary may not be made under the life expectancy method.

(c) **Waiver of Required Minimum Distribution for 2009.** For purposes of applying the Required Minimum Distribution rules for the 2009 Distribution Calendar Year, as described in Section 8.12(f)(4) of the Plan, a Participant (including an Alternate Payee or beneficiary of a deceased Participant) who is eligible to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year may elect whether or not to receive the 2009 Required Minimum Distribution (or any portion of such distribution). If a Participant does not specifically elect to leave the 2009 Required Minimum Distribution in the Plan, such distribution will be made for the 2009 Distribution Calendar Year as set forth in Section 8.12 of the Plan.

☑ (1) **No Required Minimum Distribution for 2009.** If this box is checked, 2009 Required Minimum Distributions will not be made to Participants who are otherwise required to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year under Section 8.12 of the Plan, unless the Participant elects to receive such distribution.

☐ (2) **Describe any special rules applicable to 2009 Required Minimum Distributions:** _

SECTION 11
MISCELLANEOUS PROVISIONS

11-1 PLAN VALUATION. The Plan is valued **annually**, as of the last day of the Plan Year.

☑ (a) Additional valuation dates. In addition, the Plan will be valued on the following dates:

Deferral	Match	ER		
☑	☑	☑	(1)	**Daily.** The Plan is valued at the end of each business day during which the New York Stock Exchange is open.
☐	☐	☐	(2)	**Monthly.** The Plan is valued at the end of each month of the Plan Year.
☐	☐	☐	(3)	**Quarterly.** The Plan is valued at the end of each Plan Year quarter.
☐	☐	☐	(4)	**Describe:** _____.

[***Note:*** *The Employer may elect operationally to perform interim valuations, provided such valuations do not result in discrimination in favor of Highly Compensated Employees.*]

☐ (b) **Special rules.** The following special rules apply in determining the amount of income or loss allocated to Participants' Accounts: _

[***Note:*** *This subsection may be used to describe special rules for different investment options, such as Qualifying Employer Securities and Qualifying Employer Real Property or other specific investment options. Any special rules may not violate the nondiscrimination rules under Code §401(a)(4).*]

11 -2 **DEFINITION OF HIGHLY COMPENSATED EMPLOYEE.** In determining which Employees are Highly Compensated (as defined in Section 1.69 of the Plan), the Top-Paid Group Test does not apply, unless designated otherwise under this AA §11-2.

☐ (a) The **Top-Paid Group Test** applies.

☐ (b) The **Calendar Year Election** applies. [*This subsection may be chosen only if the Plan Year is not the calendar year. If this subsection is not selected, the determination of Highly Compensated Employees is based on the Plan Year. See Section 1.69(d) of the Plan.*]

11 -3 **SPECIAL RULES FOR APPLYING THE CODE §415 LIMITATION.** The provisions under Section 5.03 of the Plan apply for purposes of determining the Code §415 Limitation.

Complete this AA §11-3 to override the default provisions that apply in determining the Code §415 Limitation under Section 5.03 of the Plan.

☐ (a) **Limitation Year.** Instead of the Plan Year, the Limitation Year is the 12-month period ending _.

[***Note:*** *If the Plan has a short Plan Year for the first year of establishment, the Limitation Year is deemed to be the 12-month period ending on the last day of the short Plan Year.*]

☐ (b) **Imputed compensation.** For purposes of applying the Code §415 Limitation, Total Compensation includes imputed compensation for a Nonhighly Compensated Participant who terminates employment on account of becoming Disabled. (See Section 5.03(c)(7)(iii) of the Plan.)

☐ (c) **Special rules:** _

[***Note:*** *Any special rules under this subsection must be consistent with the requirements of Code §415 and the regulations thereunder and must comply with the nondiscrimination requirements under Code §401(a)(4).*]

11-4 **SPECIAL RULES FOR TOP-HEAVY PLANS.** No special rules apply with respect to Top-Heavy Plans, unless designated otherwise under this AA §11-4.

☐ (a) **Top Heavy contribution.** If this subsection is checked, any Top Heavy minimum contribution required under Section 4 of the Plan will be allocated to all Participants, including Key Employees. [If this subsection is not checked, any Top Heavy minimum contribution will be allocated only to Non-Key Employees.]

☐ (b) **Vesting rules applicable to Top Heavy Plans.** Generally, if a Top Heavy minimum contribution is made for a Plan Year, such contribution will be subject to the vesting schedule selected in AA §8-2 applicable to Employer Contributions. If no Employer Contributions are made to the Plan, any Top Heavy minimum contribution will be subject to a 6-year graded vesting schedule.

Alternatively, if elected under this subsection, the following vesting schedule will apply to any Top Heavy minimum contributions under the Plan. (See Section 4.04(h) of the Plan.)

☐ (1) Full and immediate vesting.

☐ (2) 3-year cliff vesting schedule

☐ (3) Describe: _

[***Note:*** *Any vesting schedule under subsection (3) must be a permissible vesting schedule, as described in Section 7.02 of the Plan.*]

11-5 **SPECIAL RULES FOR MORE THAN ONE PLAN.**

(a) **Top Heavy minimum contribution – Defined Contribution Plan.** If the Employer maintains this Plan and one or more Defined Contribution Plans, any Top Heavy minimum contribution will be provided under this Plan, provided the Top Heavy minimum contribution is not otherwise provided under the other Defined Contribution Plans. (See Section 4.04(f)(l) of the Plan.)

To provide the Top Heavy minimum contribution under another Defined Contribution Plan, complete this subsection (a).

☐ (1) The Top Heavy minimum contribution will be provided in the following Defined Contribution Plan maintained by the Employer: _

☐ (2) Describe the Top Heavy minimum contribution that will be provided under the other Defined Contribution Plan:
_

☐ (3) Describe Employees who will receive the Top Heavy minimum contribution under the other Defined Contribution Plan: _

(b) **Top Heavy minimum contribution – Defined Benefit Plan.** If the Employer maintains this Plan and one or more Defined Benefit Plans, any Top Heavy minimum contribution will be provided under this Plan, provided the Top Heavy minimum benefit is not otherwise provided under the other Defined Benefit Plans. If the Top Heavy minimum contribution is provided under this Plan, the minimum required contribution is increased from 3% to 5% of Total Compensation for the Plan Year. (See Section 4.04(f)(2) of the Plan.)

To provide the Top Heavy minimum benefit under a Defined Benefit Plan, complete this subsection (b).

☐ (1) The Top Heavy minimum benefit will be provided in the following Defined Benefit Plan maintained by the Employer: _

☐ (2) Describe the Top Heavy minimum benefit that will be provided under the Defined Benefit Plan:
_

☐ (3) Describe Employees who will receive Top Heavy minimum benefit under the Defined Benefit Plan:
_

11-6 **FAIL-SAFE COVERAGE PROVISION.** If the Plan fails the minimum coverage test under Code §410(b) due to the application of an allocation condition under AA §6-5 or AA §6B-7, the Employer must amend the Plan in accordance with the provisions of Section 14.02(a) of the Plan to correct the coverage violation.

Alternatively, the Employer may elect under this AA §11-6 to apply a Fail-Safe Coverage Provision that will allow the Plan to automatically correct the minimum coverage violation.

☐ The Fail-Safe Coverage Provision (as described under Section 14.02(b)(l) of the Plan) applies.

[***Note:*** *If the Fail-Safe Coverage Provision applies, the Plan may not perform the average benefit test to demonstrate compliance with the coverage requirements under Code §410(b), except as provided in Section 14.02 of the Plan.*]

11-7 **QUALIFYING EMPLOYER SECURITIES AND QUALIFYING REAL PROPERTY.** See Section 10.06(c) for the limits that apply with respect to investments in Qualifying Employer Securities and Qualifying Real Property.

The following special rules apply regarding the purchase of Qualifying Employer Securities and Qualifying Real Property:

☐ (a) Investment in Qualifying Employer Securities and/or Qualifying Employer Real Property may only be made from the following Accounts: _

☐ (b) The following distribution restrictions apply to Qualifying Employer Securities and/or Qualifying Employer Real Property held by a Participant under the Plan: _

☐ (c) The following special rules apply with respect to the investment in Qualifying Employer Securities and/or Qualifying Employer Real Property: _

[***Note:*** *Any provisions entered under this AA §11-7, must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder*.]

11 -8 **ELECTION NOT TO PARTICIPATE** (**see Section 2.08 of the Plan**). All Participants share in any allocation under this Plan and no Employee may waive out of Plan participation.

To allow Employees to make a one-time irrevocable waiver, check below.

☐ An Employee may make a one-time irrevocable election not to participate under the Plan at any time prior to the time the Employee first becomes eligible to participate under the Plan. [***Note:*** *Use of this provision could result in a violation of the minimum coverage rules under Code §410(b).*]

11 -9 **ERISA SPENDING ACCOUNTS.** Section 11.05(d) of the Plan authorizes the Employer to establish an ERISA Spending Account to hold certain miscellaneous amounts that are remitted to the Plan.

□ If the Employer maintains an ERISA Spending Account, the following special rules apply: _

11-10 **HEART ACT PROVISIONS – BENEFIT ACCRUALS.** The benefit accrual provisions under Section 15.06 of the Plan do not apply. To apply the benefit accrual provisions under Section 15.06, check the box below.

□ **Eligibility for Plan benefits.** Check this box if the Plan will provide the benefits described in Section 15.06 of the Plan. If this box is checked, an individual who dies or becomes disabled in qualified military service will be treated as reemployed for purposes of determining entitlement to benefits under the Plan.

11-11 **PROTECTED BENEFITS.** There are no protected benefits (as defined in Code §411(d)(6)) other than those described I the Plan.

To designate protected benefits other than those described in the Plan, complete this AA §11-11.

☑ (a) **Additional protected benefits.** In addition to the protected benefits described in this Plan, certain other protected benefits are protected from a prior plan document. See the Addendum attached to this Adoption Agreement for a description of such protected benefits.

☐ (b) **Money Purchase Plan assets.** This Plan contains assets that were held under a Money Purchase Plan (e.g., Money Purchase Plan assets were transferred to this Plan by merger, trust-to-trust transfer or conversion). See the Addendum attached to this Adoption Agreement for a description of any special provisions that apply with respect to the transferred assets. See Section 14.05(c) of the Plan for rules regarding the treatment of transferred assets.

☐ (c) **Elimination of distribution options.** Effective _____, the distribution options described in subsection (1) below are eliminated.

☐ (1) **Describe eliminated distribution options:** _

☐ (2) **Application to existing Account Balances.** The elimination of the distribution options described in subsection (1) applies to:

☐ (i) All benefits under the Plan, including existing Account Balances.

☐ (ii) Only benefits accrued after the effective date of the elimination (as described in subsection (c) above).

[***Note:*** *The elimination of distribution options must not violate the "anti-cutback" requirements of Code §411(d)(6) and the regulations thereunder. See Section 14.01(d) of the Plan.*]

11-12 **SPECIAL RULES FOR MULTIPLE EMPLOYER PLANS.** If the Plan is a Multiple Employer Plan (as designated under AA §2-6), the rules applicable to Multiple Employer Plans under Section 16.07 of the Plan apply.

☐ The following special rules apply with respect to Multiple Employer Plans:

[***Note:*** *Any special rules must satisfy the nondiscrimination requirements under Code §401 (a)(4) and must satisfy the rules applicable to Multiple Employer Plans under Code §413(c).*]

11-13 **CLAIMS PROCEDURES.** Section 11.07 of the Plan provides procedures for Participants to file a claim for benefits. Unless designated otherwise under this AA §11-13, the claims procedures under Section 11.07 of the Plan apply.

☐ The following special rules apply with respect to claims procedures under Section 11.07 of the Plan: _

[***Note:*** *Any special rules must satisfy the requirements under ERISA Reg. §2560.503-1 and any other applicable guidance*.]

APPENDIX A
SPECIAL EFFECTIVE DATES

☐ A-1 **Eligible Employees.** The definition of Eligible Employee under AA §3 is effective as follows:

—

☐ A-2 **Minimum age and service conditions.** The minimum age and service conditions and Entry Date provisions specified in AA §4 are effective as follows:

—

☐ A-3 **Compensation definitions.** The compensation definitions under AA §5 are effective as follows:

☐ A-4 **Employer Contributions.** The Employer Contribution provisions under AA §6 are effective as follows:

☑ A-5 **Salary Deferrals.** The provisions regarding Salary Deferrals under AA §6A are effective as follows:
Automatic Deferral Election provisions were in effect prior to the effective date of this restatement and any Employee who was enrolled under prior plan provisions will continue to be enrolled, unless the Employee has elected otherwise.

☐ A-6 **Matching Contributions.** The Matching Contribution provisions under AA §6B are effective as follows:

—

☐ A-7 **Safe Harbor 401(k) Plan provisions.** The Safe Harbor 401(k) Plan provisions under AA §6C are effective as follows:

—

☐ A-8 **Special Contributions.** The Special Contribution provisions under AA §6D are effective as follows

—

☐ A-9 **Retirement ages.** The retirement age provisions under AA §7 are effective as follows:

—

☐ A-10 **Vesting and forfeiture rules.** The rules regarding vesting and forfeitures under AA §8 are effective as follows:

—

☐ A-11 **Distribution provisions.** The distribution provisions under AA §9 are effective as follows:

—

☐ A-12 **In-service distributions and Required Minimum Distributions.** The provisions regarding in-service distribution and Required Minimum Distributions under AA §10 are effective as follows:

—

☐ A-13 **Miscellaneous provisions.** The provisions under AA §11 are effective as follows:

—

☐ A-14 **Special effective date provisions for merged plans.** If any qualified retirement plans have been merged into this Plan, the provisions of Section 14.04 of the Plan apply, as follows:

—

☐ A-15 **Other special effective dates:**

—

APPENDIX B
LOAN POLICY

Use this Appendix B to identify elections dealing with the administration of Participant loans. These elections may be changed without amending this Agreement by substituting an updated Appendix B with new elections. Any modifications to this Appendix B or any modifications to a separate loan policy describing the loan provisions selected under the Plan will not affect an Employer's reliance on the IRS Favorable Letter.

B-l Are **PARTICIPANT LOANS** permitted? (See Section 13 of the Plan.)

☑ (a) Yes

☐ (b) No

B-2 **LOAN PROCEDURES.**

☑ (a) Loans will be provided under the default loan procedures set forth in Section 13 of the Plan, unless modified under this Appendix B.

☐ (b) Loans will be provided under a separate written loan policy. [*If this subsection is checked, do not complete the rest of this Appendix B.*]

B-3 **AVAILABILITY OF LOANS.** Participant loans are available to all Participants and Beneficiaries who are parties in interest. Participant loans are not available to a former Employee or Beneficiary (including an Alternate Payee under a QDRO) except in those limited situations where the former Employee or Beneficiary is also considered to be a "party in interest" as defined in ERISA §3(14). To override this default provision, complete this AA §B-3.

☐ (a) A former Employee or Beneficiary (including an Alternate Payee) who has a vested Account Balance may request a loan from the Plan.

☐ (b) A "limited participant" as defined in Section 3.07 of the Plan may not request a loan from the Plan.

☐ (c) An officer or director of the Employer, as defined for purposes of the Sarbanes-Oxley Act, may not request a loan from the Plan.

B-4 **LOAN LIMITS.** The default loan policy under Section 13.03 of the Plan allows Participants to take a loan provided all outstanding loans do not exceed 50% of the Participant's vested Account Balance. To override the default loan policy to allow loans up to $10,000, even if greater than 50% of the Participant's vested Account Balance, check this AA §B-4.

☐ A Participant may take a loan equal to the greater of $10,000 or 50% of the Participant's vested Account Balance. [*If this AA §B-4 is checked, the Participant may be required to provide adequate security as required under Section 13.06 of the Plan.*]

B-5 **NUMBER OF LOANS.** The default loan policy under Section 13.04 of the Plan restricts Participants to one loan outstanding at any time. To override the default loan policy and permit Participants to have more than one loan outstanding at any time, complete (a) or (b) below.

☐ (a) A Participant may have ____ loans outstanding at any time.

☐ (b) There are no restrictions on the number of loans a Participant may have outstanding at any time.

B-6 **LOAN AMOUNT.** The default loan policy under Section 13.04 of the Plan provides that a Participant may not receive a loan of less than $1,000. To modify the minimum loan amount or to add a maximum loan amount, complete this AA §B-6.

☐ (a) There is no minimum loan amount.

☐ (b) The minimum loan amount is $_____.

☐ (c) The maximum loan amount is $_____.

B-7 **INTEREST RATE.** The default loan policy under Section 13.05 of the Plan provides for an interest rate commensurate with the interest rates charged by local commercial banks for similar loans. To override the default loan policy and provide a specific interest rate to be charged on Participant loans, complete this AA §B-7.

☑ (a) The prime interest rate

☑ plus 1___ percentage point(s).

☐ (b) Describe: _

[***Note:*** *Any interest rate described in this AA §B-7 must be reasonable and must apply uniformly to all Participants.*]

B-8 **PURPOSE OF LOAN:** The default loan policy under Section 13.02 of the Plan provides that a Participant may receive a Participant loan for any purpose. To modify the default loan policy to restrict the availability of Participant loans to hardship events, check this AA §B-8.

☐ (a) A Participant may only receive a Participant loan upon the demonstration of a hardship event, as described in Section 8.10(e)(l)(i) of the Plan.

☐ (b) A Participant may only receive a Participant loan under the following circumstances:_

B-9 **APPLICATION OF LOAN LIMITS.** If Participant loans are not available from all contribution sources, the limitations under Code §72(p) and the adequate security requirements of the Department of Labor regulations will be applied by taking into account the Participant's entire Account Balance. To override this provision, complete this AA §B-9.

☑ The loan limits and adequate security requirements will be applied by taking into account only those contribution Accounts which are available for Participant loans.

B-10 **CURE PERIOD.** The Plan provides that a Participant incurs a loan default if a Participant does not repay a missed payment by the end of the calendar quarter following the calendar quarter in which the missed payment was due. To override this default provision to apply a shorter cure period, complete this AA §B-10.

☐ The cure period for determining when a Participant loan is treated as in default will be _____ days (cannot exceed 90) following the end of the month in which the loan payment is missed.

B-11 **PERIODIC REPAYMENT – PRINCIPAL RESIDENCE.** If a Participant loan is for the purchase of a Participant's primary residence, the loan repayment period for the purchase of a principal residence may not exceed ten (10) years.

☐ (a) The Plan does not permit loan payments to exceed five (5) years, even for the purchase of a principal residence.

☑ (b) The loan repayment period for the purchase of a principal residence may not exceed 15 years (may not exceed 30).

☐ (c) Loans for the purchase of a Participant's primary residence may be payable over any reasonable period commensurate with the period permitted by commercial lenders for similar loans.

B-12 **TERMINATION OF EMPLOYMENT.** Section 13.11 of the Plan provides that a Participant loan becomes due and payable in full upon the Participant's termination of employment. To override this default provision, complete this AA §B-12.

☐ A Participant loan will not become due and payable in full upon the Participant's termination of employment.

B-13 **DIRECT ROLLOVER OF A LOAN NOTE.** Section 13.11(b) of the Plan provides that upon termination of employment a Participant may request the Direct Rollover of a loan note. To override this default provision, complete this AA §B-13.

☐ A Participant may **not** request the Direct Rollover of the loan note upon termination of employment.

B-14 **LOAN RENEGOTIATION.** The default loan policy provides that a Participant may renegotiate a loan, provided the renegotiated loan separately satisfies the reasonable interest rate requirement, the adequate security requirement, the periodic repayment requirement and the loan limitations under the Plan. The Employer may restrict the availability of renegotiations to prescribed purposes provided the ability to renegotiate a Participant loan is available on a non-discriminatory basis. To override the default loan policy and restrict the ability of a Participant to renegotiate a loan, complete this AA §B-14.

☐ (a) A Participant may **not** renegotiate the terms of a loan.

☐ (b) The following special provisions apply with respect to renegotiated loans: _

B-15 **SOURCE OF LOAN.** Participant loans may be made from all available contribution sources, to the extent vested, unless designated otherwise under this AA §B-15.

☑ Participant loans will not be available from the following contribution sources: Enhanced Retirement Contributions

B-16 **MODIFICATIONS TO DEFAULT LOAN PROVISIONS.**

☐ The following special rules will apply with respect to Participant loans under the Plan: _

[***Note:*** *Any provision under this AA §B-16 must satisfy the requirements under Code §72(p) and the regulations thereunder and will control over any inconsistent provisions of the Plan dealing with the administration of Participant loans.*]

APPENDIX C
ADMINISTRATIVE ELECTIONS

Use this Appendix C to identify certain elections dealing with the administration of the Plan. These elections may be changed without amending this Agreement by substituting an updated Appendix C with new elections. The provisions selected under this Appendix C do not create qualification issues and any changes to the provisions under this Appendix C will not affect the Employer's reliance on the IRS Favorable Letter.

C-1 **DIRECTION OF INVESTMENTS.** Are Participants permitted to **direct investments**? (See Section 10.07 of the Plan.)

☐ No

☑ Yes

☑ (a) Specify Accounts: All Accounts

☑ (b) Check this selection if the Plan is intended to comply with **ERISA §404(c)**. (See Section 10.07(e) of the Plan.)

☑ (c) Describe any special rules that apply for purposes of direction of investments: No current Contributions may be invested in the "RYAM Share Fund" as described in the Addendum - Protected Benefits page.

[**Note:** *This subsection (c) may be used to describe special investment provisions for specific types of investments, such as Qualifying Employer Securities or Qualifying Real Property, or for specific Accounts, such as the Rollover Contribution Account. Any provisions added under subsection (c) will be subject to the nondiscrimination requirements under Code §401(a)(4).*]

C-2 **ROLLOVER CONTRIBUTIONS.** Does the Plan accept **Rollover Contributions**? (See Section 3.07 of the Plan.)

☐ No

☑ Yes

☐ (a) If this subsection (a) is checked, an Employee may not make a Rollover Contribution to the Plan prior to becoming a Participant in the Plan. (See Section 3.07 of the Plan.)

☑ (b) Check this subsection (b) if the Plan will not accept Rollover Contributions from former Employees.

☐ (c) Describe any special rules for accepting Rollover Contributions: _

[***Note:*** *The Employer may designate in subsection (c) or in separate written procedures the extent to which it will accept rollovers from designated plan types. For example, the Employer may decide not to accept rollovers from certain designated plans (e.g., 403 (b) plans, §457 plans or IRAs). Any special rollover procedures will apply uniformly to all Participants under the Plan.*]

C-3 **LIFE INSURANCE.** Are **life insurance** investments permitted? (See Section 10.08 of the Plan.)

☑ (a) No

☐ (b) Yes

C-4 **QDRO PROCEDURES.** Do the **default QDRO procedures** under Section 11.06 of the Plan apply?

☑ (a) No

☐ (b) Yes

☐ The provisions of Section 11.06 are modified as follows: _

EMPLOYER SIGNATURE PAGE

PURPOSE OF EXECUTION. This Signature Page is being executed for Rayonier Investment and Savings Plan for Salaried Employees to effect:

☐ (a) The adoption of a **new plan**, effective, ____ [*insert Effective Date of Plan*]. [***Note:*** *Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.*]

☑ (b) The **restatement** of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.

(1) Effective date of restatement: 4-1-2015. [***Note:*** *Date can be no earlier than January 1, 2007, Section 14.01(f)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.*]

(2) Name of plan(s) being restated: Rayonier Investment and Savings Plan for Salaried Employees

(3) The original effective date of the plan(s) being restated: 3-1-1994

☐ (c) An **amendment or restatement** of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.

(1) Effective Date(s) of amendment/restatement: _

(2) Name of plan being amended/restated:_

(3) The original effective date of the plan being amended/restated:_

(4) If Plan is being amended, identify the Adoption Agreement section(s) being amended:_

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change In address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Massachusetts Mutual Life Insurance Company

Address: 1295 State Street Springfield, MA 01111-0001

Telephone number: (800) 309-3539

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.66 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #04. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Rayonier Inc.
(Name of Employer)

Shelby Pyatt VP, HR
(Name of authorized representative) (Title)

/s/ Shelby Pyatt 3/4/15
(Signature) (Date)

TRUSTEE DECLARATION

This Trustee Declaration may be used to identify the Trustees under the Plan. A separate Trustee Declaration may be used to identify different Trustees with different Trustee investment powers.

Effective date of Trustee Declaration: 4-1-2015

The Trustee's investment powers are:

☐ (a) **Discretionary.** The Trustee has discretion to invest Plan assets, unless specifically directed otherwise by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.

☑ (b) **Nondiscretionary.** The Trustee may only invest Plan assets as directed by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.

☐ (c) **Fully funded.** There is no Trustee under the Plan because the Plan is funded exclusively with custodial accounts, annuity contracts and/or insurance contracts. (See Section 12.16 of the Plan.)

☐ (d) **Determined under a separate trust agreement.** The Trustee's investment powers are determined under a separate trust document which replaces (or is adopted in conjunction with) the trust provisions under the Plan.

Name of Trustee:

Title of Trust Agreement:

[***Note:*** *To qualify as a Volume Submitter Plan, any separate trust document used in conjunction with this Plan must be approved by the Internal Revenue Service. Any such approved trust agreement is incorporated as part of this Plan and must be attached hereto. The responsibilities, rights and powers of the Trustee are those specified in the separate trust agreement.*]

Reliance Trust Company
(Print name of Trustee)

/s/ Authorized Signatory for Reliance Trust Company
(Signature of Trustee or authorized representative) (Date)

Description of Trustee powers. This section can be used to describe any special trustee powers or any limitations on such powers. This section also may be used to impose any specific rules regarding the decision-making authority of individual trustees. In addition, this section can be used to limit the application of a trustee's responsibilities, e.g., by limiting trustee authority to only specific assets or investments.

☑ **Describe** Trustee powers: Limitation on Investment in Securities of the Employer Stock. Notwithstanding anything herein to the contrary, no Trust Assets shall be invested in Employer Stock unless the Named Fiduciary determines that such investment may be made without registration under the federal Securities Act of 1933, as amended, and under any applicable state law, or in the alternative, that the securities have been so qualified or registered. The Named Fiduciary shall specify any restrictive legend that is required to be set forth on the certificates for the securities and the procedures the Trustee is to follow to resell such securities. The Named Fiduciary shall only direct the investment of Trust Assets in securities of the Employer or an affiliate if those securities are traded in a public market or exchange permitting a readily ascertainable fair market value. The Trustee has delegated to the Sub-Custodian the responsibilities to provide accounting, custodial, trade execution and unitization services ("Sub-Custodian Functions") for the Employer Stock. The Trustee is authorized to rely upon the records of the Sub-Custodian and Recordkeeper with respect to Trust Assets and the Sub-Custodian Functions the Sub-Custodian may perform. The Trustee will neither prepare nor file any regulatory filings on behalf of Plan or relating to the Employer Stock, including SEC Form 8. The Trustee shall have no responsibility for delivering, forwarding, monitoring or otherwise voting any proxies unless the Named Fiduciary directs the Trustee to do so and the Trustee agrees. Employer shall make proper arrangements to receive proxies and corporate action materials and is responsible for voting proxies, except to the extent the Employer directs the Trustee to vote proxies. Trustee shall rely on the Recordkeeper for initiating, executing, monitoring or settling any securities trades with the Sub-Custodian. With respect to Employer Stock (i) the Employer or its delegate is solely responsible for compliance with all the federal securities laws and regulations, (ii) the Employer or its delegate has established procedures for the delivery to each Participant, on a confidential and timely basis, of all notices, proxies, tender and exchange offers and other information as may be necessary to permit a Participant to exercise the Participant's authority to direct action with respect to all shares of Employer Stock in the Participant's Plan account, (iii) the Trustee shall not tender or vote allocated or unallocated shares if Trustee fails to receive timely instructions from the Employer, its appointed proxy/tender agent or, if applicable under the terms of the Plan, the Participant, (iv) the Employer or its delegate shall provide Employer Stock reporting to Trustee, including activity and balance detail, and (v) Employer shall ensure that the value of the Employer Stock (or the Employer Stock fund in the case of unitized funds) as reported to Participants represents fair market value. The Trustee shall not be responsible for (i) monitoring or reporting to Employer any activity in Employer Stock, including unusual activity by key employees or control persons of the Employer; (ii) determining whether the Employer Stock is appropriate for investment in the Plan and/or appropriate for unitization; (iii) determining the need for and implementing any Participant trading restrictions on a unitized Employer Stock fund, and ensuring such trading restrictions are implemented (such as the establishing liquidity ratios in a unitized Employer Stock fund) to avoid or mitigate losses to the Employer Stock fund due to the impact of trading by one Participant upon other Participants invested in the unitized Employer Stock fund. The Employer agrees to provide immediate written response to questions that the Trustee may pose in its capacity as Trustee concerning Employer Stock, and if requested by Trustee, also provide written direction to the Trustee with respect to Employer Stock. The Employer agrees to respond accurately and timely, in writing, to any queries Trustee may submit to Employer relative to the ongoing viability of Employer Stock as a prudent investment for the Plan and its Participants. For purposes of the above, the term "Recordkeeper" means Massachusetts Mutual Life Insurance Company, the Plan's duly appointed recordkeeper and any of their respective agents or assigns, including processing agents and the term "Sub-Custodian" means State Street Bank and Trust Company, the entity delegated by Trustee, which serves as sub-custodian to Trustee.

[*The addition of special trustee powers under this section will not cause the Plan to lose Volume Submitter status provided such language merely modifies the administrative provisions applicable to the Trustee (such as provisions relating to investments and the duties of the Trustee). Any language added under this section may not conflict with any other provision of the Plan and may not result in a failure to qualify under Code §401(a).*]

Trustee Signature. By executing this Adoption Agreement, the designated Trustee(s) accept the responsibilities and obligations set forth under the Plan and Adoption Agreement. By signing this Trustee Declaration Page, the individual(s) below represent that they have the authority to sign on behalf of the Trustee. If a separate trust agreement is being used, list the name of the Trustee. No signature is required if a separate trust agreement is being used under the Plan or if there is no named Trustee under the Plan.

Reliance Trust Company
(Print name of Trustee)

3/11/15
(Signature of Trustee or authorized representative) (Date)

PARTICIPATING EMPLOYER ADOPTION PAGE

☑ **Check this selection and complete this page if a Participating Employer (other than the Employer that signs the Signature Page above) will participate under this Plan as a Participating Employer.** [***Note:*** *See Section 16 of the Plan for rules relating to the adoption of the Plan by a Participating Employer. If there is more than one Participating Employer, each one should execute a separate Participating Employer Adoption Page. Any reference to the "Employer" in this Adoption Agreement is also a reference to the Participating Employer, unless otherwise noted.*]

PARTICIPATING EMPLOYER INFORMATION

Name: TerraPointe Services Inc.

Address: 225 Water Street, Suite 1400

City, State, Zip Code: Jacksonville, FL 32202

EMPLOYER IDENTIFICATION NUMBER (EIN): 06-1158895

FORM OF BUSINESS: C-Corporation

EFFECTIVE DATE: The Effective Date should be completed to document whether this Plan is a new plan or restatement of a prior plan with respect to the Participating Employer. (Additional special Effective Dates may apply under **Modifications to Adoption Agreement**.)

☐ **New plan.** The Participating Employer is adopting this Plan as a new Plan effective __. [***Note:*** *Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.*]

☑ **Restated plan.** The Participating Employer is adopting this Plan as a restatement of a prior plan.

(a) Name of plan(s) being restated: Rayonier Investment and Savings Plan for Salaried Employees

(b) This restatement is effective 4-1-2015 [***Note:*** *Date can be no earlier than January 1, 2007.*]

(c) The original effective date of the plan(s) being restated is: 3-1-1994

☐ **Cessation of participation.** The Participating Employer is ceasing its participation in the Plan effective as of: __

ALLOCATION OF CONTRIBUTIONS. Any contributions made under this Plan (and any forfeitures relating to such contributions) will be allocated to all Participants of the Employer (including the Participating Employer identified on this Participating Employer Adoption Page).

To override this default provision, check below.

☐ Check this box if contributions made by the Participating Employer signing this Participating Employer Adoption Page (and any forfeitures relating to such contributions) will be allocated only to Participants actually employed by the Participating Employer making the contribution. If this box is checked, Employees of the Participating Employer signing this Participating Employer Adoption Page will not share in an allocation of contributions (or forfeitures relating to such contributions) made by the Employer or any other Participating Employer. [***Note:*** *Use of this section may require additional testing. See Section 16.04 of the Plan.*]

MODIFICATIONS TO ADOPTION AGREEMENT. The selections in the Adoption Agreement (including any special effective dates identified in Appendix A) will apply to the Participating Employer executing this Participating Employer Adoption Page.

To modify the Adoption Agreement provisions applicable to a Participating Employer, designate the modifications in (a) or (b) below.

☐ (a) **Special Effective Dates.** Check this (a) if different special effective dates apply with respect to the Participating Employer signing this Participating Employer Adoption Page. Attach a separate Addendum to the Adoption Agreement entitled "Special Effective Dates for Participating Employer" and identify the special effective dates as they apply to the Participating Employer.

☐ (b) **Modification of Adoption Agreement elections.** Section(s) _____ of the Agreement are being modified for this Participating Employer. The modified provisions are effective __.
[***Note:*** *Attach a description of the modifications to this Participating Employer Adoption Page.*]

SIGNATURE. By signing this Participating Employer Adoption Page, the Participating Employer agrees to adopt (or to continue its participation in) the Plan identified on page 1 of this Agreement. The Participating Employer agrees to be bound by all provisions of the Plan and Adoption Agreement as completed by the signatory Employer, unless specifically provided otherwise on this Participating Employer Adoption Page. The Participating Employer also agrees to be bound by any future amendments (including any amendments to terminate the Plan) as adopted by the signatory Employer. By signing this Participating Employer Adoption Page, the individual below represents that he/she has the authority to sign on behalf of the Participating Employer.

TerraPointe Services Inc.
(Name of Participating Employer)

Shelby Pyatt VP, HR
(Name of authorized representative) (Title)

/s/ Shelby Pyatt 3/4/15
(Signature) (Date)

ADDENDUM – PROTECTED BENEFITS

In addition to the protected benefits described in this Plan, certain other benefits are protected from a prior plan document. This Addendum describes any additional benefits protected under this Plan.

Additional protected benefits: Employees hired prior to July 1, 2012 reach Early Retirement Age if employed after attainment of age 50, and upon reaching age 50 the Employee's vesting percentage increases to 100%. There is no Early Retirement Age for Employees hired on or after July 1, 2012.

Effective as of June 27, 2014, (the "merger date"), the Rayonier Inc. Savings Plan for Non-Bargaining Unit Hourly Employees at Certain Locations (the "merged plan") is merged with and into the Plan. A Participant's vested interest in his account balance attributable to amounts transferred to the Plan from the "merged plan" shall be at all times 100%.

Effective June 27, 2014, the "RYAM Share Fund" means the Investment Fund established under this Plan to hold all shares of Rayonier Advanced Materials Inc. that are received by the Employer stock Investment Fund in connection with the spin-off of Rayonier Advanced Materials Inc from the Employer. Participants shall be prohibited from investing in the RYAM Share Fund. The RYAM Share Fund shall be a frozen investment option, provided that Participants may elect to transfer all or a portion of their interest in the RYAM Share Fund to any other Investment Fund at any point in time. No Participant shall have any voting or tender rights with respect to his interest in the RYAM Share Fund.

DEFINED CONTRIBUTION VOLUME SUBMITTER PLAN AND TRUST

BASIC PLAN DOCUMENT

[DC-BPD #04]

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SECTION 1
PLAN DEFINITIONS

This Section contains definitions for common terms that are used throughout the Plan. All capitalized terms under the Plan are defined in this Section or in the relevant section of the Plan document where such term is used.

1.01 **Account**. The separate Account maintained for each Participant under the Plan. Under the Profit Sharing/401(k) Plan, a Participant may have any (or all) of the following separate Accounts:

- Pre-Tax Salary Deferral Account
- Roth Deferral Account
- Employer Contribution Account
- Matching Contribution Account
- Qualified Nonelective Contribution (QNEC) Account
- Qualified Matching Contribution (QMAC) Account
- Safe Harbor Employer Contribution Account
- Safe Harbor Matching Contribution Account
- QACA Safe Harbor Employer Contribution Account
- QACA Safe Harbor Matching Contribution Account
- After-Tax Employee Contribution Account
- Rollover Contribution Account
- Roth Rollover Contribution Account
- In-Plan Roth Conversion Account
- Transfer Account

The Plan Administrator may establish other Accounts, as it deems necessary, for the proper administration of the Plan.

1.02 **Account Balance**. Account Balance shall mean a Participant's balances in all of the Accounts maintained by the Plan on his or her behalf.

1.03 **ACP Test (Actual Contribution Percentage Test)**. The special nondiscrimination test that applies to Matching Contributions and/or After-Tax Employee Contributions. See Section 6.02(a).

1.04 **Actuarial Factor**. A Participant's Actuarial Factor is used for purposes of determining the Participant's allocation under the age-based allocation formula under AA §6-3(f) of the Profit Sharing Plan or Profit Sharing/401(k) Plan Adoption Agreement or under the age-based contribution formula under AA §6-2(d) of the Money Purchase Plan Adoption Agreement. See Section 3.02(a)(l)(v)(B) or 3.02(b)(4)(ii).

1.05 **Adoption Agreement ("Agreement")**. The Adoption Agreement contains the elective provisions that an Employer may complete to supplement or modify the provisions under the Plan. Each adopting Employer must complete and execute the Adoption Agreement. If the Plan covers Employees of an Employer other than the Employer that executes the Employer Signature Page of the Adoption Agreement, such additional Employer(s) must execute a Participating Employer Adoption Page under the Adoption Agreement. (See Section 16 for rules applicable to adoption by Participating Employers.) An Employer may adopt more than one Adoption Agreement associated with this Plan document. Each executed Agreement is treated as a separate Plan.

1.06 **ADP Test (Actual Deferral Percentage Test)**. The special nondiscrimination test that applies to Salary Deferrals under the Profit Sharing/401(k) Plan. See Section 6.01(a).

1.07 **After-Tax Employee Contributions**. Employee Contributions that may be made to the Plan by a Participant that are included in the Participant's gross income in the year such amounts are contributed to the Plan and are maintained under a separate After-Tax Employee Contribution Account to which earnings and losses are allocated. See Section 3.06. For this purpose, Roth Deferrals are not considered as After-Tax Employee Contributions.

1.08 **Alternate Payee**. A person designated to receive all or a portion of the Participant's benefit pursuant to a QDRO. See Section 11.06.

1.09 **Anniversary Years**. An alternative period for measuring Eligibility Computation Periods (under Section 2.03(a)(3)) and Vesting Computation Periods (under Section 7.06). An Anniversary Year is any 12-month period which

commences with the Employee's Employment Commencement Date or which commences with the anniversary of the Employee's Employment Commencement Date.

1.10 **Annual Additions**. The amounts taken into account under a Defined Contribution Plan for purposes of applying the limitation on allocations under Code §415. See Section 5.03(c)(1) for the definition of Annual Additions.

1.11 **Annuity Starting Date**. The date an Employee commences distribution from the Plan. If a Participant commences distribution with respect to a portion of his/her Account Balance, a separate Annuity Starting Date applies to any subsequent distribution. If distribution is made in the form of an annuity, the Annuity Starting Date is the first day of the first period for which annuity payments are made. See Section 9.02(d).

1.12 **Automatic Contribution Arrangement**. An Automatic Contribution Arrangement is a 401(k) Plan that provides for automatic deferrals for eligible Participants who do not make an affirmative election to defer (or not to defer) under the Plan. The Employer may elect under AA §6A-8 of the Profit Sharing/401(k) Plan Adoption Agreement to designate the Plan as an Automatic Contribution Arrangement. If the Employer designates the Plan as an Automatic Contribution Arrangement, the Employer will automatically withhold the amount designated under AA §6A-8 from a Participant's Plan Compensation, unless the Participant completes a Salary Deferral Election electing a different deferral amount (including a zero deferral amount).

1.13 **Automatic Rollover**. For Involuntary Cash-Out Distributions (as defined in Section 8.06(6)) made on or after March 28, 2005, the Plan Administrator will make a Direct Rollover to an individual retirement plan (IRA) designated by the Plan Administrator. See Section 8.06.

1.14 **Average Contribution Percentage (ACP)**. The average of the contribution percentages for the Highly Compensated Employee Group and the Nonhighly Compensated Employee Group, which are tested for nondiscrimination under the ACP Test. See Section 6.02(a)(1).

1.15 **Average Deferral Percentage (ADP)**. The average of the deferral percentages for the Highly Compensated Employee Group and the Nonhighly Compensated Employee Group, which are tested for nondiscrimination under the ADP Test. See Section 6.01(a)(1).

1.16 **Beneficiary**. A person designated by the Participant (or by the terms of the Plan) to receive a benefit under the Plan upon the death of the Participant. See Section 8.08(c) for the applicable rules for determining a Participant's Beneficiaries under the Plan.

1.17 **Benefiting Participant**. A Participant who receives an allocation of Employer Contributions or forfeitures as described in Section 3.02(a)(1)(iv)(B)(II). See Section 3.02(a)(1)(iv)(B)(III) for special rules that apply where a Benefiting Participant does not receive the Minimum Gateway Contribution described in Section 3.02(a)(1)(iv)(B)(III)(a) under the Employee group allocation formula.

1.18 **Break in Service**. The Computation Period (as defined in Section 2.03(a)(3) for purposes of eligibility and Section 7.06 for purposes of vesting) during which an Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §4-3(a) or AA §8-5(a) to require less than 1,000 Hours of Service to earn a Year of Service for eligibility or vesting purposes, a Break in Service will occur for any Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a Year of Service for eligibility or vesting purposes, as applicable. However, if the Elapsed Time method applies under AA §4-3(c) (for purposes of eligibility) or AA §8-5(c) (for purposes of vesting), an Employee will incur a Break in Service if the Employee incurs at least a one year Period of Severance. (See Section 2.07 for a discussion of the eligibility Break in Service rules and Section 7.09 for a discussion of the vesting Break in Service rules.)

1.19 **Cash-Out Distribution**. A total distribution made to a terminated Participant in accordance with Section 7.12(a).

1.20 **Catch-Up Contributions**. Salary Deferrals made to the Plan that are in excess of an otherwise applicable Plan limit and that are made by a Participant who is aged 50 or over by the end of the taxable year. See Section 3.03(d).

1.21 **Catch-Up Contribution Limit**. The annual limit applicable to Catch-Up Contributions as set forth in Section 3.03(d)(1).

1.22 **Code**. The Internal Revenue Code of 1986, as amended.

1.23 **Code §415 Limitation**. The limit on the amount of Annual Additions a Participant may receive under the Plan during a Limitation Year. See Section 5.03.

1.24 **Collectively Bargained Employee**. An Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining. Such Employees may be excluded from the Plan if designated under AA §3-1(b). See Section 2.02(6)(1) for additional requirements related to the exclusion of Collectively Bargained Employees.

1.25 **Compensation Limit**. The maximum amount of compensation that can be taken into account for any Plan Year for purposes of determining a Participant's Plan Compensation. For Plan Years beginning on or after January 1, 1994, and before January 1, 2002, the Compensation Limit taken into account for determining benefits provided under the Plan for any Plan Year is $150,000, as adjusted for increases in cost-of-living in accordance with Code §401(a)(17)(B). For any Plan Years beginning on or after January 1, 2002, the Compensation Limit is $200,000, as adjusted for cost-of-living increases in accordance with Code §401(a)(17)(B). In determining the Compensation Limit for any applicable period (the "determination period"), the cost-of-living adjustment in effect for a calendar year applies to any determination period that begins with or within such calendar year.

If a determination period consists of fewer than 12 months, the Compensation Limit for such period is an amount equal to the otherwise applicable Compensation Limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is 12. A determination period will not be considered to be less than 12 months merely because compensation is taken into account only for the period the Employee is a Participant. If Salary Deferrals, Matching Contributions, or After-Tax Employee Contributions are separately determined on the basis of specified periods within the determination period (e.g., on the basis of payroll periods), no proration of the Compensation Limit is required with respect to such contributions.

If compensation for any prior determination period is taken into account in determining a Participant's allocations for the current Plan Year, the compensation for such prior determination period is subject to the applicable Compensation Limit in effect for that prior period. However, solely for purposes of determining a Participant's allocations for Plan Years beginning on or after January 1, 2002, the Compensation Limit in effect for determination periods beginning before that date is $200.000.

In determining the amount of a Participant's Salary Deferrals under the Profit Sharing/401(k) Plan, a Participant may defer with respect to Plan Compensation that exceeds the Compensation Limit, provided the total deferrals made by the Participant satisfy the Elective Deferral Dollar Limit and any other limitations under the Plan.

1.26 **Computation Period**. The 12-consecutive month period used for measuring whether an Employee completes a Year of Service for eligibility or vesting purposes.

(a) **Eligibility Computation Period**. The 12-consecutive month period used for measuring Years of Service for eligibility purposes. See Section 2.03(a)(3).

(b) **Vesting Computation Period**. The 12-consecutive month period used for measuring Years of Service for vesting purposes. Sec Section 7.06.

1.27 **Current Year Testing Method**. A method for applying the ADP Test and/or the ACP Test under the Profit Sharing/401(k) Plan wherein the Salary Deferrals taken into account under the ADP Test and the Matching Contributions and/or After-Tax Employee Contributions taken into account under the ACP Test are based on deferrals and contributions in the current Plan Year. See Section 6.01(a)(2)(ii) for a discussion of the Current Year Testing Method under the ADP Test and Section 6.02(a)(2)(ii) for a discussion of the Current Year Testing Method under the ACP Test.

1.28 **Custodian**. An organization that has custody of all or any portion of the Plan assets. See Section 12.14.

1.29 **Defined Benefit Plan**. A plan under which a Participant's benefit is based solely on the Plan's benefit formula without the establishment of separate Accounts for Participants.

1.30 **Defined Contribution Plan**. A plan that provides for individual Accounts for each Participant to which all contributions, forfeitures, income, expenses, gains and losses under the Plan are credited or deducted. A Participant's benefit under a Defined Contribution Plan is based solely on the fair market value of his/her vested Account Balance.

1.31 **Designated Beneficiary**. A Beneficiary who is designated by the Participant (or by the terms of the Plan) and whose life expectancy is taken into account in determining minimum distributions under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-4. See Section 8.12(e)(i).

1.32 **Determination Date**. The date as of which the Plan is tested for Top Heavy purposes. See Section 4.03(c).

1.33 **Determination Year**. The Plan Year for which an Employee's status as a Highly Compensated Employee is being determined. See Section 1.69(c).

1.34 **Differential Pay**. Certain payments made by the Employer to an individual while the individual is performing service in the Uniformed Services. See Section 1.141(e).

1.35 **Directed Account**. The Plan assets under a Trust which are held for the benefit of a specific Participant. See Section 10.03(d)(2).

1.36 **Directed Trustee**. A Trustee is a Directed Trustee to the extent that the Trustee's investment powers are subject to the direction of another person. See Section 12.02(a).

1.37 **Direct Rollover**. A rollover, at the Participant's direction, of all or a portion of the Participant's vested Account Balance directly to an Eligible Retirement Plan. See Section 8.05.

1.38 **Disabled**. Unless provided otherwise under AA §9-4(b), an individual is considered Disabled for purposes of applying the provisions of this Plan if the individual is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The permanence and degree of such impairment shall be supported by medical evidence. The Plan Administrator may establish reasonable procedures for determining whether a Participant is Disabled.

1.39 **Discretionary Trustee**. A Trustee is a Discretionary Trustee to the extent the Trustee has exclusive authority and discretion to invest, manage or control the Plan assets without direction from any other person. See Section 12.02(b).

1.40 **Distribution Calendar Year**. A calendar year for which a minimum distribution is required. See Section 8.12(e)(2).

1.41 **Early Retirement Age**. The age and/or Years of Service set forth in AA §7-2. Early Retirement Age may be used to determine distribution rights and/or vesting rights. If a Participant separates from service before satisfying the age requirement for early retirement, but has satisfied the service requirement, the Participant will be entitled to elect an early retirement benefit upon satisfaction of such age requirement. The Plan is not required to have an Early Retirement Age.

1.42 **Earned Income**. Earned Income is the net earnings from self-employment in the trade or business with respect to which the Plan is established, and for which personal services of the individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan to the extent deductible under Code §404. Net earnings shall be determined after the deduction allowed to the taxpayer by Code §164(f).

1.43 **Effective Date**. The date this Plan, including any restatement or amendment of this Plan, is effective. The Effective Date of the Plan is designated on the Employer Signature Page under the Adoption Agreement. See Section 14.01(f) for special rules concerning the retroactive effective date of provisions under the Plan designed to comply with the requirements of the Pension Protection Act of 2006 (PPA).

1.44 **Elapsed Time**. A special method for crediting service for eligibility or vesting. See Section 2.03(a)(6) for more information on the Elapsed Time method of crediting service for eligibility purposes and Section 7.05(b) for more information on the Elapsed Time method of crediting service for vesting purposes. Also see Section 3.09 for the ability to use the Elapsed Time method for applying allocation conditions under the Plan.

1.45 **Elective Deferral Dollar Limit**. The maximum amount of Elective Deferrals a Participant may make for any calendar year. See Section 5.02.

1.46 **Elective Deferrals**. A Participant's Elective Deferrals is the sum of all Salary Deferrals (as defined in Section 1.130) and other contributions made pursuant to a Salary Deferral Election under a SARSEP described in Code §408(k)(6), a SIMPLE IRA plan described in Code §408(p), a plan described under Code §501(c)(18), and a custodial account or other arrangement described in Code §403(b). Elective Deferrals shall not include any amounts properly distributed as an Excess Amount under Code §415.

1.47 **Eligible Automatic Contribution Arrangement (EACA)**. An Automatic Contribution Arrangement that satisfies the requirements for an EACA under Section 3.03(c)(2).

1.48 **Eligible Employee**. An Employee who is not excluded from participation under Section 2.02 of the Plan or AA §3-1.

1.49 **Eligible Retirement Plan**. A qualified retirement plan or IRA that may receive a rollover contribution. See Section 8.05(a)(2).

1.50 **Eligible Rollover Distribution**. An amount distributed from the Plan that is eligible for rollover to an Eligible Retirement Plan. Sec Section 8.05(a)(1).

1.51 **Employee**. An Employee is any individual employed by the Employer (including any Related Employers). An independent contractor is not an Employee. An Employee is not eligible to participate under the Plan if the individual is not an Eligible Employee under Section 2.02. For purposes of applying the provisions under this Plan, a Self-Employed Individual is treated as an Employee. A Leased Employee is also treated as an Employee of the recipient organization, as provided in Section 2.02(b)(4).

1.52 **Employer**. Except as otherwise provided, Employer means the Employer that adopts this Plan and any Related Employer. The term Employer also includes an Employee organization (as defined in ERISA §3(4)) and a Lead Employer of a Multiple Employer Plan (as defined in Section 16.07(b)(1). (See Section 2.02(c) for rules regarding coverage of Employees of Related Employers. Also see Section 16 for rules that apply to Employers that execute a Participating Employer Adoption Page.)

1.53 **Employer Contributions**. Contributions the Employer makes pursuant to AA §6. Under the Profit Sharing/401(k) Plan, Employer Contributions also include any QNECs the Employer makes pursuant to AA §6D-3 and any Safe Harbor/QACA Safe Harbor Employer Contributions the Employer makes pursuant to AA §6C-2(b) of the Profit Sharing/401(k) Plan Adoption Agreement. See Section 3.02.

1.54 **Employment Commencement Date**. The date the Employee first performs an Hour of Service for the Employer.

1.55 **Entry Date**. The date on which an Employee becomes a Participant upon satisfying the Plan's minimum age and service conditions. See Section 2.03(b).

1.56 **Equivalency Method**. An alternative method for crediting Hours of Service for purposes of eligibility and vesting. See Section 2.03(a)(5) for eligibility provisions and Section 7.05(a)(2) for vesting provisions.

1.57 **ERISA**. The Employee Retirement Income Security Act of 1974, as amended.

1.58 **ERISA Spending Account**. An Account established to hold excess fees that are remitted to the Plan. See Section 11.05(d).

1.59 **Excess Aggregate Contributions**. Amounts which are distributed to correct the ACP Test. See Section 6.02(b)(1).

1.60 **Excess Amount**. Amounts which exceed the Code §415 Limitation. See Section 5.03(c)(4).

1.61 **Excess Compensation**. The amount of Plan Compensation that exceeds the Integration Level for purposes of applying the permitted disparity allocation formula. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(b)(2) (Money Purchase Plan).

1.62 **Excess Contributions**. Amounts which are distributed to correct the ADP Test. See Section 6.01(b)(1).

1.63 **Excess Deferrals**. Elective Deferrals that exceed the Elective Deferral Dollar Limit (as defined in Section 5.02). (See Section 5.02(b) for rules regarding the correction of Excess Deferrals.)

1.64 **Fail-Safe Coverage Provision**. A correction provision that permits the Plan to automatically correct a coverage violation resulting from the application of a last day of employment or Hours of Service allocation condition. See Section 14.02.

1.65 **Family Members**. For purposes of applying the Employee group allocation formula under AA §6-3(e) of the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement, Family Members include the Spouse, children, parents and grandparents of a Five-Percent Owner, as defined in Section 1.69(a). See Section 3.02(a)(l)(iv)(B)(I).

1.66 **Favorable IRS Letter**. An advisory letter issued by the IRS to a Volume Submitter Sponsor as to the qualified status of a Volume Submitter Plan.

1.67 **General Trust Account**. The Plan assets under a Trust which are held for the benefit of all Plan Participants as a pooled investment. See Section 10.03(d)(1).

1.68 **Hardship**. A heavy and immediate financial need which meets the requirements of Section 8.10(e).

1.69 **Highly Compensated**. An Employee or Participant is Highly Compensated for a Plan Year if he/she is a Five-Percent Owner (as defined in subsection (a)) or has Total Compensation above the compensation limit (as defined in subsection (b)).

(a) **Five-Percent Owner**. An individual is Highly Compensated if at any time during the Determination Year or Lookback Year, such individual owns (or is considered as owning within the meaning of Code §318) more than 5 percent of the outstanding stock of the Employer or stock possessing more than 5 percent of the total combined voting power of all stock of the Employer. If the Employer is not a corporation, an individual is treated as Highly Compensated if such individual owns more than 5 percent of the capital or profits interest of the Employer.

(b) **Compensation Limit**. An individual is Highly Compensated if at any time during the Lookback Year, such individual has Total Compensation from the Employer in excess of $80,000 (as adjusted) and, if elected under AA §11-2, is in the Top Paid Group, as defined in subsection (f) below. The $80,000 amount is adjusted at the same time and in the same manner as under Code §415(d), except that the base period is the calendar quarter ending September 30, 1996.

In determining whether an Employee or Participant is Highly Compensated. the following definitions apply:

(c) **Determination Year**. The Determination Year is the Plan Year for which the Highly Compensated determination is being made.

(d) **Lookback Year**. The Lookback Year is the 12-month period immediately preceding the Determination Year. If the Plan Year is not the calendar year, the Employer may elect in AA §11-2(b) to use the calendar year that begins in the Lookback Year. This election to use the calendar year as the Lookback Year only applies for purposes of applying the compensation limit under subsection (b) above and not for purposes of applying the Five-Percent Owner test in subsection (a) above.

(e) **Total Compensation**. Total Compensation as defined under Section 1.141.

(f) **Top Paid Group**. The Top Paid Group is the top 20% of Employees ranked by Total Compensation. In determining the Top Paid Group, any reasonable method of rounding or tie-breaking may be used. In determining the number of Employees in the Top Paid Group, Employees described in Code §414(q)(5) or applicable regulations may be excluded.

1.70 **Highly Compensated Group**. The group of Highly Compensated Employees who are included in the ADP Test and/or the ACP Test. See Sections 6.01(a) and 6.02(a).

1.71 **Hour of Service**. Each Employee of the Employer will receive credit for each Hour of Service he/she works for purposes of applying the eligibility and vesting rules under the Plan. An Employee will not receive credit for the same Hour of Service under more than one category listed below.

(a) **Performance of duties**. Hours of Service include each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer. These hours will be credited to the Employee for the computation period in which the duties are performed. In the case of Hours of Service to be credited to an Employee in connection with a period of no more than 31 days which extends beyond one computation period, all such Hours of Service may be credited to the first computation period or the second computation period. Hours of

Service under this subsection (a) must be credited consistently for all Employees within the same job classifications.

(b) **Nonperformance of duties**. Hours of Service include each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. No more than 501 hours of service will be credited under this paragraph for any single continuous period (whether or not such period occurs in a single Computation Period). Hours under this paragraph will be calculated and credited pursuant to §2530.200b-2 of the Department of Labor Regulations which is incorporated herein by this reference.

(c) **Back pay award**. Hours of Service include each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same Hours of Service will not be credited both under subsection (a) or subsection (b), as the case may be, and under this subsection (c). These hours will be credited to the Employee for the Computation Period(s) to which the award or agreement pertains rather than the Computation Period(s) in which the award, agreement or payment is made.

(d) **Related Employers/Leased Employees**. Hours of Service will be credited for employment with any Related Employer. Hours of Service also include hours credited as a Leased Employee or as an employee under Code §414(o).

(e) **Maternity/paternity leave**. Solely for purposes of determining whether a Break in Service has occurred in a Computation Period, an individual who is absent from work for maternity or paternity reasons will receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 Hours of Service per day of such absence. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

(1) by reason of the pregnancy of the individual,

(2) by reason of a birth of a child of the individual,

(3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or

(4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

The Hours of Service credited under this paragraph will be credited in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or in all other cases, in the following Computation Period.

1.72 **In-Plan Roth Conversion Account**. An Account to hold amounts that are converted to Roth Deferrals as part of an In-Plan Roth Conversion, as set forth in 3.03(f).

1.73 **Insurer**. An insurance company that issues a life insurance policy on behalf of a Participant under the Plan in accordance with the requirements under Section 10.08.

1.74 **Integration Level**. The amount used for purposes of applying the permitted disparity allocation formula. The Integration Level is the Taxable Wage Base, unless the Employer designates a different amount under the Adoption Agreement. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(6)(2) (Money Purchase Plan).

1.75 **Key Employee**. Employees who are taken into account for purposes of determining whether the Plan is a Top Heavy Plan. See Section 4.03(a).

1.76 **Leased Employee**. An individual who performs services for the Employer pursuant to an agreement between the Employer and a leasing organization, and who satisfies the definition of a Leased Employee under Code §414(n). See Section 2.02(b)(4) for rules regarding the treatment of a Leased Employee as an Employee of the Employer.

1.77 **Limitation Year**. The measuring period for determining whether the Plan satisfies the Code §415 Limitation under Section 5.03. See Section 5.03(c)(5).

1.78 **Lookback Year**. The 12-month period immediately preceding the current Plan Year during which an Employee's status as Highly Compensated Employee is determined. Sec Section 1.69(d).

1.79 **Matching Contributions**. Matching Contributions are contributions made by the Employer on behalf of a Participant on account of Salary Deferrals or After-Tax Employee Contributions made by such Participant, as designated under AA §6B of the Profit Sharing/401(k) Plan Adoption Agreement. Matching Contributions may only be made under the Profit Sharing/401(k) Plan. Matching Contributions also include any QMACs the Employer makes pursuant to AA §6D-4 of the Profit Sharing/401(k) Plan Adoption Agreement and any Safe Harbor/QACA Safe Harbor Matching Contributions the Employer makes pursuant to AA §6C of the Profit Sharing/401(k) Plan Adoption Agreement. See Section 3.04.

1.80 **Maximum Disparity Rate**. The maximum amount that may be allocated with respect to Excess Compensation under the permitted disparity allocation formula. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(b)(2) (Money Purchase Plan).

1.81 **Minimum Gateway Contribution**. The minimum allocation described in Section 3.02(a)(1)(iv)(B)(III)(a) that must be provided to each Benefiting Participant (as defined in Section 1.17) in order to use cross-testing to demonstrate compliance with the nondiscrimination requirements under Treas. Reg. §1.401(a)(4)-8.

1.82 **Multiple Employer Plan**. A Plan that covers Employees of an Employer that does not qualify as a Related Employer. To be a Multiple Employer Plan, an unrelated Employer must execute a Participating Employer Adoption Page. See Section 16.07 for special rules and definitions that apply to Multiple Employer Plans.

1.83 **Named Fiduciary**. The Plan Administrator or other fiduciary designated under Section 11.03.

1.84 **Net Profits**. The Employer may elect under AA §6-4(d) to limit any Employer Contribution under the Plan to Net Profits. Unless modified under AA §6-4(d), Net Profits means the Employer's net income or profits determined in accordance with generally accepted accounting principles, without any reduction for taxes based upon income, or contributions made by the Employer under this Plan or any other qualified plan.

1.85 **Nonhighly Compensated**. An Employee or Participant who is not a Highly Compensated Employee. See Section 1.69 for the definition of Highly Compensated Employee.

1.86 **Nonhighly Compensated Group**. The group of Nonhighly Compensated Employees included in the ADP Test and/or the ACP Test. See Sections 6.01(a) and 6.02(a).

1.87 **Nonvested Participant Break in Service**. Break in Service rule that applies for eligibility and vesting under Sections 2.07(b) and 7.09(c).

1.88 **Non-Key Employee**. Any Employee who is not a Key Employee. See Section 4.03(b).

1.89 **Normal Retirement Age**. The age selected under AA §7-1. For purposes of applying the Normal Retirement Age provisions under AA §7-1, an Employee's participation commencement date is the first day of the first Plan Year in which the Employee commenced participation in the Plan. If the Employer enforces a mandatory retirement age, the Normal Retirement Age is the lesser of that mandatory age or the age specified in AA §7-1.

If the Plan is a Money Purchase Plan or is a Profit Sharing Plan or Profit Sharing/401(k) Plan that accepted a transfer of assets from a pension plan (e.g., a money purchase plan or target benefit plan), then effective May 22, 2007 (for Plans initially adopted on or after May 22, 2007) and effective for the first Plan Year beginning on or after July 1, 2008 (for Plans initially adopted prior to May 22, 2007), or as of the effective date of the transfer of assets, if later, the Normal Retirement Age applicable under AA §7-1 must be reasonably representative of the typical retirement age for the industry in which the Plan Participants work. For this purpose, a Normal Retirement Age of age 62 or above will be deemed to be a reasonable Normal Retirement Age and a Normal Retirement Age under age 55 will be presumed not to satisfy this requirement. If the Normal Retirement Age under AA §7- 1 is not reasonably representative of the typical retirement age for the industry in which the Plan Participants work, then, effective as of the first day of the first Plan Year beginning after June 30, 2008, the Normal Retirement Age shall automatically be changed so that any age selected in AA §7-1 is no earlier than age 62 or an age that is determined to be reasonably representative of the typical retirement age for the industry in with the Plan Participants work.

If the Plan is amended to change the Normal Retirement Age to comply with the requirements of this Section 1.89, such amendment may not result in a violation of Code §§411(a)(9), 411(a)(10), 411(d)(6) or 4980F. Thus, for example, the vested percentage of any Participant may not be reduced solely by a change in the Normal Retirement Age. For this purpose, the amendment to a later Normal Retirement Age will not violate the anti-cutback requirements of Code §411(d)(6) merely because it eliminates the right to an in-service distribution prior to the later Normal Retirement Age.

1.90 **Participant**. Except as provided under AA §3-1, a Participant is an Employee (or former Employee) who has satisfied the conditions for participating under the Plan, as described in Section 2.03 and AA §4-1. A Participant also includes any Employee (or former Employee) who has an Account Balance under the Plan, including an Account Balance derived from a rollover or transfer from another qualified plan or IRA. A Participant is entitled to share in an allocation of contributions or forfeitures under the Plan for a given year only if the Participant is an Eligible Employee as defined in Section 2.02, and satisfies the allocation conditions set forth in Section 3.09.

An Employee is treated as a Participant with respect to Salary Deferrals and After-Tax Employee Contributions once the Employee has satisfied the eligibility conditions under AA §4-1 for making such contributions, even if the Employee chooses not to actually make such contributions to the Plan. An Employee is treated as a Participant with respect to Matching Contributions under the Profit Sharing/401(k) Adoption Agreement once the Employee has satisfied the eligibility conditions under AA §4-1 for receiving such contributions, even if the Employee does not receive a Matching Contribution because of the Employee's failure to make contributions eligible for the Matching Contribution.

1.91 **Participating Employer**. An Employer that adopts this Plan by executing the Participating Employer Adoption Page under the Adoption Agreement. See Section 16 for the rules applicable to contributions and deductions for contributions made by a Participating Employer. Also see Section 16.07 for rules regarding the adoption of a Multiple Employer Plan.

1.92 **Participating Employer Adoption Page**. The signature page in the Adoption Agreement for a Related Employer to adopt the Plan as a Participating Employer.

1.93 **Period of Severance**. A continuous period of time during which the Employee is not employed by the Employer and which is used to determine an Employee's Participation under the Elapsed Time method. See Section 2.03(a)(6) for rules regarding eligibility and Section 7.05(b) for rules regarding vesting.

1.94 **Permissive Aggregation Group**. Plans that are not required to be aggregated to determine whether the Plan is a Top Heavy Plan. See Section 4.03(d).

1.95 **Plan**. The Plan is the retirement plan established or continued by the Employer for the benefit of its Employees under this Plan document. The Plan consists of the basic plan document and the elections made under the Adoption Agreement. The basic plan document is the portion of the Plan that contains the non-elective provisions. The Employer may supplement or modify the basic plan document through its elections in the Adoption Agreement or by separate governing documents that are expressly authorized by the Plan. If the Employer adopts more than one Adoption Agreement under this Plan, then each executed Adoption Agreement represents a separate Plan.

1.96 **Plan Administrator**. The Plan Administrator is the person designated to be responsible for the administration and operation of the Plan. Unless otherwise designated by the Employer, the Plan Administrator is the Employer. The Employer may designate under AA §2 another person to take on the role of Plan Administrator as set forth under ERISA §3(16). To the extent an individual named as Plan Administrator does not take on all responsibilities of the Plan Administrator as set forth in Section 11.04, the Employer will remain as Plan Administrator with respect to such responsibilities. If another Employer has executed a Participating Employer Adoption Page, the Employer referred to in this Section is the Employer that executes the Employer Signature Page of the Adoption Agreement. A Plan Administrator also includes a Qualified Termination Administrator (QTA) that assumes the responsibilities of Plan Administrator pursuant to Section 14.03(c).

1.97 **Plan Compensation**. Plan Compensation is Total Compensation, as modified under AA §5-3, which is actually paid to an Employee during the determination period (as defined in subsection (b) below). In determining Plan Compensation, the Employer may elect under AA §5-3(b) to exclude all Elective Deferrals (as defined in Section 1.46), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4). In addition, the Employer may elect under AA §5-3 to exclude other designated elements of compensation.

Plan Compensation generally includes amounts an Employee earns with a Participating Employer and amounts earned with a Related Employer (even if the Related Employer has not executed a Participating Employer Adoption Page under the Adoption Agreement). However, the Employer may elect under AA §5-3(h) to exclude all amounts earned with a Related Employer that has not executed a Participating Employer Adoption Page.

Generally, the Plan may use any definition of Plan Compensation for allocation purposes, even if such definition does not meet the requirements of Code §414(s). However, if Plan Compensation is also used as Testing Compensation for purposes of demonstrating compliance with the nondiscrimination requirements under Code §401(a)(4) or the ADP and/or ACP Tests, or if the contribution formulas under the Plan is designed to satisfy a nondiscrimination safe harbor, and compensation elements are excluded from the definition of Plan Compensation that do not meet the safe harbor exclusions set forth in Treas. Reg. §1.414(s)-1, additional nondiscrimination testing may be required. (See the discussion under Testing Compensation in Section 1.137 and the discussion regarding safe harbor formulas under subsection (a) below.)

In no case may Plan Compensation for any Participant exceed the Compensation Limit (as defined in Section 1.25).

(a) **Application to safe harbor formulas**. If the Plan provides for Employer Contributions using the permitted disparity allocation method or if the Plan is a Safe Harbor 401(k) Plan, the compensation used for Plan Compensation must meet a definition of compensation as set forth in Treas. Reg. §1.414(s)-1, as described in Section 1.137. Failure to use a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1 will cause the Plan to fail to qualify for any contribution safe harbors, such as the permitted disparity allocation or Safe Harbor 401(k) Plan safe harbors. To ensure the definition of Plan Compensation satisfies a nondiscriminatory definition under Code §414(s), the Employer may elect to exclude only compensation elements that meet the safe harbor exclusions set forth in Treas. Reg. §1.414(s)-1, as described under Section 1.137. Alternatively, the Employer may elect under AA §5-3(1) or under AA §6C-4 of the Profit Sharing/401(k) Plan Adoption Agreement, as applicable, to restrict the application of any compensation adjustments only to Highly Compensated Employees.

If the Employer elects to apply a definition of Plan Compensation under a Safe Harbor 401(k) Plan that does not satisfy a nondiscriminatory definition under Code §414(s) for a given Plan Year, the Employer will be deemed to have elected to use Total Compensation for purposes of determining the Safe Harbor/QACA Safe Harbor Contribution under the Plan for such Plan Year. In addition, any election to exclude compensation above a specific dollar amount under AA §5-3(d) or under AA §6C-4(a)(6) will not apply for purposes of determining Safe Harbor/QACA Safe Harbor Contributions for Nonhighly Compensated Employees. The Employer may elect to restrict any of the exclusions under AA §5-3 or AA §6C-4 solely to Highly Compensated Employees by designating such restriction in AA §5-3(1) or AA §6C-4(b).

The Employer may elect to exclude specific types of compensation for purposes of determining the amount that may be made as Salary Deferrals under a Safe Harbor 401(k) Plan, provided that each eligible Nonhighly Compensated Employee is permitted to make Salary Deferrals under a definition of Plan Compensation that would be a reasonable definition of compensation within the meaning of Treas. Reg. §1.414(s)-1(d)(2). Thus, the definition of Plan Compensation from which Salary Deferrals may be made is not required to satisfy the nondiscrimination requirement of §1.414(s)-1(d)(3). See Section 6.04(b)(6) for special rules that apply with respect to Salary Deferrals under a QACA Safe Harbor 401(k) Plan.

(b) **Determination period**. Unless designated otherwise under AA §5-4(a), Plan Compensation is determined based on the Plan Year. Alternatively, the Employer may elect under AA §5-4 to determine Plan Compensation on the basis of the calendar year ending in the Plan Year or any other 12-month period ending in the Plan Year. If the determination period is the calendar year or other 12-month period ending in the Plan Year, for any Employee whose date of hire is less than 12 months before the end of the designated 12-month period, Plan Compensation will be determined over the Plan Year.

(c) **Partial period of participation**. If an Employee is a Participant for only part of a Plan Year, Plan Compensation may be determined over the entire Plan Year or over the period during which such Employee is a Participant. In determining whether an Employee is a Participant for purposes of applying this subsection (c), the Employee's status will be determined solely with respect to the contribution type for which the definition of Plan Compensation is being determined. To the extent this subsection (c) applies to Salary Deferrals, any limitations on the amount of Salary Deferrals permitted under AA §6A-2 of the Profit Sharing/401(k) Plan Adoption Agreement will be determined using the definition of Plan Compensation as determined under AA §5-4. However, this subsection (c) does not affect the amount of Salary Deferrals elected under the Salary Deferral Election which is

generally determined for each separate payroll period. Plan Compensation does not include any amounts earned for any period while an individual is not an Eligible Employee (as defined in Section 2.02).

1.98 **Plan Year**. The 12-consecutive month period designated under AA §2-4 on which the records of the Plan are maintained. The Plan Year can be a 52-53 week period by designating the appropriate ending date in AA §2-4(b). If the Plan Year is amended to create a Short Plan Year or if a new Plan has an initial Short Plan Year, the Employer may document such Short Plan Year under AA §2-4(c). (See Section 11.08 for special rules that apply to Short Plan Years.)

1.99 **Predecessor Employer**. An employer that previously employed the Employees of the Employer. See Sections 2.06 (eligibility), 3.09(c) (allocation conditions) and 7.08 (vesting) for the rules regarding the crediting of service with a Predecessor Employer.

1.100 **Predecessor Plan**. A Predecessor Plan is a qualified plan maintained by the Employer that is terminated within the 5-year period immediately preceding or following the establishment of this Plan. A Participant's service under a Predecessor Plan must be counted for purposes of determining the Participant's vested percentage under the Plan. See Section 7.07(a).

1.101 **Pre-Tax Deferrals**. Pre-tax Deferrals are a Participant's Salary Deferrals that are not includible in the Participant's gross income at the time deferred.

1.102 **Prevailing Wage Formula**. The Employer may elect under AA §6-2 to provide an Employer Contribution for each Participant who performs Prevailing Wage Service. (See Sections 3.02(a)(5) and 3.02(b)(6) for special rules regarding the application of the Prevailing Wage Formula.)

1.103 **Prevailing Wage Service**. A Participant's service used to apply the Prevailing Wage Formula under Sections 3.02(a)(5) and 3.02(b)(6). Prevailing Wage Service is any service performed by an Employee under a public contract subject to the Davis-Bacon Act or to any other federal, state or municipal prevailing wage law.

1.104 **Prior Year Testing Method**. A method for applying the ADP Test and/or the ACP Test under the Profit Sharing/401(k) Plan. See Section 6.01(a)(2)(i) for a discussion of the Prior Year Testing Method under the ADP Test and Section 6.02(a)(2)(i) for a discussion of the Prior Year Testing Method under the ACP Test.

1.105 **QACA Safe Harbor Contribution**. A contribution authorized under AA §6C-2 of the Profit Sharing/401(k) Plan Adoption Agreement that allows the Plan to qualify as a Qualified Automatic Contribution Arrangement. A QACA Safe Harbor Contribution may be a QACA Safe Harbor Matching Contribution or a QACA Safe Harbor Employer Contribution. See Section 6.04(6)(2).

1.106 **QACA Safe Harbor Employer Contribution**. An Employer Contribution that satisfies the requirements under Section 6.04(b)(2)(i).

1.107 **QACA Safe Harbor Matching Contribution**. A Matching Contribution that satisfies the requirements under Section 6.04(b)(2)(ii).

1.108 **Qualified Automatic Contribution Arrangement (QACA)**. A 401(k) plan that satisfies the conditions under Section 6.04(b).

1.109 **Qualified Domestic Relations Order (QDRO)**. A domestic relations order that provides for the payment of all or a portion of the Participant's benefits to an Alternate Payee and satisfies the requirements under Code §414(p). Sec Section 11.06.

1.110 **Qualified Election**. An election to waive the QJSA or QPSA under the Plan. See Section 9.04.

1.111 **Qualified Joint and Survivor Annuity (QJSA)**. A QJSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Spouse. If the Participant is not married as of the Annuity Starting Date, the QJSA is an immediate annuity payable over the life of the Participant. See Section 9.02(a).

1.112 **Qualified Matching Contribution (QMAC)**. A Matching Contribution made by the Employer that satisfies the requirements under Section 3.04(d).

1.113 **Qualified Nonelective Contribution (QNEC)**. An Employer Contribution made by the Employer that satisfies the requirements under Section 3.02(a)(6).

1.114 **Qualified Optional Survivor Annuity (QOSA)**. A QOSA is an annuity for the life of the Participant with a survivor annuity for the life of the Participant's Spouse that is equal to the applicable percentage of the amount of the annuity that is payable during the joint lives of the Participant and the Spouse, as determined under Section 9.02(6).

1.115 **Qualified Preretirement Survivor Annuity (QPSA)**. A QPSA is an annuity payable over the life of the surviving Spouse that is purchased using 50% of the Participant's vested Account Balance as of the date of death. The Employer may modify the 50% QPSA level under AA §9-2. See Section 9.03(a).

1.116 **Qualified Transfer**. A transfer of assets that satisfies the requirements under Section 14.05(d).

1.117 **Qualifying Employer Real Property**. Parcels of real property that are leased from the Plan to the Employer (or to an affiliate of the Employer). The parcels of Employer real property must be geographically dispersed, and any improvements on the real property must be suitable for more than one use. Investments in Qualifying Employer Real Property are exempt from the diversification requirements under ERISA §404. See Section 10.06(c) for limits on the amount of Qualifying Employer Real Property that may be held by the Plan.

1.118 **Qualifying Employer Securities**. A stock or marketable obligation (i.e., a bond, debenture, note, certificate or other evidence of indebtedness) of the Employer. A marketable obligation must satisfy the requirements of ERISA §407(e)(1) and DOL Reg. §2550.407d-5(b). See Section 10.06(c) for limits on the amount of Qualifying Employer Securities that may be held by the Plan.

1.119 **Reemployment Commencement Date**. The first date upon which an Employee is credited with an Hour of Service following a Break in Service (or Period of Severance, if the Plan is using the Elapsed Time method of crediting service).

1.120 **Related Employer**. A Related Employer includes all members of a controlled group of corporations (as defined in Code §414(b)), all commonly controlled trades or businesses (as defined in Code §414(c)) or affiliated service groups (as defined in Code §414(m)) of which the Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under Code §414(o). For purposes of applying the provisions under this Plan, the Employer and any Related Employers are treated as a single Employer, unless specifically stated otherwise. See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also see Section 16 for rules regarding participation of Employees of Related Employers.

1.121 **Required Aggregation Group**. Plans which must be aggregated for purposes of determining whether the Plan is a Top Heavy Plan. See Section 4.03(e).

1.122 **Required Beginning Date**. The date by which minimum distributions must commence under the Plan. See Section 8.12(e)(5).

1.123 **Rollover Contribution**. A contribution made by an Employee to the Plan attributable to an Eligible Rollover Distribution (as defined in Section 8.05(a)(1) from another qualified plan or IRA. See Section 3.07 for rules regarding the acceptance of Rollover Contributions under this Plan.

1.124 **Roth Deferrals**. Roth Deferrals are Salary Deferrals that are includible in the Participant's gross income at the time deferred and have been irrevocably designated as Roth Deferrals in the Participant's Salary Deferral Election. A Participant's Roth Deferrals will be maintained in a separate Account containing only the Participant's Roth Deferrals and gains and losses attributable to those Roth Deferrals. See Section 3.03(e).

1.125 **Safe Harbor 401(k) Plan**. A 401(k) plan that satisfies the safe harbor conditions under Section 6.04(a) or the QACA safe harbor conditions under Section 6.04(b).

1.126 **Safe Harbor Contribution**. A contribution authorized under AA §6C-2 of the Profit Sharing/401(k) Plan Adoption Agreement that allows the Plan to qualify as a Safe Harbor 401(k) Plan. A Safe Harbor Contribution may be a Safe Harbor Matching Contribution or a Safe Harbor Employer Contribution. See Sections 6.04(a)(1)(i) and 6.04(a)(1)(ii).

1.127 **Safe Harbor Employer Contributions**. An Employer Contribution that satisfies the requirements under Section 6.04(a)(1)(i).

1.128 **Safe Harbor Matching Contributions**. A Matching Contribution that satisfies the requirements under Section 6.04(a)(1)(ii).

1.129 **Salary Deferral Election**. An agreement between a Participant and the Employer, whereby the Participant elects to have a specific percentage or dollar amount withheld from his/her Plan Compensation and the Employer agrees to contribute such amount into the Profit Sharing/401(k) Plan. See Section 3.03(a).

1.130 **Salary Deferrals**. Amounts contributed to the Profit Sharing/401(k) Plan at the election of the Participant, in lieu of cash compensation, which are made pursuant to a Salary Deferral Election or other deferral mechanism. Salary Deferrals include Roth Deferrals and Pre-Tax Deferrals. Salary Deferrals shall not include any amounts properly distributed as an Excess Amount under Code §415 pursuant to Section 5.03(e). An Employee's Salary Deferrals are treated as employer contributions for all purposes under this Plan, except as otherwise provided under the Code or Treasury regulations. See Section 3.03.

1.131 **Self-Employed Individual**. An individual who has Earned Income (as defined in Section 1.42) for the taxable year from the trade or business for which the Plan is established, or an individual who would have had Earned Income but for the fact that the trade or business had no net profits for the taxable year.

1.132 **Short Plan Year**. Any Plan Year that is less than 12 months long, either because of the amendment of the Plan Year, or because the Effective Date of a new Plan is less than 12 months prior to the end of the first Plan Year. See Section 11.08 for the operational rules that apply if the Plan has a Short Plan Year.

1.133 **Spouse**. Subject to any additional guidance by the IRS or other agency or court, a Spouse is any individual who is lawfully married to the Participant under a state or foreign jurisdiction, without regard to the location of the Employer or the state where the Participant and Spouse are domiciled. However, a former Spouse of the Participant will be treated as the Spouse or surviving Spouse and any current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a valid QDRO.

1.134 **Targeted QMACs**. QMACs that are allocated under the Targeted QMAC allocation method under Section 3.04(d)(2).

1.135 **Targeted QNECs**. QNECs that are allocated under the Targeted QNEC allocation method under Section 3.02(a)(6)(ii)(B).

1.136 **Taxable Wage Base**. The maximum amount of wages taken into account for Social Security purposes. The Taxable Wage Base is used to determine the Integration Level for purposes of applying the permitted disparity allocation formula. See Section 3.02(a)(1)(ii) (Profit Sharing/401(k) Plan) and Section 3.02(b)(2) (Money Purchase Plan).

1.137 **Testing Compensation**. The compensation used for purposes of the nondiscrimination tests under Code §401(a)(4) and the ADP and ACP Tests. In determining the Testing Compensation used for purposes of applying the nondiscrimination and ADP and ACP Tests, the Plan Administrator is not bound by any elections made under AA §5 with respect to Total Compensation or Plan Compensation under the Plan. Thus, the Plan Administrator may use Total Compensation or any other nondiscriminatory definition of compensation under Code §414(s) and the regulations thereunder. The Plan Administrator may determine on an annual basis (and within its discretion) the components of Testing Compensation, provided such definition is applied consistently to all Participants.

In determining whether a definition of Plan Compensation or Testing Compensation satisfies a nondiscriminatory definition of compensation under Code §414(s), the Plan may use any allowable exclusion under Treas. Reg. §1.414(s)-1. For this purpose, an exclusion of any of the following compensation items is deemed to qualify as a safe harbor nondiscriminatory definition of compensation under Code §414(s):

(a) All Elective Deferrals (as defined in Section 1.46 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4);

(b) All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits;

(c) Differential Pay as defined in Section 1.141(e);

(d) Compensation above a specific dollar amount; and

(e) Any other amounts to the extent such exclusions are limited to only Highly Compensated Employees.

In addition, a definition of Plan Compensation or Testing Compensation will satisfy a nondiscriminatory definition of compensation under Code §414(s) if the definition of compensation qualifies as a reasonable definition of compensation as set forth in Treas. Reg. §1.414(s)-1(d), including the additional nondiscrimination testing required under Treas. Reg. §1.414(s)-1(d)(3).

Testing Compensation may be determined over the Plan Year for which the applicable test is being performed or the calendar year ending within such Plan Year. In determining Testing Compensation, the Plan Administrator may take into consideration only the compensation received while the Employee is a Participant under the component of the Plan being tested. In no event may Testing Compensation for any Participant exceed the Compensation Limit defined in Section 1.25.

1.138 **Top Paid Group**. The top 20% of Employees ranked by Total Compensation for purposes of determining status as a Highly Compensated Employee. See Section 1.69(f).

1.139 **Top Heavy**. A Plan is Top Heavy if it satisfies the conditions under Section 4.01. A Top Heavy Plan must provide certain minimum benefits to Non-Key Employees. See Section 4.04.

1.140 **Top Heavy Ratio**. The ratio used to determine whether the Plan is a Top Heavy Plan. See Section 4.02.

1.141 **Total Compensation**. A Participant's compensation for services with the Employer, as defined in this Section 1.141. Total Compensation may be defined in AA §5-1 to be either W-2 Wages, Wages under Code §3401(a), or Code §415 Compensation. Each definition of Total Compensation includes Elective Deferrals (as defined in Section 1.46), elective contributions to a cafeteria plan under Code §125 or to an eligible deferred compensation plan under Code §457, and elective contributions that are not includible in the Employee's gross income as a qualified transportation fringe under Code §132(f)(4).

For a Self-Employed Individual, Total Compensation means Earned Income (as defined in Section 1.42).

(a) **Total Compensation definitions**. The Employer may elect under AA §5-1 to define Total Compensation as any of the following definitions:

(1) **W-2 Wages**. Wages within the meaning of Code §3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code §6041(d), 6051(a)(3), and 6052, determined without regard to any rules under Code §3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(2) **Wages under Code §3401(a)**. Wages within the meaning of Code §3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

(3) **Code §415 Compensation**. Wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer (without regard to whether or not such amounts are paid in cash) to the extent that the amounts are includible in gross income, including amounts that are includible in the gross income of an Employee under the rules of Code §409A or §457(f)(1)(A) or because the amounts are constructively received by the Employee. Such amounts include, but are not limited to, commissions, compensation for services on the basis of a percentage of profits, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Treas. Reg. §1.62-2(c)), and excluding the following:

(i) Employer contributions (other than elective contributions described in Code §402(e)(3), §408(k)(6), §408(p)(2)(A)(i), or §457(b)) to a plan of deferred compensation (including a SEP described in Code §408(k) or a SIMPLE IRA described in Code §408(p), and whether or not qualified) to the extent such contributions are not includible in the Employee's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not qualified);

(ii) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture.

(iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option.

(iv) Other amounts which received special tax benefits, or contributions made by the Employer (other than Elective Deferrals) towards the purchase of an annuity contract described in Code §403(b) (whether or not the contributions are actually excludable from the gross income of the Employee).

(b) **Post-severance compensation**. Effective for the first Limitation Year beginning on or after July 1, 2007, Total Compensation includes compensation that is paid after an Employee severs employment with the Employer, provided the compensation is paid by the later of 2½ months after severance from employment with the Employer maintaining the Plan or the end of the Limitation Year that includes such date of severance from employment. For this purpose, compensation paid after severance of employment may only be included in Total Compensation to the extent such amounts would have been included as compensation if they were paid prior to the Employee's severance from employment.

For purposes of applying this subsection (b), unless designated otherwise under AA §5-2, the following amounts that are paid after a Participant's severance of employment are included in Total Compensation:

(1) **Regular pay**. Compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments;

(2) **Unused leave payments**. Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued; and

(3) **Deferred compensation**. Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee's gross income.

Other post-severance payments (such as severance pay, parachute payments within the meaning of Code §280G(b)(2), or post-severance payments under a nonqualified unfunded deferred compensation plan that would not have been paid if the Employee had continued in employment) are not included as Total Compensation, even if such amounts are paid within the time period described in this subsection (b).

In determining the amount of a Participant's Employer Contributions, Matching Contributions or Salary Deferrals, Plan Compensation may not include any amounts that do not satisfy the requirements of this subsection (b) or subsection (c). If Total Compensation is defined to include post-severance compensation, the Employer may elect to exclude all such compensation paid after termination of employment from the definition of Plan Compensation under AA §5-3(j) or may elect to exclude any of the specific types of post-severance compensation defined in subsections (1), (2) and/or (3) above, by designating such compensation types under AA §5-3(1). The exclusion of post-severance compensation from the definition of Plan Compensation that is otherwise includible in Total Compensation may cause the Plan to fail the nondiscriminatory compensation rules under Treas. Reg. §1.414(s)-1.

(c) **Continuation payments for disabled Participants**. Unless designated otherwise under AA §5-2(b), Total Compensation does not include compensation paid to a Participant who is permanently and totally disabled (as defined in Code §22(e)(3)). If elected under AA §5-2(b), the Plan may take into account compensation the Participant would have received for the year if the Participant was paid at the rate of compensation paid immediately before becoming permanently and totally disabled (if such compensation is greater than the Participant's compensation determined without regard to this subsection (c)), provided contributions made with respect to amounts treated as compensation under this subsection (c) are nonforfeitable when made.

If so elected under AA §5-2(b), payment to disabled Participants will be included as Total Compensation, notwithstanding the rules under subsection (b). The Employer may elect under AA §5-2(b) to apply this rule only to Nonhighly Compensated Employees or to all Participants.

(d) **Deemed §125 compensation**. A reference to elective contributions under a Code §125 cafeteria plan includes any amounts that are not available to a participant in cash in lieu of group health coverage because the Participant is unable to certify that he or she has other health coverage. Such deemed §125 compensation will be treated as an amount under Code §125 only if the Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan. If the Employer elects under AA §5-3(i) to exclude deemed §125 compensation from the definition of Plan Compensation, such exclusion also will apply for purposes of determining Total Compensation under this Section 1.141.

(e) **Differential Pay**. Effective for years beginning on or after January 1, 2009, in the case of an individual who receives Differential Pay from the Employer:

(1) such individual will be treated as an Employee of the Employer making the payment, and

(2) the Differential Pay shall be treated as wages and will be included in calculating an Employee's Total Compensation under the Plan.

If all Employees performing service in the Uniformed Services are entitled to receive Differential Pay on reasonably equivalent terms and are eligible to make contributions based on the payments on reasonably equivalent terms, the Plan shall not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit based on Differential Pay. However, for purposes of applying this subparagraph, the provisions of Code §§410(b)(3), (4), and (5) shall apply. The Employer may elect to exclude Differential Pay from the definition of Plan Compensation under AA §5-3(k).

For purposes of this subsection (e), Differential Pay means any payment which is made by an Employer to an individual while the individual is performing service in the Uniformed Services while on active duty for a period of more than 30 days, and represents all or a portion of the wages the individual would have received from the Employer if the individual were performing services for the Employer. In applying the provisions of this subsection (e), Uniformed Services are services as described in Code §3401(h)(2)(A).

1.142 **Trust**. The Trust is the separate funding vehicle under the Plan.

1.143 **Trustee**. The Trustee is the person or persons (or any successor to such person or persons) identified in the Adoption Agreement or under a separate Trust document. The Trustee may be a Discretionary Trustee or a Directed Trustee. See Section 12 for the rights and duties of a Trustee under this Plan.

1.144 **Valuation Date**. The date or dates upon which Plan assets are valued. Plan assets will be valued as of the last day of each Plan Year. In addition, the Employer may elect under AA §11-1 to establish additional Valuation Dates. Notwithstanding any election under AA §11-1, Plan assets may be valued on a more frequent basis within the complete discretion of the Employer. See Section 10.02.

1.145 **Year of Service**. A Year of Service is a 12-consecutive month Computation Period during which an Employee completes 1,000 Hours of Service. For purposes of applying the eligibility rules under Section 2.03 of the Plan, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during an Eligibility Computation Period (as defined in Section 2.03(a)(3)). For purposes of applying the vesting rules under Section 7.05, an Employee will earn a Year of Service if he/she completes 1,000 Hours of Service with the Employer during a Vesting Computation Period (as defined in Section 7.06). The Employer may elect under AA §4-3(a) (for eligibility purposes) and AA §8-5(a) (for vesting purposes) to require the completion of any lesser number of Hours of Service to earn a Year of Service. Alternatively, the Employer may elect to apply the Elapsed Time method (for eligibility and/or vesting purposes) in calculating an Employee's Years of Service under the Plan.

SECTION 2
ELIGIBILITY AND PARTICIPATION

2.01 **Eligibility**. In order to participate in the Plan, an Employee must be an Eligible Employee (as defined in Section 2.02) and must satisfy the Plan's minimum age and service conditions (as defined in Section 2.03). Once an Employee satisfies the Plan's minimum age and service conditions, such Employee shall become a Participant on the appropriate Entry Date (as selected in AA §4-2). An Employee who meets the minimum age and service requirements set forth herein, but who is not an Eligible Employee, will be eligible to participate in the Plan only upon becoming an Eligible Employee. For purposes of determining eligibility to make Salary Deferrals, an Employee will be deemed to commence participation on a timely basis if the Employee is permitted to commence making Salary Deferrals as soon as administratively feasible after satisfying the eligibility conditions under the Plan.

2.02 **Eligible Employees**. Unless specifically excluded under AA §3-1 or AA §6C-3 of the Profit Sharing/401(k) Plan Adoption Agreement or under this Section 2.02, all Employees of the Employer are Eligible Employees. AA §3-1 lists various classes of Employees that may be excluded from Plan participation. If an Employee is not an Eligible Employee (e.g., such Employee is a member of a class of Employees excluded under AA §3-1), that individual may not participate under the Plan, unless he/she subsequently becomes an Eligible Employee.

(a) **Only Employees may participate in the Plan**. To participate in the Plan, an individual must be an Employee. If an individual is not an Employee (e.g., the individual performs services with the Employer as an independent contractor) such individual may not participate under the Plan. If an individual who is classified as a non-Employee is later determined by the Employer or by a court or other government agency to be an Employee of the Employer, the reclassification of such individual as an Employee will not create retroactive rights to participate in the Plan. Thus, for example, if the IRS or DOL should find that an independent contractor is really an Employee, such individual will be eligible to participate in the Plan as of the date the IRS or DOL issues a final determination declaring such individual to be an Employee (provided the individual has satisfied all conditions for participating in the Plan (as described in this Section 2)). For periods prior to the date of such final determination, the reclassified Employee will not have any rights to accrued benefits under the Plan, except as agreed to by the Employer or mandated by a court or government agency, or as set forth in an amendment adopted by the Employer.

(b) **Excluded Employees**. The Employer may elect under AA §3-1 to exclude designated classes of Employees. Under the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect to exclude different classes of Employees for Salary Deferrals, Matching Contributions, and Employer Contributions. Unless provided otherwise under AA §3-1(k) of the Profit Sharing/401(k) Plan Adoption Agreement, for purposes of determining Excluded Employees, any selections under the Deferral column apply to all Salary Deferrals (including Roth Deferrals and In-Plan Roth Conversions) and After-Tax Employee Contributions. In addition, selections under the Deferral column apply to any Safe Harbor/QACA Safe Harbor Contributions, unless designated otherwise under AA §6C, and also apply to any QNECs and/or QMACs made under the Plan, unless designated otherwise under AA §6D. The selections under the Match column apply to Matching Contributions under AA §6B and selections under the ER column apply to Employer Contributions under AA §6.

(1) **Collectively Bargained Employees**. The Employer may elect under AA §3-1(b) or under AA §6C-3(b)(3)(i) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude Collectively Bargained Employees. For this purpose, a Collectively Bargained Employee is an Employee who is included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives and whose retirement benefits are subject to good faith bargaining. Unless designated otherwise under AA §3-1(k) or AA §6C-3(b)(3)(iv), any exclusion of Collectively Bargained Employees will not include any unit of Employees to the extent the collective bargaining agreement specifically provides for coverage of such Employees under the Plan. For this purpose, an Employee will not be considered a Collectively Bargained Employee for a Plan Year if more than two percent of the Employees who are covered pursuant to the collective bargaining agreement are professionals as defined in Treas. Reg. §1.410(b)-9. For this purpose, the term Employee representatives does not include any organization more than half of whose members are Employees who are owners, officers, or executives of the Employer. If Employees of only certain bargaining agreements are excluded, the Employer may list those agreements in AA §3-1(k) or AA §6C-3(b)(3)(iv), as applicable.

(2) **Nonresident aliens**. The Employer may elect under AA §3-1(c) or under AA §6C-3(b)(3)(ii) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude Employees who are nonresident aliens. For this purpose, a nonresident alien is neither a citizen of the United States nor a resident of the United States for

U.S. tax purposes (as defined in Code §7701(b)), and who does not have any earned income (as defined in Code §911) for the Employer that constitutes U.S. source income (within the meaning of Code §861). If a nonresident alien Employee has U.S. source income, he/she is treated as satisfying this definition if all of his/her U.S. source income from the Employer is exempt from U.S. income tax under an applicable income tax treaty. If a nonresident alien is not a Participant in the Plan, such individual's compensation may be excluded from Total Compensation to the extent such compensation is not included in gross income and is not effectively connected with the conduct of a trade or business within the United States. Any such exclusion must be applied uniformly to all similarly-situated Employees.

(3) **Puerto Rican Employees**. Unless elected otherwise in AA §3-1(k), Employees who are residents of Puerto Rico are not Eligible Employees and may not participate in the Plan. Thus, unless elected otherwise under AA §3-1, no contributions will be made to the Plan by, or on behalf of, residents of Puerto Rico. In addition, unless elected otherwise under AA §5-3. Plan Compensation does not include any amounts paid to a Puerto Rican Employee who is not covered under the Plan. If Puerto Rican Employees are permitted to participate under AA §3-1(k), additional requirements may apply to ensure the Plan is qualified under Puerto Rican law. See ERISA §1022(i).

(4) **Leased Employees**. The Employer may elect under AA §3-1(d) or under AA §6C-3(b)(3)(iii) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude Leased Employees. Unless designated otherwise under AA §3-1(d) or AA §6C-3(b)(3)(iii), a Leased Employee is treated as an Eligible Employee for purposes of applying the eligibility rules under this Section 2. For this purpose, a Leased Employee is any person (other than an Employee of the Employer) who pursuant to an agreement between the recipient Employer and a leasing organization performs services for the recipient Employer on a substantially full time basis for a period of at least one year, and such services are performed under the primary direction or control of the recipient Employer. Contributions or benefits provided to a Leased Employee under a plan of the leasing organization which are attributable to services performed for the recipient Employer shall be treated as provided by the recipient Employer.

A Leased Employee shall not be considered an Employee of the recipient Employer if:

(i) Such Employee is covered by a money purchase pension plan providing:

(A) a non-integrated Employer contribution of at least ten percent (10%) of compensation, as defined in Code §415(c)(3), but including amounts contributed pursuant to a Salary Deferral Election which are excludable from gross income under Code §§125, 402(e)(3), 402(h)(1)(B), 132(f)(4), 403(b) or 457(b);

(B) immediate participation; and

(C) full and immediate vesting.

(ii) Leased Employees do not constitute more than twenty percent (20%) of the recipient's Employer's Nonhighly Compensated workforce.

(5) **Special restrictions that apply to "short-service" Employees**. The Employer may designate additional excluded classes of Employees under AA §3-1(k) or AA §6C-3(b)(3)(iv). If the Employer elects under AA §3-1(k) or AA §6C-3(b)(3)(iv) to exclude an additional class of Employees, such Employee class must be defined in such a way that it precludes Employer discretion and may not be based on time or service (e.g., part-time Employees). The Employer may not use AA §3-1(k) or AA §6C-3(b)(3)(iv) to cover only Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service in order to satisfy the minimum coverage rules.

(6) **Disguised service conditions**. An exclusion of employees by job category may not indirectly impose an impermissible service condition (i.e., a service condition that fails to satisfy the requirements of Code §410(a)). The exclusion of part-time Employees, seasonal Employees, temporary Employees or other job categories may be considered a disguised service condition where such categories are based solely on the amount of service performed by those Employees. A disguised service condition will not violate the minimum service conditions if such Employees are eligible to participate upon completion of a Year of Service. If the Employer excludes Employees under AA §3-1 or under AA §6C-3 of the Profit Sharing/401(k) Plan Adoption Agreement using a disguised service condition, such as part-time or seasonal Employee

status, and any such Employee completes a Year of Service, such Employee will no longer be treated as an Excluded Employee.

(c) **Employees of Related Employers**. If the Employer is a member of a Related Employer group, Employees of each member of the Related Employer group may participate under this Plan, provided the Related Employer executes a Participating Employer Adoption Page under the Adoption Agreement. If a Related Employer does not execute a Participating Employer Adoption Page, any Employees of such Related Employer are not eligible to participate in the Plan. See Section 16.06 for operating rules that apply when the Employer is a member of a Related Employer group. Also see Section 16 for rules regarding participation of Employees of Related Employers.

(d) **Employees of an Employer acquired as part of a Code §410(b)(6)(C) transaction**. The Employer may designate under AA §3-2 to include/exclude Employees acquired as part of a Code §410(b)(6)(C) transaction. If no election is made under AA §3-2, an individual who becomes an Employee of the Employer as part of a Code §410(b)(6)(C) transaction will be an Eligible Employee as of the date of the transaction (unless the Employee is otherwise excluded under AA §3-1). The Employer may elect under AA §3-2(a) that an Employee acquired as part of a Code §410(b)(6)(C) transaction will not become an Eligible Employee until after the expiration of the transition period described in Code §410(b)(6)(C)(iii) (i.e., the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction). For this purpose, a Code §410(b)(6)(C) transaction includes an asset sale, stock sale or other disposition or acquisition that results in the movement of Employees from one Employer to another Employer or causes a change in status as a Related Employer group. (See AA §4-5 for rules regarding the crediting of service with a Predecessor Employer to determine if an Employee has satisfied the Plan's minimum age and service conditions).

Regardless of any selection under AA §3-2, an Employee of a Related Employer will be eligible to participate under the Plan only if the Related Employer executes a Participating Employer Adoption Agreement as set forth in subsection (c) above.

(e) **Ineligible Employee becomes Eligible Employee**. If an Employee changes status from an ineligible Employee to an Eligible Employee, such Employee will become a Participant immediately on the date he/she changes status to an Eligible Employee, provided the Employee has satisfied the Plan's minimum age and service conditions and has passed the Entry Date (as defined in AA §4-2) that would otherwise have applied had the Employee been an Eligible Employee. If the Employee's original Entry Date (determined as if the Employee was always an Eligible Employee) has not passed as of the date the Employee becomes an Eligible Employee, the Employee will not become a Participant until such Entry Date. This requirement is deemed satisfied with respect to Salary Deferrals if the Employee is permitted to commence making Salary Deferrals under the Plan as soon as administratively feasible after the Employee becomes an Eligible Employee. If an ineligible Employee has not satisfied the Plan's minimum age and service conditions at the time such Employee becomes an Eligible Employee, such Employee will become a Participant on the appropriate Entry Date following satisfaction of the Plan's minimum age and service requirements.

(f) **Eligible Employee becomes ineligible Employee**. If an Employee ceases to qualify as an Eligible Employee (i.e., the Employee changes status from an eligible class to an ineligible class of Employees), such Employee will immediately cease to participate in the Plan. If such Employee should subsequently become an Eligible Employee, he/she will be able to participate in the Plan in accordance with subsection (e) above.

(g) **Improper exclusion of eligible Participant**. If the Plan improperly excludes a Participant who has satisfied the requirements under this Section 2 for participating under the Plan, the Employer may take reasonable action to correct such violation, provided such corrective action is consistent with the requirements of the Employee Plans Compliance Resolution System (EPCRS) program. For example, the violation may be corrected by making an additional contribution to the Plan on behalf of the omitted Participant or by allocating any available forfeitures under the Plan to such Participant to restore any missed contributions under the Plan. (See Rev. Proc. 2013-12 or subsequent IRS guidance for a description of the EPCRS program.)

2.03 **Minimum Age and Service Conditions**. AA §4-1 contains specific elections as to the minimum age and service conditions which an Employee must satisfy prior to becoming eligible to participate under the Plan.

Different age and service conditions may be selected under AA §4-1 of the Profit Sharing/401(k) Plan Adoption Agreement for Salary Deferrals, Matching Contributions, and Employer Contributions. For purposes of applying the eligibility conditions under AA §4-1, unless designated otherwise, any selection made under the Deferral column apply

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

The Employer may elect to apply different minimum age and service requirements for different groups of Employees or for different contribution formulas under AA §4-1(c).

(a) **Application of age and service conditions**. The Employer may elect under AA §4-1 to impose minimum age and service conditions that an Employee must satisfy in order to participate under the Plan. The Plan may not require an Employee to attain an age older than age 21 or to complete more than one Year of Service. However, the Plan may require an Employee to complete two Years of Service prior to participating in the Plan if the Employer elects full and immediate vesting under AA §8. (The Employer may not require an Employee to complete more than one Year of Service to be eligible to make Salary Deferrals under the Profit Sharing/401(k) Plan Adoption Agreement.)

(7) **Year of Service**. In applying the minimum service requirements under AA §4-1, an Employee will earn a Year of Service if the Employee completes at least 1,000 Hours of Service with the Employer during an Eligibility Computation Period (as defined in subsection (3) below). The Employer may modify the definition of Year of Service under AA §4-3(a) to require a lesser number of Hours of Service to earn a Year of Service. An Employee will receive credit for a Year of Service, as of the end of the Eligibility Computation Period during which the Employee completes the required Hours of Service needed to earn a Year of Service. An Employee need not be employed for the entire Eligibility Computation Period to receive credit for a Year of Service, provided the Employee completes the required Hours of Service during such period.

(8) **Months of service**. The Employer may elect under AA§4-1(a) to require a specific number of Hours of Service during a designated number of months of employment. If an Employee is required under AA §4-1(a) to complete a certain number of Hours of Service during a designated period, an Employee generally will satisfy the eligibility conditions as of the end of the designated period, regardless of whether the Employee is employed during the entire period. Alternatively, the Employer may elect under AA §4-1(a)(3)(ii) to require an Employee to be employed continuously throughout the designated period, provided the Employee is eligible to participate in the Plan upon completing a Year of Service as defined in subsection (1) above.

If an Employee does not complete the required Hours of Service during the designated period or does not work continuously during the designated period, if required under AA §4-1(a)(3)(ii), the Employee will satisfy eligibility upon completion of a Year of Service as defined in subsection (1) above. For purposes of applying the Year of Service requirement, an Employee need not be employed during the entire measuring period as long as the Employee completes the required Hours of Service, as specified under subsection (1) above. For example, an Employee who is not employed throughout the designated period, if required under AA §4-1 (a)(3)(ii), would still satisfy the eligibility conditions as of the end of the Eligibility Computation Period if the Employee completes a Year of Service, regardless of whether the Employee is employed during the entire period.

(9) **Eligibility Computation Periods**. In determining whether an Employee has earned a Year of Service for eligibility purposes, an Employee's initial Eligibility Computation Period is the 12-month period beginning on the Employee's Employment Commencement Date. Subsequent Eligibility Computation Periods will either be based on Plan Years or Anniversary Years (as set forth in AA §4-3).

(i) **Plan Years**. If the Employer elects under AA §4-3 to base subsequent Eligibility Computation Periods on Plan Years, the Plan will begin measuring Years of Service on the basis of Plan Years beginning with the first Plan Year commencing after the Employee's Employment Commencement Date. Thus, for the first Plan Year following the Employee's Employment Commencement Date, the initial Eligibility Computation Period and the first Plan Year Eligibility Computation Period may overlap. (See Section 11.08 for rules that apply if there is a Short Plan Year.)

(ii) **Anniversary Years**. If the Employer elects under AA §4-3(b) to base subsequent Eligibility Computation Periods on Anniversary Years, the Plan will measure Years of Service after the initial Eligibility Computation Period on the basis of 12-month periods commencing with the anniversaries of the Employee's Employment Commencement Date.

(iii) **Two Years of Service requirement**. If a two Years of Service eligibility condition applies under AA §4-1(a)(8), subsequent Eligibility Computation Periods will be based on Anniversary Years as defined in subsection (ii) above. However, if an Employee fails to earn a Year of Service during the first or second Eligibility Computation Period, subsequent Eligibility Computation Periods will be determined on the basis of the Plan Year commencing within the first or second Eligibility Computation Period, as applicable, and subsequent Plan Years. The Employer may elect under AA §4-3(b) to determine subsequent Eligibility Computation Periods on the basis of Anniversary Years, rather than Plan Years.

(iv) **Rehired Employee**. If an Employee is rehired following a Break in Service, the Employee's initial Eligibility Computation Period following the Employee's return to employment will be measured from the Employee's Reemployment Commencement Date. Subsequent Eligibility Computation Periods will be measured based on the Plan Year or anniversaries of the Reemployment Commencement Date, as designated under subsection (i) or (ii) above. For this purpose, an Employee's Reemployment Commencement Date is the first day the Employee is entitled to be credited with an Hour of Service after the first Eligibility Computation Period in which the Employee incurs a Break in Service.

(10) **Hours of Service**. In calculating an Employee's Hours of Service for purposes of applying the eligibility rules under this Section 2.03, the Employer will count the actual Hours of Service an Employee works during the year. (See Section 1.71 for the definition of Hours of Service). The Employer may elect under AA §4-3(c) or (d) to use the Equivalency Method or Elapsed Time method (instead of counting the actual Hours of Service an Employee works). (Sec subsections (5) and (6) below for a description of the Equivalency Method and Elapsed Time method of crediting service.)

(11) **Equivalency Method**. Instead of counting actual Hours of Service in applying the minimum service conditions under this Section 2.03, the Employer may elect under AA §4-3(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.

(i) **Monthly**. Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.

(ii) **Daily**. Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.

(iii) **Weekly**. Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.

(iv) **Semi-monthly**. Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.

(12) **Elapsed Time method**. Instead of counting actual Hours of Service in applying the minimum service requirements under this Section 2.03, the Employer may elect under AA §4-3(c) to apply the Elapsed Time method for calculating an Employee's service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee's first day of employment (or reemployment, if applicable) and ending on the date the Employee begins a Period of Severance which lasts at least 12 consecutive months. In calculating an Employee's aggregate period of service, an Employee receives credit for any Period of Severance that lasts less than 12 consecutive months. If an Employee's aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

(i) **Period of Severance**. For purposes of applying the Elapsed Time method, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge.

In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

(A) by reason of the pregnancy of the Employee,

(B) by reason of the birth of a child of the Employee,

(C) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or

(D) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

(ii) **Related Employers/Leased Employees**. For purposes of applying the Elapsed Time method, service will be credited for employment with any Related Employer. Service also will be credited for any service as a Leased Employee or as an employee under Code §414(o).

(13) **Amendment of age and service requirements**. If the Plan's minimum age and service conditions are amended, the amendment may consider an Employee who is a Participant immediately prior to the effective date of the amendment as satisfying the amended requirements or may require all Employees to satisfy the amended minimum age and service conditions. If an Employee has not satisfied the minimum age and service conditions as of the effective date of the amendment, the Employee must satisfy the eligibility requirements as amended. This provision may be modified under the special Effective Date provisions under Appendix A of the Adoption Agreement or under a separate amendment implementing the updated minimum age and service provisions.

(i) **Change to Elapsed Time method**. If the service crediting method is changed from an Hours of Service method to the Elapsed Time method, the amount of service credited to an Employee will equal the sum of the service under subsections (A) and (B) below. For this purpose, a change in service crediting method will occur if the Plan is amended to change the service crediting method or if the service crediting method is changed as a result of an Employee's change in employment status.

(A) The number of Years of Service equal to the number of Years of Service credited under the Hours of Service method before the Eligibility Computation Period during which the change to the Elapsed Time method occurs.

(B) For the Eligibility Computation Period in which the change occurs, the greater of:

(I) the period of service that would be credited under the Elapsed Time method from the first day of that Eligibility Computation Period through the date of the change, or

(II) the service that would be taken into account under the Hours of Service method for the Eligibility Computation Period which includes the date of the change.

If the period of service described in subsection (I) is the greater amount, then subsequent periods of service are credited under the Elapsed Time method beginning with the date of the change. If the period of service described in subsection (II) applies, the Elapsed Time method will be used beginning with the first day of the Eligibility Computation Period that would have followed the Eligibility Computation Period in which the change to the Elapsed Time method occurred.

If the change to the Elapsed Time method occurs as of the first day of an Eligibility Computation Period, the use of the Elapsed Time method begins as of the date of the change, and the calculation in subsection (B) above does not apply. In such case, the Employee's service is determined under subsection (A) above plus the subsequent periods of service determined under the Elapsed Time method, starting with the effective date of the change.

(ii) **Change to Hours of Service method**. If the service crediting method is changed from the Elapsed Time method to an Hours of Service method, the Employee's Elapsed Time service earned as of the date

of the change is converted into Years of Service under the Hours of Service method, determined as the sum of subsections (A) and (B), below. For this purpose, a change in service crediting method will occur if the Plan is amended to change the service crediting method or if the service crediting method is changed as a result of an Employee's change in employment status.

(A) A number of Years of Service is credited that equals the number of 1-year periods of service credited under the Elapsed Time method as of the date of the change.

(B) For the Eligibility Computation Period which includes the date of the change, the Employee is credited with an equivalent number of Hours of Service, using one of the Equivalency Methods defined in subsection (5) above for any fractional year that was credited under the Elapsed Time method as of the date of the change.

For the portion of the Eligibility Computation Period following the date of the change, actual Hours of Service are counted. The Hours of Service credited for the portion of the Eligibility Computation Period in which the Elapsed Time method was in effect are added to the actual Hours of Service credited for the remaining portion of the Eligibility Computation Period to determine if the Employee has a Year of Service for that Eligibility Computation Period.

(b) **Entry Dates**. Once an Eligible Employee satisfies the minimum age and service conditions (as set forth in AA §4-1), the Employee will be eligible to participate under the Plan as of his/her Entry Date (as set forth in AA §4-2). In applying the Entry Date provisions under this subsection (b), an Employee will be deemed to satisfy the eligibility requirements of this Section 2 if the Participant is permitted to begin making Salary Deferrals as soon as administratively feasible following the Entry Date.

If the Employer adopts the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect different Entry Dates with respect to Salary Deferrals, Matching Contributions, and Employer Contributions. Unless designated otherwise, the Entry Date selected under the Deferral column apply to all Salary Deferrals (including Roth Deferrals and In-Plan Roth Conversions) and After-Tax Employee Contributions. In addition, selections under the Deferral column apply to any Safe Harbor/QACA Safe Harbor Contributions, unless designated otherwise under AA §6C, and also apply to any QNECs and/or QMACs made under the Plan, unless designated otherwise under AA §6D. The selections under the Match column apply to Matching Contributions under AA §6B and selections under the ER column apply to Employer Contributions under AA §6.

(1) **Entry Date requirements**. In no event may a Participant's Entry Date be later than the earlier of:

(i) the first day of the Plan Year beginning after the date on which the Participant satisfies the minimum age and service conditions described in subsection (a) above, or

(ii) six months after the date the Participant satisfies such age and service conditions.

An Eligible Employee must be employed by the Employer on his/her Entry Date to begin participating in the Plan on such date.

(2) **Single annual Entry Date**. If the Employer elects a single annual Entry Date under AA §4-2(f), the maximum permissible age and service conditions described in subsection (a) above are reduced by one-half (1/2) year, unless:

(i) the Employer elects under AA §4-2(i) to use the Entry Date *nearest* the date the Employee satisfies the Plan's minimum age and service conditions *and* the Entry Date is the first day of the Plan Year or

(ii) the Employer elects under AA §4-2(j) to use the Entry Date *preceding* the date the Employee satisfies the Plan's minimum age and service conditions.

2.04 **Participation on Effective Date of Plan**. Unless designated otherwise under AA §4-4, an Eligible Employee who has satisfied the minimum age and service conditions and reached his/her Entry Date as of the Effective Date of the Plan will be eligible to participate in the Plan as of such Effective Date. If an Employee has satisfied the minimum age and service conditions as of the Effective Date of the Plan but has not yet reached his/her Entry Date, the Employee will be eligible to participate on the appropriate Entry Date. The Employer may modify this rule under AA §4-4 by electing to treat all Employees employed on the Effective Date of the Plan as Participants (regardless of whether they have

satisfied the Plan's minimum age and service conditions) or by designating a specific date as of which all Eligible Employees will be deemed to be a Participant, (regardless of whether the Employee has otherwise satisfied the minimum age and service conditions).

2.05 **Rehired Employees**. Subject to the Break in Service rules under Section 2.07, if a terminated Employee is subsequently rehired, such Employee will be eligible to participate in the Plan on his/her reemployment date, if the Employee is an Eligible Employee and the Employee had satisfied the Plan's minimum age and service conditions and reached his/her Entry Date prior to termination of employment. If the Employee had satisfied the Plan's minimum age and service conditions but terminated prior to reaching his/her Entry Date, the Employee will be eligible to participate on his/her reemployment date or the original Entry Date, if later. If a rehired Employee had not satisfied the Plan's minimum age and service conditions prior to termination of employment, such Employee is eligible to participate in the Plan on the appropriate Entry Date following satisfaction of the eligibility requirements under this Section 2. For purposes of Salary Deferrals, the requirement to participate on the reemployment date is deemed satisfied if a rehired Employee is permitted to commence making Salary Deferrals within a reasonable period following reemployment. For this purpose, it will be deemed to be a reasonable period if the rehired Employee is permitted to commence Salary Deferrals by the beginning of the first payroll period commencing after the Employee's reemployment date.

2.06 **Service with Predecessor Employers**. If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for eligibility purposes under this Section 2, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer for eligibility. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under this Section 2, vesting under Section 7 (see Section 7.08) and for purposes of the minimum allocation conditions under Section 3.09 (see Section 3.09(c)).

The Employer may designate under AA §4-5(a)(1) to count service with all Employers acquired as part of a Code §410(b)(6)(C) transaction, as defined under Section 2.02(d) or may elect specific Employers for whom service will not be credited. Alternatively, the Employer may designate under AA §4-5(a)(2) specific Predecessor Employers for which service will be credited. The Employer may designate to credit predecessor service only for purposes of eligibility, vesting and/or any minimum allocation conditions under the Plan.

2.07 **Break in Service Rules**. Generally, an Employee will be credited with all service earned for the Employer, including service earned prior to the effective date of the Plan and service earned while the Employee is an ineligible Employee. However, the Employer may elect under AA §4-3 to disregard an Employee's service with the Employer under the Break in Service rules set forth in this Section 2.07.

(a) **Break in Service**. An Employee incurs a Break in Service for any Eligibility Computation Period (as defined in Section 2.03(a)(3)) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §4-3(a) to require less than 1,000 Hours of Service to earn a Year of Service for eligibility purposes, a Break in Service will occur for any Eligibility Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn an eligibility Year of Service.

(b) **Nonvested Participant Break in Service rule**. Under the Nonvested Participant Break in Service rule, if an Employee is totally nonvested (i.e., 0% vested) in his/her Account Balance attributable to Employer and Matching Contributions, and such Employee incurs five (5) or more consecutive one-year Breaks in Service (or, if greater, a consecutive period of Breaks in Service at least equal to the Employee's aggregate number of Years of Service with the Employer), the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of determining eligibility to participate in the Plan. If the Employer elects the Elapsed Time method of crediting service (as authorized under Section 2.03(a)(6)), an Employee will be treated as incurring five consecutive Breaks in Service when he/she incurs a Period of Severance of at least 60 months.

If the Employee continues in employment with the Employer after incurring the requisite Break in Service, such Employee will be treated as a new Employee for purposes of determining eligibility under the Plan. For this purpose, a Participant who has made Salary Deferrals under the Plan will be treated as having a vested interest in the Plan. Thus, the Nonvested Participant Break in Service rule may not be used with respect to any contributions under the Plan (even if such Participant is totally nonvested in his/her Account Balance attributable to Employer and Matching Contributions) for a Participant who has made Salary Deferrals under the Plan. The Employer must elect to apply the Nonvested Participant Break in Service rule under AA §4-3(e). Unless elected otherwise under

AA §4-3(e), the Nonvested Participant Break in Service rule applies only with respect to an Employee who has terminated employment.

(c) **Special Break in Service rule for Plans using two Years of Service for eligibility**. If the Employer has elected under AA §4-1(a)(8) to require Employees to complete two Years of Service to become eligible to participate in the Plan, any Employee who incurs a one-year Break in Service before satisfying the two Years of Service eligibility condition will not be credited with service earned before such one-year Break in Service.

(d) **One-Year Break in Service rule**. Under the One-Year Break in Service rule, if an Employee incurs a one-year Break in Service, such Employee will not be credited with any service earned prior to such one-year Break in Service for purposes of determining eligibility to participate under the Plan until the Employee has completed a Year of Service after the Break in Service. The Employer must elect to apply the One-Year Break in Service rule under AA §4-3(f). Unless elected otherwise under AA §4-3(f), the One-Year Break in Service rule applies only with respect to an Employee who has terminated employment.

(1) **Temporary disregard of service**. If a Participant has service disregarded under the One-Year Break in Service rule, such Participant will have his/her service reinstated as of the first day of the Eligibility Computation during which the Participant completes a Year of Service following the Break in Service. For this purpose, the Eligibility Computation Period is the 12-month period commencing on the date the Employee first performs an Hour of Service following the Break in Service. If a Participant does not complete a Year of Service during the first Eligibility Computation Period following the Break in Service, subsequent Eligibility Computation Periods will be determined based on Plan Years beginning with the first Plan Year following the Break in Service (unless the Employer selects Anniversary Years as the Eligibility Computation Period under AA §4-3(b)).

(2) **Application to Profit Sharing/401(k) Plan**. If the Employer elects under AA §4-3(f) of the Profit Sharing/401(k) Plan Adoption Agreement to have the One-Year Break in Service rule apply to Salary Deferrals, an Employee who is precluded from making Salary Deferrals as a result of this Break in Service rule is eligible to recommence Salary Deferrals under the Plan immediately upon completing 1,000 Hours of Service with the Employer during a subsequent measuring period (as determined under subsection (1) above). No additional contribution need be made to an Employee due to the application of this subsection (2) as a result of the failure to retroactively permit the Employee to make Salary Deferrals under the Plan.

2.08 **Waiver of Participation**. An Employee may not waive participation under the Plan unless specifically permitted under AA §11-8. For this purpose, the mere failure to make Salary Deferrals or After-Tax Employee Contributions under the 401(k) plan is not a waiver of participation. The Employer may elect under AA §11-8 to permit Employees to make a one-time irrevocable election to not participate under the Plan. Such election must be made upon inception of the Plan or at any time prior to the time the Employee first becomes eligible to participate under any plan maintained by the Employer. An Employee who makes a one-time irrevocable election not to participate may not subsequently elect to participate under the Plan.

If the Plan permits Employees to waive participation, any Employee who elects not to participate will be treated as a non-benefiting Participant for purposes of the minimum coverage requirements under Code §410(b). However, an Employee who makes a one-time irrevocable election not to participate, as described in the preceding paragraph, is not a Participant for purposes of applying the ADP Test or ACP Test under the 401(k) Agreement. See Sections 6.01 and 6.02.

SECTION 3
PLAN CONTRIBUTIONS

This Section 3 describes the type of contributions that may be made to the Plan. The type of contributions that may be made to the Plan and the method for allocating such contributions may vary depending on the type of Plan involved. (See Section 5 for a discussion of the limits that apply to any contributions made under the Plan.)

3.01 **Types of Contributions**. An Employer may designate under AA §6 (including AA §§6A – 6D of the Profit Sharing/401(k) Plan Adoption Agreement) the amount and type of contributions that may be made under this Plan. If the Plan is a Money Purchase Plan or is a Profit Sharing Plan only (i.e., the Adoption Agreement provides for only Profit Sharing contributions (without a 401(k) feature)), the Plan may provide for Employer Contributions (as authorized under AA §6) and, if so elected under AA §6-6, After-Tax Employee Contributions. If the Employer adopts the Profit Sharing/401(k) Plan Adoption Agreement, the Plan may permit Salary Deferrals, Employer Contributions (including QNECs and Safe Harbor/QACA Safe Harbor Employer Contributions), Matching Contributions (including QMACs and Safe Harbor/QACA Safe Harbor Matching Contributions) and After-Tax Employee Contributions. To share in a contribution under the Plan, an Employee must satisfy all of the conditions for being a Participant (as described in Section 2) and must satisfy any allocation conditions (as described in Section 3.09) applicable to the particular type of contribution.

The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions or Matching Contributions with respect to Plan Compensation earned after the date identified in AA §2-5 and no Participant will be permitted to make Salary Deferrals or Employee After-Tax Employee Contributions to the Plan for any period following the effective date of the freeze as identified in AA §2-5.

3.02 **Employer Contribution Formulas**. If permitted under AA §6, the Employer may make an Employer Contribution to the Plan, in accordance with the contribution formula selected under AA §6-2. Subsection (a) below describes the Employer Contributions that may be selected under the Profit Sharing Plan or Profit Sharing/401(k) Plan Adoption Agreement and subsection (b) below describes the Employer Contributions that may be made under the Money Purchase Plan Adoption Agreement. Any Employer Contribution authorized under the Profit Sharing Plan or Profit Sharing/401(k) Plan must be allocated in accordance with a definite allocation formula as set forth in AA §6-3. To receive an allocation of Employer Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.09 below.

(a) **Employer Contribution formulas (Profit Sharing Plan and Profit Sharing/401(k) Plan)**. The Employer may elect under AA §6-2 of the Profit Sharing Plan or Profit Sharing/401(k) Plan Adoption Agreement to make any of the following Employer Contributions. If the Employer elects more than one Employer Contribution formula, each formula is applied separately. The Employer's aggregate Employer Contribution for a Plan Year will be the sum of the Employer Contributions under all such formulas. Any reference to the Adoption Agreement under this subsection (a) is a reference to the Profit Sharing Plan or Profit Sharing/401(k) Plan Adoption Agreement, as applicable.

(1) **Discretionary Employer Contribution**. If a discretionary contribution is selected under AA §6-2(a), the Employer may decide on an annual basis how much (if any) it wishes to contribute to the Plan as an Employer Contribution. If the Employer elects to make a discretionary contribution, such amount may be allocated under the pro rata, permitted disparity, Employee group, age-based or uniform points allocation method (as selected in AA §6-3).

(iii) **Pro rata allocation formula**. Under the pro rata allocation formula, a pro rata share of the Employer Contribution is allocated to each Participant's Employer Contribution Account. A Participant's pro rata share may be determined based on the ratio such Participant's Plan Compensation bears to the total Plan Compensation of all Participants or as a uniform dollar amount, as designated in AA §6-3(a). This allocation formula will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

(iv) **Permitted disparity allocation formula**. Under the permitted disparity allocation formula, the Employer Contribution is allocated to Participants' Employer Contribution Accounts using a two-step or four-step method. Unless provided otherwise under AA §6-3(c), the two-step method will apply for any Plan Year in which the Plan is not Top Heavy. For any Plan Year in which the Plan is Top Heavy, the

four-step method will apply, unless provided otherwise under AA §6-3(c). This allocation formula is designed to satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b).

The Employer may not elect the permitted disparity allocation formula under the Plan if the Employer maintains another qualified plan, covering any of the same Employees, which uses permitted disparity in determining the allocation of contributions or the accrual of benefits under such plan.

(A) **Two-step method**. Under the two-step method, the discretionary Employer Contribution is allocated under the following method:

(I) **Step one**. The Employer Contribution is allocated to each Participant's Employer Contribution Account in the ratio that the sum of each Participant's Plan Compensation plus Excess Compensation (as defined in subsection (C) below) bears to the sum of the total Plan Compensation plus Excess Compensation of all Participants, but not in excess of the Maximum Disparity Rate (as defined in subsection (E) below).

(II) **Step two**. Any Employer Contribution remaining after the allocation in subsection (I) above one will be allocated in the ratio that each Participant's Plan Compensation bears to the total Plan Compensation of all Participants.

(B) **Four-step method**. Under the four-step method, the discretionary Employer Contribution is allocated under the following method:

(I) **Step one**. The Employer Contribution is allocated to each Participant's Employer Contribution Account in the ratio that each Participant's Total or Plan Compensation (as specified in AA §6-3(c)(2)) bears to the Total or Plan Compensation of all Participants, but not in excess of 3% of each Participant's Total or Plan Compensation.

(II) **Step two**. Any Employer Contribution remaining after the allocation in subsection (I) above will be allocated to each Participant's Employer Contribution Account in the ratio that each Participant's Excess Compensation (as defined in subsection (C) below) bears to the Excess Compensation of all Participants, but not in excess of 3% of each Participant's Excess Compensation. For purposes of this step two, Excess Compensation will be determined using Total or Plan Compensation (as specified in AA §6-3(c)(2)) for the Plan Year.

(III) **Step three**. Any Employer Contribution remaining after the allocation in subsection (II) above will be allocated to each Participant's Employer Contribution Account in the ratio that the sum of each Participant's Plan Compensation plus Excess Compensation bears to the sum of the total Plan Compensation plus Excess Compensation of all Participants, but not in excess of the Maximum Disparity Rate (as defined in subsection (E) below).

(IV) **Step four**. Any Employer Contribution remaining after the allocation in subsection (III) above will be allocated to each Participant's Employer Contribution Account in the ratio that each Participant's Plan Compensation bears to the total Plan Compensation of all Participants.

(C) **Excess Compensation**. The amount of Plan Compensation that exceeds the Integration Level.

(D) **Integration Level**. The Taxable Wage Base, unless specified otherwise under AA §6-3(c)(1).

(E) **Maximum Disparity Rate**. The Maximum Disparity Rate is the maximum amount that may be allocated with respect to Excess Compensation. If the two-step allocation method is used under subsection (A) above, under step one of the two-step formula, the amount allocated as a percentage of Plan Compensation and Excess Compensation may not exceed the following percentage:

Integration Level (as a percentage of the Taxable Wage Base)	Maximum Disparity Rate
100%	5.7%
More than 80% but less than 100%	5.4%
More than 20% and not more than 80%	4.3%
20% or less	5.7%

If the four-step allocation formula is used under subsection (B) above, under step three of the four-step formula, the amount allocated as a percentage of Plan Compensation and Excess Compensation may not exceed the following percentage:

Integration Level (as a percentage of the Taxable Wage Base)	Maximum Disparity Rate
100%	2.7%
More than 80% but less than 100%	2.4%
More than 20% and not more than 80%	1.3%
20% or less	2.7%

(F) **Taxable Wage Base**. The maximum amount of wages that are considered for Social Security purposes as in effect at the beginning of the Plan Year.

(v) **Uniform points allocation**. Under the uniform points allocation, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant's total points for the Plan Year, as determined under AA §6-3(d). A Participant's allocation of the Employer Contribution is determined by multiplying the Employer Contribution by a fraction, the numerator of which is the Participant's total points for the Plan Year and the denominator of which is the sum of the points for all Participants for the Plan Year.

A Participant will receive points for each year(s) of age and/or each Year(s) of Service designated under AA §6-3(d). In addition, a Participant also may receive points based on his/her Plan Compensation. Each Participant will receive the same number of points for each designated year of age and/or service and the same number of points for each designated level of Plan Compensation. If the Employer provides points based on Plan Compensation, the Employer may not designate a level of Plan Compensation that exceeds $200.

To satisfy the nondiscrimination safe harbor under Treas. Reg. §1.401(a)(4)-2, the average of the allocation rates for Highly Compensated Employees in the Plan must not exceed the average of the allocation rates for the Nonhighly Compensated Employees in the Plan. For this purpose, the average allocation rates are determined in accordance with Treas. Reg. §1.401(a)(4)-2(b)(3)(B).

(vi) **Employee group allocation**. Under the Employee group allocation method, the Employer may make a different discretionary contribution to each Participant's Employer Contribution Account based on the Employee allocation groups designated under AA §6-3(e). The Employer Contribution made for an allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount. If the Employer Contribution is allocated as a percentage of Plan Compensation, the amount that will be allocated to each Participant within an allocation group is determined by multiplying the Employer Contribution made for that allocation group by the following fraction:

$$\frac{\text{Participant's Plan Compensation}}{\text{Plan Compensation of all Participants in the allocation group}}$$

Alternatively, the Employer may set forth in the description of the Employee groups under AA §6-3(e)(2) a fixed contribution amount for a designated Employee group. If a fixed contribution is provided for a specific Employee group, the amount designated as the fixed contribution will be allocated to each Participant within the designated Employee group.

The Plan must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) with respect to the separate allocation rates under the Plan. The Plan may be tested on the basis of allocation rates or equivalent benefit rates. If the Plan is tested on the basis of equivalent benefit rates, the Plan will use standard interest rate and mortality table assumptions in accordance with Treas. Reg. §1.401(a)(4)-12 when testing the allocation formula for nondiscrimination. In the case of self-employed individuals (i.e., sole proprietorships or partnerships), the requirements of 1.401(k)-1(a)(6) continue to apply, and the allocation method should not be such that a cash or deferred election is created for a self-employed individual as a result of the application of the allocation method.

(A) **Must designate contribution in writing**. The Employer must designate in writing how much of the Employer Contribution is made for each of the Employee allocation groups and whether such amounts are allocated on the basis of Plan Compensation or as a uniform dollar amount. The portion of the Employer Contribution designated for a specific allocation group will be allocated only to Participants within that allocation group. If a Participant is in more than one allocation group during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. In the event a Participant is in two or more allocation groups on the last day of the Plan Year, the Participant will receive an Employer Contribution based on the first allocation group listed under AA §6-3(e) in which the Participant is a part. The Employer can provide for a different treatment of Employees in multiple groups under AA §6-3(e)(3)(iii).

(B) **Special rules**.

(I) **Family Members**. The Employer may designate in AA §6-3(e)(3)(i) to establish a separate allocation group for each Family Member of a Five-Percent Owner of the Employer. For this purpose, Family Members include the Spouse, children, parents and grandparents of a Five-Percent Owner. If there is more than one Family Member, each Family Member will be in his/her own separate allocation group. (See Section 1.69(a) for the definition of a Five-Percent Owner.)

(II) **Benefiting Participants**. The Employer may designate in AA §6-3(e)(3)(ii) to establish a separate allocation group for any Nonhighly Compensated Benefiting Participant who does not receive the Minimum Gateway Contribution described under subsection (III)(a) below. For this purpose, a Participant is treated as a Benefiting Participant if such Participant receives an allocation of Employer Contributions (other than Salary Deferrals or Matching Contributions (including Safe Harbor/QACA Safe Harbor Matching Contributions and QMACs)) or receives an allocation of forfeitures for the Plan Year (other than forfeitures that are subject to Code §401(m) because they are allocated as a Matching Contribution).

(III) **Special gateway contribution**. If a separate allocation group is not established for Benefiting Participants under AA §6-3(e)(3)(ii), the Employer may make an additional discretionary Employer Contribution ("special gateway contribution") for all Nonhighly Compensated Benefiting Participants (as described in subsection (II)) in an amount necessary to provide the Minimum Gateway Contribution described in subsection (a) below. The special gateway contribution will be allocated to all Nonhighly Compensated Benefiting Participants who have not otherwise received the Minimum Gateway Contribution without regard to any allocation conditions otherwise applicable to Employer Contributions under the Plan. However, Participants who the Plan Administrator disaggregates pursuant to Treas. Reg. §1.410(b)-7(e)(4) because they have not satisfied the greatest minimum age and service conditions permissible under Code §410(a) shall not be eligible to receive an allocation of any special gateway contribution made pursuant to this subsection (III).

(a) **Minimum Gateway Contribution**. A Benefiting Participant is treated as receiving the Minimum Gateway Contribution if the Participant has an allocation rate that is equal to the lesser of:

(1) one-third of the allocation rate of the Highly Compensated Employee with the highest allocation rate for the Plan Year or

(2) 5% of Compensation (as defined in subsection (b) below).

In determining whether a Benefiting Participant has received an allocation that satisfies the Minimum Gateway Contribution, all Employer Contributions allocated to the Participant for the Plan Year are taken into account. For this purpose, Employer Contributions do not include any Matching Contributions or Salary Deferrals.

(b) **Compensation for 5% gateway allocation**. For purposes of the 5% gateway contribution under subsection (a)(2) above, Compensation means Total Compensation for the Plan Year. However, for this purpose, Total Compensation may exclude amounts paid while an Employee is not a Participant in the Plan.

(c) **Compensation under one-third gateway allocation**. To determine whether a Benefiting Participant has received an allocation that satisfies the one-third gateway allocation requirement under subsection (a)(1) above, a Participant's allocation rate is determined by dividing the total Employer Contribution made on behalf of such Participant by the Participant's Plan Compensation (as defined in AA §5-3) or by any other definition of compensation that satisfies the requirements of Treas. Reg. §1.414(s). Any definition of compensation used under this subsection (c) must be applied uniformly in determining the allocation rates of Benefiting Participants.

(IV) **Special gateway contribution for DB/DC plans**. If this Plan is aggregated with a Defined Benefit Plan for purposes of nondiscrimination testing, the Employer may make an additional discretionary Employer Contribution for Nonhighly Compensated Benefiting Participants in an amount necessary to satisfy the minimum gateway requirements applicable to DB/DC plans. However, Participants who the Plan Administrator disaggregates pursuant to Treas. Reg. §1.410(b)-7(c)(4) because they have not satisfied the greatest minimum age and service conditions permissible under Code §410(a) shall not be eligible to receive an allocation of any special gateway contribution made pursuant to this subsection (IV).

(a) **DB/DC gateway contribution**. For this purpose, the minimum gateway requirement for DB/DC plans is equal to the lesser of:

(1) one-third (1/3) of the Aggregate Normal Allocation Rate of the Highly Compensated Participant with the highest Aggregate Normal Allocation Rate, or

(2) the lesser of:

(i) 5% of Code §414(s) Compensation (increased by one percentage point for each 5 percentage point increment (or portion thereof) by which the Aggregate Normal Allocation Rate of the Highly Compensated Participant exceeds 25%) or

(ii) 7½% of Code §414(s) Compensation.

(b) **Aggregate Normal Allocation Rate**: The Aggregate Normal Allocation Rate shall be determined in accordance with Treas. Reg. §1.401(a)(4)-9(b)(2)(ii).

(c) **Benefiting Participants**. A Participant is treated as a Benefiting Participant if such Participant receives an allocation of Employer Contributions (other than Salary Deferrals or Matching Contributions (including Safe Harbor/QACA Safe Harbor Matching

Contributions and QMACs)) or receives an allocation of forfeitures for the Plan Year (other than forfeitures that are subject to Code §401(m) because they are allocated as a Matching Contribution) or accrues a benefit under the Defined Benefit Plan which is aggregated with this Plan for nondiscrimination testing.

(d) **Code §414(s) Compensation**. For purposes of this subsection (IV), Code §414(s) Compensation is any definition of compensation that satisfies the requirements under Treas. Reg. §1.414(s)-1. Thus, the Plan may use full-year compensation or compensation earned while a Participant, provided such definition satisfies the requirements of Treas. Reg. §1.414(s)-1.

(V) **Special restrictions that apply to "short-service" Employees**. A designated Employee allocation group which is limited to Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service may be deemed to violate the nondiscrimination requirements under Code §401(a)(4).

(vii) **Age-based allocation formula**. Under the age-based allocation formula, the Employer will allocate the discretionary Employer Contribution on the basis of each Participant's adjusted Plan Compensation. Amounts allocated under an age-based allocation must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(A) **Adjusted Plan Compensation**. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in subsection (B) below).

(B) **Actuarial Factor**. A Participant's Actuarial Factor is determined based on standard actuarial assumptions that satisfy Treas. Reg. §1.401(a)(4)-12 using a testing age that is the later of Normal Retirement Age or the Employee's current age. Unless designated otherwise under AA §6-3(f), a Participant's Actuarial Factor is determined based on an 8.5% interest rate and the UP-1984 mortality table. (See Appendix A of the Plan for the Actuarial Factors associated with an 8.5% interest rate and the UP-1984 mortality table and a testing age of 65. If an interest rate other than 8.5% or a mortality table other than the UP-1984 mortality table is selected under AA §6-3(f), or if a testing age other than age 65 is used, the Plan must determine the appropriate Actuarial Factors based on the designated interest rate, mortality table and testing age.)

(2) **Fixed Employer Contribution**. The Employer may elect under AA §6-2(b) to make a fixed contribution to the Plan. The Employer may elect under AA §6-2(b)(1) or (2) to make a fixed contribution as a designated percentage of Plan Compensation or as a uniform dollar amount. In addition, the contribution may be allocated in accordance with a Collective Bargaining Agreement.

If a fixed contribution is selected under AA §6-2(b)(1) or (2), the Employer Contribution will be allocated under the fixed contribution formula under AA §6-3(b) in accordance with the selections made in AA §6-2(b). The allocation of the fixed Employer Contribution will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided, if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

The Employer may elect under AA §6-2(b)(3) to make a fixed contribution based on the provisions of a Collective Bargaining Agreement which provides for retirement benefits. Any fixed contribution based on the provisions of a Collective Bargaining Agreement will be allocated to Collectively Bargained Employees in accordance with the provisions of the Collective Bargaining Agreement(s).

(3) **Service-based Employer Contribution**. If elected in AA §6-2(c), the Employer may make a contribution based on an Employee's service with the Employer during the Plan Year (or other period designated under AA §6-4). The Employer may elect to make the service-based contribution as a discretionary contribution or as a fixed contribution. Any such contribution will be allocated on the basis of Participants' Hours of Service, weeks of employment or other measuring period selected under AA §6-2(c). The Employer Contribution will be allocated under the service-based allocation formula under AA §6-3(g). Amounts allocated on the basis of service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(4) **Year of Service Employer Contribution**. The Employer may elect under AA §6-2(d) to provide an Employer Contribution based on an Employee's Years of Service with the Employer. Unless designated otherwise under AA §6-2(d), an Employee earns a Year of Service for each Plan Year during which the Employee completes at least 1,000 Hours of Service. The Employer may designate an alternative definition of Year of Service under AA §6-2(d). The Employer Contribution will be allocated under the Year of Service allocation formula under AA §6-3(h). Amounts allocated on the basis of Years of Service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(5) **Prevailing Wage Contribution**. If elected in AA §6-2(e), the Employer may make a Prevailing Wage Contribution for Participants who perform Prevailing Wage Service. For this purpose, Prevailing Wage Service is any service performed by an Employee under a public contract subject to the Davis-Bacon Act or to any other federal, state or municipal prevailing wage law. The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant's employment classification. The Prevailing Wage Contribution will be allocated under the Prevailing Wage allocation formula under AA §6-3(i). Special restrictions may apply in order for Prevailing Wage Contributions to be taken into account for purposes of satisfying the applicable federal, state or municipal prevailing wage laws. The Employer may attach an Addendum to the Adoption Agreement setting forth the hourly contribution rate for the employment classifications eligible for Prevailing Wage Contributions.

Unless provided otherwise in AA §6-2(e)(3), the following default rules apply for purposes of determining the Prevailing Wage Contribution.

(i) **Only available to Nonhighly Compensated Employees**. Highly Compensated Employees are not eligible to share in the Prevailing Wage Contribution.

(ii) **No minimum age and service conditions**. No minimum age or service conditions will apply for purposes of determining an Employee's eligibility for the Prevailing Wage Contribution. An Employee who performs Prevailing Wage Service will be eligible to receive the Prevailing Wage Contribution as of his/her Employment Commencement Date.

(iii) **No allocation conditions**. No allocation conditions (as described in Section 3.09) will apply to the Prevailing Wage Contribution.

(iv) **Full vesting**. Prevailing Wage Contributions are always 100% vested.

If the Employer elects to provide eligibility requirements or vesting requirements with respect to Prevailing Wage Contributions under AA §6-2(e), the Employer may not be able to take full credit under applicable federal, state or municipal prevailing wage laws for the Prevailing Wage Contributions made under this Plan. See the applicable prevailing wage laws for more information regarding the effect of eligibility and/or vesting requirements.

The Employer may elect under AA §6-2(e)(2) to offset other Employer Contributions made under the Plan by the Prevailing Wage Contribution. If the Prevailing Wage Contribution is used to offset a Safe Harbor Employer Contribution or a Safe Harbor Matching Contribution, the Prevailing Wage Contribution will be treated as satisfying the requirements for a Safe Harbor Contribution as set forth in Section 6.04. Thus, any Prevailing Wage Contributions that are used to offset Safe Harbor Contributions will always be 100% vested and will be subject to the distribution restrictions described in Section 6.04(a)(3). The Plan will not fail to qualify as a Safe Harbor 401(k) Plan solely because Prevailing Wage Contributions are used to offset the Safe Harbor Employer or Safe Harbor Matching Contributions under the Plan.

To the extent the Prevailing Wage Contribution satisfies the requirements for a QNEC, as described in subsection (6) below, the Prevailing Wage Contribution may be treated as a QNEC under the Plan. If a Highly Compensated Employee receives a Prevailing Wage Contribution and the Plan fails the nondiscrimination requirements under Code §401(a)(4), the Employer may elect to pay the discriminatory contribution to the Highly Compensated Employee outside of the Plan consistent with the requirements of the applicable prevailing wage laws.

(6) **Qualified Nonelective Contributions (QNECs)**. Notwithstanding any contrary selections in the Profit Sharing/401(k) Plan Adoption Agreement, for any Plan Year, the Employer may make a discretionary QNEC on behalf of Nonhighly Compensated Participants under the Plan. Such QNEC may be allocated as a

uniform percentage of Plan Compensation or a uniform dollar amount to all Nonhighly Compensated Participants or as a Targeted QNEC (as defined in subsection (ii)(B) below), without regard to any allocation conditions selected in AA §6-5, unless designated otherwise under AA §6D-3 of the Profit Sharing/401(k) Plan Adoption Agreement.

A QNEC must satisfy the requirements for a QNEC described in subsection (i) below at the time the contribution is made to the Plan, regardless of any inconsistent elections under the Profit Sharing/401(k) Plan Adoption Agreement. If the Plan is disaggregated for otherwise excludable Employees pursuant to Section 6.03(b), the Employer may allocate the QNEC only to Participants in a particular disaggregated portion of the Plan. See Section 6.03(c). (See Sections 6.01(b)(3) and 6.02(b)(3) for a description of the amount of QNECs that may be taken into account under the ADP Test and/or ACP Test.)

If the Employer makes both a discretionary Employer Contribution under AA §6-2(a) and a discretionary QNEC, the Employer must designate the amount of the Employer Contribution which is designated as a regular Employer Contribution and the amount designated as a QNEC.

(i) **Requirements for a QNEC**. In order to qualify as a QNEC, an Employer Contribution must satisfy the following requirements:

(C) **100% vesting**. A QNEC must be 100% vested when contributed to the Plan.

(D) **Distribution restrictions**. A QNEC must be subject to the same distribution restrictions applicable to Salary Deferrals under Section 8.10(c), except that no portion of a Participant's QNEC Account may be distributed on account of Hardship. See Section 8.10(e).

(E) **Allocation conditions**. A QNEC will not be subject to the allocation provisions applicable to Employer Contributions, as designated under AA §6-5, unless provided otherwise under AA §6D-3 of the Profit Sharing/401(k) Plan Adoption Agreement.

(ii) **Allocation method for QNECs**.

(C) **Participants**. The Employer may allocate the QNEC as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Nonhighly Compensated Participants. Alternatively, the Employer may elect under AA §6D-3(a) of the Profit Sharing/401(k) Plan Adoption Agreement to allocate any QNEC under the Plan to all Participants (rather than to just Nonhighly Compensated Participants).

(D) **Targeted QNEC**. The Employer may allocate the QNEC as a Targeted QNEC. If the Employer makes a Targeted QNEC, the QNEC will be allocated to Nonhighly Compensated Participants in the QNEC Allocation Group, starting with Nonhighly Compensated Participants with the lowest Plan Compensation for the Plan Year. For this purpose, the QNEC Allocation Group is made up of the Nonhighly Compensated Participants (equal to one-half of total Nonhighly Compensated Participants under the Plan), with the lowest level of Plan Compensation for the Plan Year.

(I) **5% of Plan Compensation limit**. The QNEC will be allocated to the Nonhighly Compensated Employees in the QNEC Allocation Group up to a maximum of 5% of Plan Compensation. The QNEC will be allocated first to the Nonhighly Compensated Participant(s) with the lowest Plan Compensation (up to the 5% of Plan Compensation maximum allocation) and continuing with Nonhighly Compensated Employees in the QNEC Allocation Group with the next higher level of Plan Compensation, until all of the QNEC has been allocated (or until all Nonhighly Compensated Employees in the QNEC Allocation Group have received the maximum 5% of Plan Compensation QNEC allocation).

(II) **Reallocation to lowest one-half of Nonhighly Compensated Participants**. If a QNEC remains unallocated after the allocation under subsection (I), the remaining QNEC will continue to be allocated in accordance with subsection (I), in increments equal to twice the level of QNEC allocated to the rest of the QNEC Allocation Group. Thus, for example, if a QNEC remains unallocated after allocating the full 5% of Plan Compensation to the QNEC Allocation Group, the QNEC will continue to be allocated up to 10% of Plan Compensation (twice the QNEC already allocated to the QNEC Allocation Group) beginning with the

Nonhighly Compensated Employee in the QNEC Allocation Group with the lowest Plan Compensation.

(III) **Additional members in QNEC Allocation Group**. If at any time, a Nonhighly Compensated Participant is not able to receive a full QNEC allocation under subsection (I) or (II) (e.g., due to the application of the Code §415 Limitation), the Nonhighly Compensated Participant with the next higher level of Plan Compensation (that is not in the QNEC Allocation Group) will be added to the QNEC Allocation Group.

(IV) **Increase in QNEC to correct ACP Test**. If the QNEC is being used to correct both the ADP and ACP Tests, the allocation in subsection (I) may be increased to 10% of Plan Compensation (instead of 5% of Plan Compensation). In addition, the allocation in subsection (II) would also be increased so that the maximum QNEC allocation will be twice the 10% QNEC allocation.

(V) **Special rule for Prevailing Wage Contributions**. To the extent QNECs are made in connection with the Employer's obligation to pay Prevailing Wages, this subsection (B) may be applied by increasing the 5% of Plan Compensation limit to 10% of Plan Compensation.

(VI) **Special rule for Plan Years beginning before January 1, 2006**. For Plan Years beginning before January 1, 2006, a QNEC allocated under the Targeted QNEC method may be allocated to Participants without regard to the 5% of Plan Compensation limit. Thus, for such Plan Years, a Targeted QNEC may be allocated to a Participant up to the Participant's Code §415 Limitation, as described in Section 5.03.

(7) **Frozen Plan**. The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions with respect to Plan Compensation earned after the date identified in AA §2-5. In addition, if the Plan is a 401(k) Plan, no Participant will be permitted to make Elective Deferrals or After-Tax Employee Contributions to the Plan for any period following the effective date of the freeze as identified in AA §2-5. If the Plan holds any unallocated forfeitures at the time of the termination, such forfeitures may be allocated to all eligible Participants in accordance with Section 7.12 in the year of the termination, regardless of any contrary selections under AA §8-6.

(b) **Employer Contribution formulas (Money Purchase Plan)**. The Employer may elect under AA §6-2 of the Money Purchase Plan Adoption Agreement to make any of the following Employer Contributions. Each Participant will receive an allocation of Employer Contributions equal to the amount determined under the contribution formula elected under AA §6-2. Any reference to the Adoption Agreement under this subsection (b) is a reference to the Money Purchase Plan Adoption Agreement. To receive an allocation of Employer Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.09 below.

If the Employer adopts the Money Purchase Plan Adoption Agreement and also maintains another qualified retirement plan or plans, the contribution to be made under the Money Purchase Plan will not exceed the maximum amount that is deductible under Code §404(a)(7), taking into account all contributions that have been made to the other plan or plans prior to the date a contribution is made under the Money Purchase Plan.

(1) **Uniform Employer Contribution**. If elected under AA §6-2(a), the Employer will make a contribution to each Participant under the Plan as a uniform percentage of Plan Compensation or as a uniform dollar amount. This contribution formula will satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b) provided if the allocation is based on Plan Compensation, the Plan uses a definition of Plan Compensation that satisfies the nondiscrimination requirements under Treas. Reg. §1.414(s)-1.

(2) **Permitted disparity contribution formula**. If elected under AA §6-2(b), the Employer will make a permitted disparity contribution to each Participant using either the individual or group method. The Employer may not elect the permitted disparity contribution formula under the Plan if the Employer maintains another qualified plan, covering any of the same Employees, which uses permitted disparity in determining the allocation of contributions or the accrual of benefits under such plan. This contribution formula is designed to satisfy a design-based safe harbor under Treas. Reg. §1.401(a)(4)-2(b).

(i) **Individual method**. Under the individual method, each Participant will receive an allocation of the Employer Contribution equal to the amount determined under the contribution formula under AA §6-2(b)(1). A Participant may not receive an allocation with respect to Excess Compensation that exceeds the Maximum Disparity Rate.

(A) **Excess Compensation**. The amount of Plan Compensation that exceeds the Integration Level.

(B) **Integration Level**. The Taxable Wage Base, unless specified otherwise under AA §6-2(b)(3).

(C) **Maximum Disparity Rate**. The Maximum Disparity Rate is the maximum amount that may be allocated with respect to Excess Compensation under the permitted disparity formula. The maximum amount that may be allocated as a percentage of Plan Compensation and Excess Compensation is the following percentage:

Integration Level (as a percentage of the Taxable Wage Base)	Maximum Disparity Rate
100%	5.7%
More than 80% but less than 100%	5.4%
More than 20% and not more than 80%	4.3%
20% or less	5.7%

(D) **Taxable Wage Base**. The maximum amount of wages that are considered for Social Security purposes as in effect at the beginning of the Plan Year.

(ii) **Group method**. Under the group method, the Employer contributes a fixed percentage of total Plan Compensation of all Participants. The Employer Contribution is then allocated under the two-step method (as described in subsection (a)(1)(ii)(A) above) or, if the Plan Is Top-Heavy, under the four-step method (as described in subsection (a)(1)(ii)(B) above). In determining Excess Compensation, the Integration Level is the Taxable Wage Base, unless designated otherwise under AA §6-2(b)(2).

(3) **Employee group contribution formula**. Under the Employee group contribution formula, the Employer may make a different contribution to each Participant's Employer Contribution Account based on the designated Employee groups identified under AA §6-2(c).

The Employer Contribution made for a designated Employee group will be allocated to each eligible Participant in such group as a uniform percentage of Plan Compensation or as a uniform dollar amount, as designated in AA §6-2(c)(2). The Employer also may elect to allocate an amount to each eligible Participant in a designated Employee group the maximum amount permissible under Code §415. See Section 5.03.

The Employee groups designated in AA §6-2(c) must be clearly defined in a manner that will not violate the definite determinable requirement of Treas. Reg. §1.401-1(b)(1)(ii). The portion of the Employer Contribution designated for a specific Employee group will be allocated only to Participants within that group. If a Participant is in more than one Employee group during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. In the event a Participant is in two or more Employee groups on the last day of the Plan Year, the Participant will receive an Employer Contribution based on the first Employee group listed under AA §6-2(c) in which the Participant is a part. The Employer can provide for a different treatment of Employees in multiple groups under AA §6-2(c)(3)(i).

The Plan still must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c) with respect to the separate contribution rates under the Plan. The Plan may be tested on the basis of allocation rates or equivalent benefit rates. If the Plan is tested on the basis of equivalent benefit rates, the Plan will use standard interest rate and mortality table assumptions in accordance with Treas. Reg. §1.401(a)(4)-12 when testing the allocation formula for nondiscrimination.

In the case of self-employed individuals (i.e., sole proprietorships or partnerships), the requirements of 1.401(k)-1(a)(6) continue to apply, and the designation of Employee groups should not be such that a cash or deferred election is created for a self-employed individual as a result of the application of such designation. A designated Employee group which is limited to Nonhighly Compensated Employees with the lowest amount of compensation and/or the shortest periods of service may be deemed to violate the nondiscrimination requirements under Code §401(a)(4).

(4) **Age-based contribution formula**. Under the age-based contribution formula, the Employer will contribute a specific percentage of each Participant's adjusted Plan Compensation. Amounts contributed under an age-based contribution formula must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(v) **Adjusted Plan Compensation**. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in subsection (ii) below).

(vi) **Actuarial Factor**. A Participant's Actuarial Factor must be determined based on standard actuarial assumptions that satisfy Treas. Reg. §1.401(a)(4)-12 using a testing age that is the later of Normal Retirement Age or the Employee's current age. Unless designated otherwise under AA §6-2(d), a Participant's Actuarial Factor is determined based on an 8.5% interest rate and the UP-1984 mortality table. (See Appendix A of the Plan for the Actuarial Factors associated with an 8.5% interest rate and the UP-1984 mortality table and a testing age of 65. If an interest rate other than 8.5% or a mortality table other than the UP-1984 mortality table is selected under AA §6-2(d), or if a testing age other than age 65 is used, the Plan must determine the appropriate Actuarial Factors based on the designated interest rate, mortality table and testing age.)

(5) **Service-based Employer Contribution**. If elected in AA §6-2(e), the Employer will make a contribution based on an Employee's service with the Employer during the Plan Year (or other period designated under AA §6-4). The Employer Contribution will be allocated on the basis of Participants' Hours of Service, weeks of employment or other measuring period selected under AA §6-2(e). Amounts contributed on the basis of service must satisfy the general nondiscrimination rate group test under Treas. Reg. §1.401(a)(4)-2(c).

(6) **Prevailing Wage Contribution**. If elected in AA §6-2(f), the Employer will make a Prevailing Wage Contribution for Participants who perform Prevailing Wage service. For this purpose, Prevailing Wage service is any service performed by an Employee under a public contract subject to the Davis-Bacon Act or to any other federal, state or municipal prevailing wage law. The Employer will make an Employer Contribution based on the hourly contribution rate for the Participant's employment classification. Special restrictions may apply in order for Prevailing Wage Contributions to be taken into account for purposes of satisfying the applicable federal, state or municipal prevailing wage laws. The Employer may attach an Addendum to the Adoption Agreement setting forth the hourly contribution rate for the employment classifications eligible for Prevailing Wage Contributions.

Unless provided otherwise in AA §6-2(f)(2), the default rules described in subsection (a)(5) above will apply for purposes of determining the Prevailing Wage Contribution. If the Employer elects to provide eligibility requirements or vesting requirements with respect to Prevailing Wage Contributions under AA §6-2(f), the Employer may not be able to take full credit under applicable federal, state or municipal prevailing wage laws for the Prevailing Wage Contributions made under this Plan. See the applicable prevailing wage laws for more information regarding the effect of eligibility and/or vesting requirements.

The Employer may elect under AA §6-2(f)(1) to offset other Employer Contributions made under the Plan by the Prevailing Wage Contribution. If a Highly Compensated Employee receives a Prevailing Wage Contribution and the Plan fails the nondiscrimination requirements under Code §401(a)(4), the Employer may elect to pay the discriminatory contribution to the Highly Compensated Employee outside of the Plan consistent with the requirements of the applicable prevailing wage laws.

(7) **Frozen Plan**. The Employer may designate under AA §2-5 that the Plan is a frozen Plan. As a frozen Plan, the Employer will not make any Employer Contributions with respect to Plan Compensation earned after the date identified in AA §2-5. If the Plan holds any unallocated forfeitures at the time of the termination, such forfeitures may be allocated to all eligible Participants in accordance with Section 7.12 in the year of the termination, regardless of any contrary selections under AA §8-6.

(c) **Period for determining Employer Contributions**. In determining the amount of Employer Contributions to be allocated to Participants under the Plan, the Plan will take into account Plan Compensation (as defined in Section 1.97) for the Plan Year. The Employer may designate under AA §6-4 alternative periods for determining the allocation of Employer Contributions. If alternative periods are designated under AA §6-4, a Participant's allocation of Employer Contributions will be determined separately for each designated period based on Plan Compensation earned during such period. If an alternative period is designated under AA §6-4, the Employer need not actually make the Employer Contribution during the designated period, provided the total Employer Contribution for the Plan Year is allocated based on the proper Plan Compensation. (If the permitted disparity allocation method applies under AA §6-2(b), the allocation will be based on the Plan Year.)

(d) **Offset of Employer Contributions**.

(1) **Offset of Employer Contributions by Safe Harbor/QACA Safe Harbor Employer Contributions**. If the Plan provides for Safe Harbor/QACA Safe Harbor Employer Contributions under AA §6C-2 of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect under AA §6C-5 to offset any additional Employer Contributions a Participant would otherwise receive by the amount of Safe Harbor/QACA Safe Harbor Employer Contributions the Participant receives under the Plan. Thus, when allocating any additional Employer Contributions under the Plan, if so elected under AA §6C-5, no amounts will be allocated to Participants who receive a Safe Harbor/QACA Safe Harbor Employer Contribution until the amount of additional Employer Contributions exceeds the amount of Safe Harbor/QACA Safe Harbor Employer Contributions received under the Plan. For this purpose, if the permitted disparity allocation method applies, this offset applies only to the second step of the two-step permitted disparity formula or the fourth step of the four-step permitted disparity formula.

(2) **Offset for contributions under another qualified plan maintained by the Employer**. If the Employer maintains any other qualified plan(s) which cover any Participants under this Plan, the Employer may elect under AA §6-4(c) of the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement or AA §6-3(c) of the Money Purchase Plan Adoption Agreement to reduce such Participants' allocation under this Plan to take into account the benefits provided under the Employer's other qualified plan(s). For purposes of satisfying the coverage requirements under Code §410(b) and the nondiscrimination requirements under Code §401(a)(4), this Plan may need to be aggregated with such other qualified plan(s) in accordance with Treas. Reg. §1.410(b)-7. The Employer may describe any special rules that apply for purposes of determining the offset under AA §6-4(c)(2) or AA §6-3(c)(2), as applicable.

3.03 **Salary Deferrals**. The Employer may elect under AA §6A of the Profit Sharing/401(k) Plan Adoption Agreement to authorize Participants to make Salary Deferrals under the Plan. A Participant's total Salary Deferrals may not exceed the lesser of any limitation designated under AA §6A-2, the Elective Deferral Dollar Limit described under Section 5.02, or the amount permitted under the Code §415 Limitation described under Section 5.03. The Employer may elect under AA §6A-2(c) of the Profit Sharing/401(k) Plan Adoption Agreement to apply a different limit on Salary Deferrals to the extent such Salary Deferrals are withheld from a Participant's bonus payments.

(a) **Salary Deferral Election**. In order to make Salary Deferrals under the Plan, a Participant must enter into a Salary Deferral Election which authorizes the Employer to withhold a specific dollar amount or a specific percentage from the Participant's Plan Compensation. The Salary Reduction Agreement may permit a Participant to specify a different percentage or dollar amount be withheld from specified components of Plan Compensation, such as base pay, bonuses, commissions, etc. The Employer may apply special limits on the amount of Salary Deferrals that may be deferred from bonus payments under AA §6A-2(c) or may apply special deferral limits applicable to bonus payments under the Salary Deferral Election, without regard to any limitations selected under the Adoption Agreement. In addition, the Salary Deferral Election may provide that the Employee's deferral election will increase by a designated amount unless the Employee affirmatively elects otherwise. The Employer will deposit any amounts withheld from a Participant's Plan Compensation as Salary Deferrals into the Participant's Salary Deferral Account under the Plan. A Salary Deferral Election may only relate to Plan Compensation that is not currently available at the time the Salary Deferral Election is completed. In determining the amount to be withheld from a Participant's Plan Compensation, a Salary Deferral election may be rounded to the next highest or lowest whole dollar amount.

The Employer may designate under AA §6A-9 of the Profit Sharing/401(k) Plan Adoption Agreement to apply a special effective date as of which Participants may begin making Salary Deferrals under the Plan. Regardless of any special effective date designated under AA §6A-9, a Salary Deferral Election may not be effective prior to the later of:

(3) the date the Employee becomes a Participant;

(4) the date the Participant executes the Salary Deferral Election; or

(5) the date the Profit Sharing/401(k) Plan is first adopted or effective.

For this purpose, Salary Deferrals may be taken into account for a Plan Year only if the Salary Deferrals are allocated to the Employee's Account as of a date within that Plan Year. For this purpose, Salary Deferrals are considered allocated as of a date within a Plan Year only if the allocation is not contingent on the Employee's participation in the Plan or performance of services on any subsequent date and the Salary Deferrals are actually paid to the Plan no later than the end of the 12-month period immediately following the year to which the contribution relates. In addition, the Salary Deferrals must relate to Plan Compensation that either would have been received by the Employee in the Plan Year but for the Employee's election to defer or are attributable to services performed by the Employee in the Plan Year and, but for the Employees election to defer, would have been received by the Employee within 2½ months after the close of the Plan Year.

In addition, Salary Deferrals made pursuant to a Salary Deferral Election may not be made earlier than the date the Participant performs the services to which such Salary Deferrals relate or the date the compensation subject to such Salary Deferral Election would be currently available to the Participant absent the deferral election (if earlier). Regardless of when a Participant elects to commence making Salary Deferrals, the commencement of Salary Deferrals may be delayed for a reasonable period of time in order to implement the Salary Deferral election.

A Salary Deferral Election is valid even though it is executed by an Employee before he/she actually has qualified as a Participant, so long as the Salary Deferral Election is not effective before the date the Employee is a Participant.

(b) **Change in deferral election**. An Employee must be permitted to enter into a new Salary Deferral Election or to modify or terminate an existing Salary Deferral Election at least once a year. Additional dates may be designated on the Salary Deferral Election form (or other written procedures) as to when a Participant may modify or terminate a Salary Deferral Election. Alternatively, the Employer may designate under AA §6A-7 of the Profit Sharing/401(k) Plan Adoption Agreement specific dates for a Participant to modify or terminate an existing Salary Deferral Election. Any election to modify or terminate a Salary Deferral Election will take effect within a reasonable period following such election and will apply only on a prospective basis. Regardless of any specific dates designated under AA §6A-7, an Employee may be allowed to increase his/her deferral election up to the Elective Deferral Dollar Limit at any time during the last two months of the Plan Year.

(c) **Automatic Contribution Arrangement**. The Employer may elect under AA §6A-8 of the Profit Sharing/401(k) Plan Adoption Agreement to provide for an automatic deferral election under the Plan. If the Employer elects to apply an automatic deferral election, the Employer will automatically withhold the amount designated under AA §6A-8 from Participants' Plan Compensation, unless the Participant completes a Salary Deferral Election electing a different deferral amount (including a zero deferral amount). Unless provided otherwise under AA §6A-8, an Employee who is automatically enrolled under a prior plan document will continue to be automatically enrolled under the current Plan document.

(8) **Eligible Automatic Contribution Arrangement (EACA)**. To the extent an Automatic Contribution Arrangement satisfies the requirements of an EACA for a Plan Year, as set forth below, such Automatic Contribution Arrangement will automatically qualify as an EACA for purposes of applying the special rules applicable to EACAs described in subsection (2) below. If an Automatic Contribution Arrangement does not satisfy the requirement for an EACA for an entire Plan Year, the Automatic Contribution Arrangement will not be eligible for the special EACA provisions under subsection (3) for such Plan Year. However, the Automatic Contribution Arrangement continues to apply for such Plan Year and the failure to qualify as an EACA has no impact on the qualified status of the Plan or on the Employer's ability to rely on the Favorable IRS Letter issued with respect to the Plan. Thus, the provisions under subsection (2) will continue to apply as selected in AA 6A-8 for the Plan Year, even if the Automatic Contributions Arrangement does not qualify as an EACA for the entire Plan Year. For this purpose, an Automatic Contribution Arrangement that satisfies the requirements for a QACA under Section 6.04(b) also may qualify as an EACA under this subsection (c).

(9) **Definition of Eligible Automatic Contribution Arrangement (EACA)**. The Plan will qualify as an EACA if the Plan provides for an automatic deferral election (as described in subsection (i)) and provides an annual

written notice as described in subsection (iv) below. Any Salary Deferrals withheld pursuant to an automatic deferral election will be deposited into the Participant's Salary Deferral Account.

(iii) **Automatic deferral election**. To qualify as an EACA, each Employee eligible to participate in the Plan must have a reasonable opportunity after receipt of the notice described in subsection (iv) to make an affirmative election to defer (or an election not to defer) under the Plan before any automatic deferral election goes into effect. If an automatic deferral election applies under the Plan, such election will not apply to Participants who have entered into a Salary Deferral Election for an amount equal to or greater than the automatic deferral amount designated under AA §6A-8. The Employer also may elect to apply the automatic deferral election only to Participants who become eligible to participate after a specified date. If the Plan otherwise qualifies as an EACA but the automatic contribution arrangement does not apply to all eligible Employees (who have not entered into an affirmative deferral election), the Plan will not qualify for the extended 6-month correction period described in subsection (3)(ii) below.

An automatic deferral election ceases to apply with respect to any Employee who makes an affirmative election (that remains in effect) to make Salary Deferrals or to not have any Salary Deferrals made on his/her behalf. Salary Deferrals made pursuant to an automatic deferral election will cease as soon as administratively feasible after an Eligible Employee makes an affirmative deferral election. In addition, automatic deferrals will be reduced or stopped to meet the limitations under Code §§401(a)(17), 402(g), and 415 and to satisfy any suspension period required after a distribution.

Unless elected otherwise under AA §6A-8(a)(6)(i), a Participant's affirmative election to defer (or to not defer) will cease upon termination of employment. If a terminated Participant's affirmative election to defer (or to not defer) ceases upon termination of employment, the Participant will be subject to the automatic deferral provisions of this subsection (i) upon rehire, including the default election provisions and the notice requirements under subsection (iv) below.

(iv) **Uniformity requirement**. If an Eligible Employee does not make an affirmative deferral election, such Employee will be treated as having elected to make Salary Deferrals in an amount equal to a uniform percentage of Plan Compensation as set forth in AA §6A-8. For this purpose, an automatic deferral election will not fail to be a uniform percentage of Plan Compensation merely because:

(A) The deferral percentage varies based on the number of years an eligible Employee has participated in the Plan (e.g., due to the application of an automatic increase provisions);

(B) The automatic deferral election does not reduce a Salary Deferral election in effect immediately prior to the effective date of the automatic deferral election;

(C) The rate of Salary Deferrals is limited so as not to exceed the limits of Code §§401 (a)(17), 402(g) (determined with or without Catch-Up Contributions) and 415; or

(D) The automatic deferral election is not applied during the period an employee is not permitted to make Salary Deferrals pursuant to Section 8.10(e)(1)(ii)(C).

(v) **Automatic increase**. The Plan may provide under AA §6A-8 that the automatic deferral amount will automatically increase by a designated percentage each Plan Year. Unless designated otherwise under AA §6A-8(a)(5), in applying any automatic deferral increase under AA §6A-8, the initial deferral amount will apply for the period that begins when the employee first participates in the automatic contribution arrangement and ends on the last day of the following Plan Year. The automatic increase will apply for each Plan Year beginning with the Plan Year immediately following the initial deferral period and for each subsequent Plan Year. For example, if an Employee makes his/her first automatic deferral for the period beginning July 1, 2014, and no special election is made under AA §6A-8(a)(5), the first automatic increase would take effect on January 1, 2016 (assuming the Plan is using a calendar Plan Year) which is the first day of the Plan Year beginning after the first Plan Year following the period for which the Employee makes his/her first automatic deferral under the Plan.

(vi) **Annual notice requirement**. Each eligible Employee must receive a written notice describing the Participant's rights and obligations under the Plan which is sufficiently accurate and comprehensive to apprise the Employee of such rights and obligations, and is written in a manner calculated to be understood by the average Plan Participant. The annual notice only needs to be provided to those

Employees who are covered under the Automatic Contribution Arrangement. If it is impractical to provide the annual notice to a newly eligible Participant before the date such individual becomes eligible to participate under the Plan, the notice will be treated as timely if it is provided as soon as practicable after such date and the Employee is permitted to defer from Plan Compensation earned beginning on the date of participation.

(A) **Contents of annual notice**. To qualify as an EACA, the annual notice must contain the same information as applies for purposes of the safe harbor notice described under Section 6.04(a)(4). However, to qualify as an EACA, the annual notice must also include a description of:

(I) the level of Salary Deferrals which will be made on the Employee's behalf if the Employee does not make an affirmative election;

(II) the Employee's right under the EACA to elect not to have Salary Deferrals made on the Employee's behalf (or to elect to have such Salary Deferrals made in a different amount or percentage of Plan Compensation);

(III) how contributions under the EACA will be invested and, if the Plan provides for Participant direction of investment, how Salary Deferrals made pursuant to an automatic deferral election will be invested in the absence of an investment election by the Employee; and

(IV) the Employee's right to make a permissible withdrawal (as described under subsection (3)(i) below), if applicable, and the procedures to elect such a withdrawal.

(B) **Timing of annual notice**. The annual notice described under this subsection (iv) must be provided at the same time and in the same manner as the annual safe harbor notice described in Section 6.04(a)(4). The annual notice must be provided within a reasonable period before the beginning of each Plan Year (or, in the year an Employee becomes an eligible Employee, within a reasonable period before the Employee becomes an eligible Employee). In addition, a notice satisfies the timing requirements only if it is provided sufficiently early so that the Employee has a reasonable period of time after receipt of the notice and before the first Salary Deferral made under the arrangement to make an alternative deferral election.

The annual notice will be deemed timely if it is provided to each eligible Employee at least 30 days (and no more than 90 days) before the beginning of each Plan Year. In the case of an Employee who does not receive the notice within such period because the Employee becomes an eligible Employee after the 90th day before the beginning of the Plan Year, the timing requirement is deemed to be satisfied if the notice is provided no more than 90 days before the Employee becomes an eligible Employee (and no later than the date the Employee becomes an eligible Employee).

(vii) **Timing of automatic deferral**. Generally, the automatic deferral will commence as of the date the Employee is otherwise eligible to make Salary Deferrals under the Plan, if the Employee had completed a Salary Deferral Election. However, the automatic deferral under a QACA will be treated as timely if the automatic deferral commences no later than the earlier of the pay date for the second payroll period or the pay date that occurs at least 30 days following the later of:

(A) the date on which the Employee first becomes an Eligible Employee (or becomes an Eligible Employee following a rehire); or

(B) the date on which such Employee is provided notice of the automatic deferral,

but in no event later then the time period prescribed in Code §410(a) or any other regulations thereunder.

(10) **Special Rules for Eligible Automatic Contribution Arrangement (EACA)**. Effective for Plan Years beginning on or after January 1, 2008, if the Plan provides for an automatic deferral election provision under AA §6A-8 and such automatic deferral election qualifies as an EACA, the Employer may elect to offer special permissible withdrawals (as set forth in subsection (i) below) and will qualify for the special delayed testing date for purposes of making refunds of Excess Contributions and/or Excess Aggregate Contributions (as described in subsection (ii) below). To qualify as an EACA, the Plan must satisfy the provisions of

subsection (2) for the entire Plan Year. Generally, a Plan that satisfies the QACA requirements under Section 6.04(b) will also satisfy the requirements for an EACA.

(iii) **Permissible Withdrawals under EACA**. If so elected under AA §6A-8(b) of the Profit Sharing/401(k) Adoption Agreement, effective for Plan Years beginning on or after January 1, 2008, any Employee who has Salary Deferrals contributed to the Plan pursuant to an automatic deferral election under an EACA may elect to withdraw such contributions (and earnings attributable thereto) in accordance with the requirements of this subsection (i). A permissible withdrawal under this subsection (i) may be made without regard to any elections under AA §10 and will not cause the Plan to fail the prohibition on in-service distribution applicable to Salary Deferrals under Section 8.10(c). In addition, such withdrawal may be made without regard to any notice or consent otherwise required under Code §401(a)(11) or §417. Any Salary Deferrals that are distributed under this subsection (i) are not taken into account under the ADP Test (as described in Section 6.01(a)) or under the ACP Test (as described in Section 6.02(a)) for the Plan Year for which the Salary Deferrals were made or for any other Plan Year.

(E) **Amount of distribution**. A distribution satisfies the requirement of this subsection (i) if the distribution is equal to the amount of Salary Deferrals made pursuant to the automatic deferral election through the effective date of the withdrawal election (as described in subsection (C)) adjusted for allocable gains and losses as of the date of the distribution. For this purpose, allocable gains and losses are determined in the same manner as for corrective distributions of Excess Contributions (as described in Section 6.01(b)(2)(ii)).

The distribution amount determined under this subsection (A) may be reduced by any generally applicable fees. However, the Plan may not charge a greater fee for a permissible distribution under this subsection (i) than applies with respect to other Plan distributions.

(F) **Timing of permissive withdrawal election**. An election to withdraw Salary Deferrals under this subsection (i) must be made no later than 90 days after the date of the first default Salary Deferral under the EACA. The date of the first default Salary Deferral is the date that the Plan Compensation from which such Salary Deferrals are withheld would otherwise have been included in gross income. The Employer may designate an alternative period for making permissive withdrawals under AA §6A-8(b)(3).

(G) **Effective date of permissible withdrawal**. The effective date of a permissible withdrawal election cannot be later than the pay date for the second payroll period that begins after the election is made or, if earlier, the first pay date that occurs at least 30 days after the election is made. If an Employee does not make automatic deferrals to the Plan for an entire Plan Year (e.g., due to termination of employment), the Plan may allow such Employee to take a permissive withdrawal, but only with respect to default contributions made after the Employee's return to employment.

(H) **Consequences of permissible withdrawal**. Any amount distributed under this subsection (i) is includible in the Employee's gross income for the taxable year in which the distribution is made. However, the portion of any distribution consisting of Roth Deferrals is not included in an Employee's gross income a second time. In addition, a permissible withdrawal under this subsection (i) is not subject to any penalty tax under Code §72(t). Unless the Employee affirmatively elects otherwise, any withdrawal request will be treated as an affirmative election to stop having Salary Deferrals made on the Employee's behalf as of the date specified in subsection (C) above.

(I) **Forfeiture of Matching Contributions**. n the case of any withdrawal made under this subsection (i), any Matching Contributions made with respect to such withdrawn Salary Deferrals must be forfeited. Any forfeiture of Matching Contributions under this subsection (E) will be made in accordance with the requirements of Section 7.13.

(iv) **Expansion of corrective distribution period for EACAs**. If the Plan qualifies as an EACA (as defined in subsection (2) above), the corrective distribution provisions applicable to Excess Contributions and Excess Aggregate Contributions under Sections 6.01(6)(2) and 6.02(6)(2) are modified to allow a corrective distribution no later than 6 months (instead of 2½ months) after the last day of the Plan Year in which such excess amounts arose to avoid the 10% excise tax with respect to such corrective

distributions. This subsection (ii) is effective for corrective distributions made for Plan Years beginning on or after January 1, 2008.

(v) **Preemption of state law**. In applying the provisions of this subsection (c), if the Plan satisfies the requirements for an EACA under subsection (2), any law of a State which would directly or indirectly prohibit or restrict the inclusion of an automatic contribution arrangement shall be superseded.

(d) **Catch-Up Contributions**. If permitted under AA §6A-4 of the Profit Sharing/401(k) Plan Adoption Agreement, a Participant who is aged 50 or over by the end of his/her taxable year beginning in the calendar year may make Catch-Up Contributions under the Profit Sharing/401(k) Plan, provided such Catch-Up Contributions are in excess of an otherwise applicable limit under the Plan. For this purpose, an otherwise applicable Plan limit is a limit in the Plan that applies to Salary Deferrals without regard to Catch-up Contributions, such as a Plan-imposed Salary Deferral limit under AA §6A-2, the Code §415 Limitation (described in Section 5.03), the Elective Deferral Dollar Limit (described in Section 5.02), and the limit imposed by the ADP Test (described in Section 6.01). For this purpose, an ADP Test limit only applies to the extent a Highly Compensated Employee is required to receive a corrective refund under Section 6.01(6)(2).

(1) **Catch-Up Contribution Limit**. Catch-up Contributions for a Participant for a taxable year may not exceed the Catch-Up Contribution Limit. The Catch-Up Contribution Limit for taxable years beginning in 2010 through 2014 is $5,500. For taxable years beginning after 2014, the Catch-Up Contribution Limit will be adjusted for cost-of-living increases under Code §414(v)(2)(C). The Employer may operationally limit Catch-Up Contributions so that a Participant's total Catch-Up Contributions, when added to other Salary Deferrals, may not exceed 75 percent of the Participant's Plan Compensation for the taxable year. (A Different Catch-Up Contribution Limit applies for SIMPLE 401(k) Plans. See Section 6.05(b)(2).)

(2) **Special treatment of Catch-Up Contributions**. Catch-up Contributions are not subject to the Elective Deferral Dollar Limit or the Code §415 Limitation, are not counted in the ADP Test, and are not counted in determining the minimum allocation under Code §416 (as defined in Section 4.04). but Catch-Up Contributions made in prior years are counted in determining whether the Plan is Top Heavy.

(e) **Roth Deferrals**. For Plan Years beginning on or after January 1, 2006, if permitted under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement, a Participant may designate all or a portion of his/her Salary Deferrals as Roth Deferrals. For this purpose, a Roth Deferral is a Salary Deferral that satisfies the following conditions.

(3) **Irrevocable election**. The Participant makes an irrevocable election (at the time the Participant enters into his/her Salary Deferral Election) designating all or a portion of his/her Salary Deferrals as Roth Deferrals. The irrevocable election applies with respect to Salary Deferrals that are made pursuant to such election. A Participant may modify or change a Salary Deferral Election to increase or decrease the amount of Salary Deferrals designated as Roth Deferrals, provided such change or modification applies only with respect to Salary Deferrals made after such change or modification. (See subsection (b) above for rules regarding the timing of permissible changes or modifications to a Participant's Salary Deferral Election.)

(4) **Subject to immediate taxation**. To the extent a Participant designates all or a portion of his/her Salary Deferrals as Roth Deferrals, such amounts will be includible in the Participant's income at the time the Participant would have received the contribution amounts in cash if the Employee had not made the Salary Deferral election.

(5) **Separate account**. Any amounts designated as Roth Deferrals will be maintained by the Plan in a separate Roth Deferral Account. The Plan will credit and debit all contributions and withdrawals of Roth Deferrals to such separate Account. The Plan will separately allocate gains, losses, and other credits and charges to the Roth Deferral Account on a reasonable basis that is consistent with such allocations for other Accounts under the Plan. However, in no event may the Plan allocate forfeitures under the Plan to the Roth Deferral Account. The Plan will separately track Participants' accumulated Roth Deferrals and the earnings on such amounts.

(6) **Satisfaction of Salary Deferral requirements**. Roth Deferrals are subject to the same requirements as apply to Salary Deferrals. Thus Roth Deferrals are subject to the following requirements:

(v) Roth Deferrals are always 100% vested, as provided in Section 7.01.

(vi) Roth Deferrals are subject to the Elective Deferral Dollar Limit, as described in Section 5.02. For this purpose, all Salary Deferrals (both Pre-Tax Salary Deferrals and Roth Deferrals) are aggregated in applying the Elective Deferral Dollar Limit.

(vii) Roth Deferrals are subject to the same distribution restrictions as apply to Salary Deferrals under Section 8.10(c). See Section 8.11(b) for special distribution provisions applicable to Roth Deferrals.

(viii) Roth Deferrals are subject to ADP nondiscrimination testing, as set forth in Section 6.01.

(ix) Roth Deferrals are subject to the required minimum distribution requirements under Code §401 (a)(9), as set forth in Section 8.12.

(x) Roth Deferrals are treated as Employer Contributions for purposes of Code §§401(a), 401(k), 402, 411, 412, 415, 416 and 417.

(7) **Rollover of Roth Deferrals**.

(viii) **Rollovers from this Plan**. For purposes of the rollover rules under Section 8.05, a Direct Rollover of a distribution from a Participant's Roth Deferral Account will only be made to another Roth Deferral Account under a qualified plan described in Code §401(a) or an annuity contract or custodial account described in Code §403(b) or to a Roth IRA described in §408A, and only to the extent the rollover is permitted under the rules of Code §402(c).

(ix) **Rollovers to this Plan**. Subject to the provisions under Section 3.07, a Participant may make a Rollover Contribution to his/her Roth Deferral Account only if the rollover is a Direct Rollover from another Roth Deferral Account under a qualified retirement plan (as described in Section 3.07) and only to the extent the rollover is permitted under the rules of Code §402(c). A rollover of Roth Deferrals may not be made to this Plan from a Roth IRA. Any rollover of Roth Deferrals to this Plan will be held in a separate Roth Rollover Account.

(x) **Minimum rollover amount**. The Plan will not provide for a Direct Rollover (including an Automatic Rollover) for distributions from a Participant's Roth Deferral Account if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than $200. In addition, any distribution from a Participant's Roth Deferral Account is not taken into account in determining whether distributions from a Participant's other Accounts are reasonably expected to total less than $200 during a year. However, Eligible Rollover Distributions from a Participant's Roth Deferral Account are taken into account in determining whether the total amount of the Participant's Account Balances under the Plan exceeds $1,000 for purposes of applying the Automatic Rollover provisions under Section 8.06.

(xi) **Separate treatment of Roth Deferrals**. The provisions under Section 8.05 that allow a Participant to elect a Direct Rollover of only a portion of an Eligible Rollover Distribution but only if the amount rolled over is at least $500 is applied by treating any amount distributed from the Participant's Roth Deferral Account as a separate distribution from any amount distributed from the Participant's other Accounts in the Plan, even if the amounts are distributed at the same time.

(f) **In-Plan Roth Conversions**. Effective on or after September 27, 2010, the Employer may elect under AA §6A-5(c) of the Profit Sharing/401(k) Plan Adoption Agreement to permit In-Plan Roth Conversions under the Plan. For this purpose, an In-Plan Roth Conversion is a distribution from a Participant's Plan Account, other than a Roth Deferral Account or Roth Rollover Account, that is rolled over to the Participant's In-Plan Roth Conversion Account under the Plan, pursuant to Code §402A(c)(4). An In-Plan Roth Conversion may be accomplished by a direct conversion or by a distribution and rollover back into the Participant's In-Plan Roth Conversion Account. Any election to make an In-Plan Roth Conversion during a taxable year may not be changed after the In-Plan Roth Conversion is completed.

An In-Plan Roth Conversion may be elected by a Participant, a spousal beneficiary, or an alternate payee who is a spouse or former spouse. To the extent the term "Participant" is used in this subsection (f) for purposes of determining eligibility to make an In-Plan Roth Conversion, such term will also include a spousal beneficiary and an alternate payee who is a spouse or former spouse.

To permit In-Plan Roth Conversions, AA §6A-5(c) of the Profit Sharing/401(k) Plan Adoption Agreement must be completed. If In-Plan Roth Conversions are not specifically authorized under AA §6A-5(c), Participants may not make an In-Plan Roth Conversion. AA §6A-5(c) need not be completed if In-Plan Roth Conversions are not permitted under the Plan. In addition, if In-Plan Roth Conversions are permitted under AA §6A-5(c), the Plan must allow for Roth Deferrals as of the date the In-Plan Roth Conversion is permitted under the Plan.

[*The provisions under this subsection (f) and AA §6A-5(c) do not consider the rules under the American Taxpayer Relief Act of 2012. For rules applicable to In-Plan Roth Conversions that occur on or after January 1, 2013, see Appendix B and Interim Amendment #1 under the Profit Sharing/401(k) Plan Adoption Agreement.*]

(1) **Amounts eligible for In-Plan Roth Conversion**. If permitted under AA §6A-5(c) of the Profit Sharing/401(k) Plan Adoption Agreement, a Participant may convert any portion of his/her vested Account Balance (other than amounts attributable to Roth Deferrals or Roth Deferral rollovers) to an In-Plan Roth Conversion Account. However, to make an In-Plan Roth Conversion, a Participant must be eligible to receive a distribution that qualifies as an Eligible Rollover Distribution, as defined in Code §402(c)(4). An in-service distribution may be authorized under AA §10-1 or under AA §6A-5(c)(2).

While an In-Plan Roth Conversion is treated as a distribution for certain purposes under the Plan, an In-Plan Roth Conversion will not be treated as a distribution for the following purposes:

(vii) **Participant loans**. A Participant loan directly transferred in an In-Plan Roth Conversion without changing the repayment schedule is not treated as a new loan. The Employer may elect in AA§6A-5(c)(4)(iii) to not permit Participant loans to be distributed as part of an In-Plan Roth Conversion.

(viii) **Spousal consent**. An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the spousal consent requirements under Code §401(a)(11). Thus, a married Plan Participant is not required to obtain spousal consent in connection with an election to make an In-Plan Roth Conversion, even if the Plan is otherwise subject to the spousal consent requirements under Code §401(a)(11).

(ix) **Participant consent**. An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the participant consent requirements under Code §411(a)(11). Thus, amounts that are converted as part of an In-Plan Roth Conversion continue to be taken into account in determining whether the Participant's vested Account Balance exceeds $5,000 for purposes of applying the Involuntary Cash-Out provisions and will not trigger the requirement for a notice of the Participant's right to defer receipt of the distribution.

(x) **Protected benefits**. An In-Plan Roth Conversion is not treated as a distribution under Code §411(d)(6)(B)(ii). Thus, a Participant who had a distribution right (such as a right to an immediate distribution) prior to the In-Plan Roth Conversion cannot have that distribution right eliminated solely as a result of the election to make an In-Plan Roth Conversion.

(xi) **Mandatory withholding**. An In-Plan Roth Conversion is not subject to 20% mandatory withholding under Code §3405(c).

(2) **Effect of In-Plan Roth Conversion**. A Participant must include in gross income the taxable amount of an In-Plan Roth Conversion. For this purpose, the taxable amount of an In-Plan Roth Conversion is the fair market value of the distribution reduced by any basis in the converted amounts. If the distribution includes Employer securities, the fair market value includes any net unrealized appreciation within the meaning of Code §402(e)(4). If an outstanding loan is rolled over as part of an In-Plan Roth Conversion, the amount includible in gross income includes the balance of the loan. Generally, the taxable amount of an In-Plan Roth Conversion is includible in gross income in the taxable year in which the conversion occurs. However, for In-Plan Roth Conversions made in 2010. the taxable amount is includible in gross income half in 2011 and half in 2012 unless the Participant elects to include the taxable amount in gross income in 2010. However, see Notice 2010-84, Q&A 11, for rules that apply if a Participant spreads income over 2011 and 2012 and subsequently takes a distribution of such amounts before the entire amount of the conversion is taken into income.

(3) **Application of Early Distribution Penalty under Code §72(t)**. An In-Plan Roth Conversion is not subject to the early distribution penalty under Code §72(t) at the time of the conversion. However, if an amount allocable to the taxable amount of an In-Plan Roth Conversion is subsequently distributed within the 5-

taxable-year period beginning with the first day of the Participant's taxable year in which the conversion was made, the amount distributed is treated as includible in gross income for purposes of applying the Code §72(t) early distribution penalty. For this purpose, the 5-taxable-year period ends on the last day of the Participant's fifth taxable year in the period. This subsection (3) will not apply to the extent the distribution is rolled over to a Roth account in another qualified plan or is rolled over to a Roth IRA. However, the rule under this subsection (3) will apply to any subsequent distributions made from such other Roth account or Roth IRA within the 5-taxable-year period.

(4) **Contribution Sources**. Unless elected otherwise under AA §6A-5(c)(3), an In-Plan Roth Conversion may be made from any contribution source under the Plan. The Employer may elect in AA §6A-5(c)(3) to limit the contribution sources that are eligible for In-Plan Roth Conversion. In addition, the Employer may elect in AA §6A-5(c)(4)(i) to limit In-Plan Roth Conversions to contribution accounts that are 100% vested.

3.04 **Matching Contributions**. The Employer may elect under AA §6B of the Profit Sharing/401(k) Plan Adoption Agreement to authorize Matching Contributions under the Plan. If the Employer elects more than one Matching Contribution formula under AA §6B-2, each formula is applied separately. A Participant's aggregate Matching Contributions will be the sum of the Matching Contributions under all such formulas. Any Matching Contribution made under the Plan will be allocated to Participants' Matching Contribution Account. To receive an allocation of Matching Contributions, a Participant must satisfy any allocations conditions designated under the Plan, as described in Section 3.09 below.

A contribution will not be considered a Matching Contribution if such contribution is contributed before the underlying Salary Deferral or After-Tax Employee Contribution election is made or before an Employee performs the services with respect to which the underlying Salary Deferrals or After-Tax Employee Contributions are made (or when the cash that is subject to such election would be currently available, if earlier). A Matching Contribution will not be treated as failing to satisfy the requirements of this paragraph merely because contributions are occasionally made before the Employee performs the services with respect to which the underlying Salary Deferral or After-Tax Employee Contribution election is made 'or when the cash that is subject to such elections would be currently available, if earlier) in order to accommodate bona fide administrative considerations (and such amounts are not paid early for the principal purpose of accelerating deductions).

(a) **Contributions eligible for Matching Contributions**. The Matching Contribution formula(s) apply to Salary Deferrals and After-Tax Employee Contributions made under the Plan, to the extent authorized under the Adoption Agreement. The Employer may elect under AA §6D-2(b) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude After-Tax Employee Contributions from the Matching Contribution formula(s). If the Matching Contribution formula(s) applies to both Salary Deferrals and After-Tax Employee Contributions, such contributions are aggregated to determine the Matching Contributions under the Plan. Any reference to Salary Deferrals under the Matching Contribution formula(s) includes After-Tax Employee Contributions to the extent such amounts are eligible for Matching Contributions under the Plan.

In addition, the Employer may elect under AA §6B-3(b) to match Elective Deferrals under another qualified plan, 403(b) plan or 457 plan maintained by the Employer. If the Employer elects to make a Matching Contribution based on the Employee's Elective Deferrals or Roth Deferrals under another qualified plan, 403(b) plan or 457 plan, the Employer shall make a Matching Contribution on behalf of any eligible Participant who makes Elective Deferrals or Roth Deferrals to the plan designated under AA §6B-3(b). Any such Matching Contribution made to the Plan will be allocated in accordance with any special provisions added under AA §6B-3(b). Any such Matching Contributions will be in addition to any Matching Contributions made with respect to Salary Deferrals or After-Tax Employee Contributions under this Plan.

(b) **Period for determining Matching Contributions**. AA §6B-5 sets forth the period for which the Matching Contribution formula(s) applies. For this purpose, the period designated in AA §6B-5 applies for purposes of determining the amount of Salary Deferrals (and After-Tax Employee Contributions, if applicable) taken into account in applying the Matching Contribution formula(s) and in applying any limits on the amount of Salary Deferrals that may be taken into account under the Matching Contribution formula(s). (See subsection (c) for rules applicable to true-up contributions where the Employer contributes Matching Contributions to the Plan on a different period than selected under AA §6B-5.)

If the Employer elects a discretionary Matching Contribution under AA §6B-2, the Employer may elect to make a different Matching Contribution for each period designated in AA §6B-5. Thus, for example, if the discretionary Matching Contribution is based on the Plan Year quarter under AA §6B-5, the Employer may elect to make a

different level of Matching Contribution for each Plan Year quarter. The Matching Contribution for the full Plan Year must be taken into account in applying the ACP Test with respect to such Plan Year.

(c) **True-up contributions**. If the Employer makes Matching Contributions more frequently than annually, the Employer may have to make true-up contributions for Participants. True-up contributions will be required if the Employer actually contributes Matching Contributions to the Plan on a more frequent basis than the period that is used to determine the amount of the Matching Contributions under AA §6B-5 or AA §6C-2(a)(3) of the Profit Sharing/401(k) Plan Adoption Agreement with respect to Safe Harbor Contributions. For example, if Matching Contributions apply with respect to Salary Deferrals made for the Plan Year, but the Employer contributes the Matching Contributions on a quarterly basis, the Employer may have to make a true-up contribution to any Participant based on Salary Deferrals for the Plan Year. If a true-up contribution is required under this subsection (c), the Employer may make such additional contribution as required to satisfy the contribution requirements under the Plan. Similar true-up contribution requirements will apply with respect to Safe Harbor/QACA Safe Harbor Matching Contributions under Section 6.04(a)(1)(ii). If true-up contributions will not be made for any Participant under the Plan, payroll period should be selected under AA §6B-5(a) or AA §6C-2(a)(3)(i), as applicable.

If a period other than the Plan Year is selected under AA §6B-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under AA §6B-5. If an additional discretionary Matching Contribution is made under this subsection (c), such contribution must be provided to all eligible Participants who would otherwise be entitled to a true-up contribution based on Plan Compensation for the Plan Year.

(d) **Qualified Matching Contributions (QMACs)**. Notwithstanding any contrary selections in the Profit Sharing/401(k) Plan Adoption Agreement, for any Plan Year, the Employer may make a discretionary QMAC on behalf of Nonhighly Compensated Participants under the Plan. Such QMAC will be allocated uniformly to all Nonhighly Compensated Participants, without regard to any allocation conditions selected in AA §6B-7, unless designated otherwise under AA §6D-4(c) of the Profit Sharing/401(k) Plan Adoption Agreement. In addition, the Employer may elect under AA §6D-4 to treat all or a portion) of the Matching Contributions designated under AA §6B-2 as QMACs. (See Sections 6.01(b)(3) and 6.02(b)(3) for a description of the amount of QMACs that may be taken into account under the ADP Test and/or ACP Test.)

(8) **Requirements for QMACs**. Any QMAC contributed pursuant to this subsection (d) must satisfy the following requirements at the time the contribution is made to the Plan, regardless of any inconsistent elections under the Profit Sharing/401(k) Plan Adoption Agreement:

(vi) **100% vesting**. A QMAC must be 100% vested when contributed to the Plan.

(vii) **Distribution restrictions**. A QMAC must be subject to the same distribution restrictions applicable to Salary Deferrals under Section 8.10(c), except that no portion of a Participant's QMAC Account may be distributed on account of Hardship. See Section 8.10(e).

(viii) **Allocation conditions**. A QMAC will not be subject to the allocation provisions applicable to Matching Contributions, as designated under AA §6B-7, unless provided otherwise under AA §6D-4(c).

(ix) **Discretionary QMAC**. If the Employer makes both a discretionary Matching Contribution under AA §6B-2(a) and a discretionary QMAC, the Employer must designate, in writing, the amount of the Matching Contribution that is designated as a regular Matching Contribution and the amount designated as a QMAC.

(9) **Targeted QMAC**. If elected under AA §6D-4(b)(3) of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may make a discretionary QMAC and allocate such QMAC as a Targeted QMAC. If the Employer makes a Targeted QMAC, the QMAC will be allocated to Nonhighly Compensated Participants in the QMAC Allocation Group, starting with Nonhighly Compensated Participants with the lowest Plan Compensation for the Plan Year. For this purpose, the QMAC Allocation Group is made up of the Nonhighly Compensated Participants (equal to one-half of total Nonhighly Compensated Participants under the Plan), with the lowest level of Plan Compensation for the Plan Year who have made Salary Deferrals and/or After-Tax Employee Contributions during the Plan Year that are eligible for Matching Contributions. If the Plan is disaggregated for otherwise excludable Employees pursuant to Section 6.03(b), the Employer may allocate the QMAC only to Participants in a particular disaggregated portion of the Plan. See Section 6.03(c).

(i) **Amount of Matching Contribution**. The QMAC will be allocated to Nonhighly Compensated Participants in the QMAC Allocation Group as follows:

(C) The QMAC will be allocated first to the Nonhighly Compensated Participant(s) with the lowest Plan Compensation up to the greater of 5% of Plan Compensation or 100% of the Participant's deferral rate and continuing with Nonhighly Compensated Employees in the QMAC Allocation Group with the next higher level of Plan Compensation, until all of the QMAC has been allocated (or until all Nonhighly Compensated Employees in the QMAC Allocation Group have received the maximum 5% of Plan Compensation or 100% Matching Contribution). If after this allocation, QMAC contributions are still available, additional Matching Contributions may be made to Nonhighly Compensated Employees in the QMAC Allocation Group (beginning with Nonhighly Compensated Participant(s) with the lowest Plan Compensation) up to a maximum of twice the lowest Matching Contribution rate received by any Nonhighly Compensated Participant(s) in the QMAC Allocation Group.

(D) If additional QMACs remain to be allocated after the allocation under subsection (A) (e.g., because the Plan still fails the ACP test), the additional QMACs will be allocated to the Nonhighly Compensated Employees in the QMAC Allocation Group (beginning with Nonhighly Compensated Participant(s) with the lowest Plan Compensation) in an amount necessary to provide a Matching Contribution rate equal to the highest Matching Contribution rate of any Nonhighly Compensated Employee in the QMAC Allocation Group. If additional QMACs remain, the remaining QMACs will be allocated beginning with the Nonhighly Compensated Employees in the QMAC Allocation Group (beginning with Nonhighly Compensated Participant(s) with the lowest Plan Compensation) up to twice the lowest Matching Contribution rate for any Nonhighly Compensated Employee in the QMAC Allocation Group. This allocation will continue until all QMACs have been allocated to the Nonhighly Compensated Employees in the QMAC Allocation Group.

(ii) **Determining Matching Contribution rate**. In determining the allocation of the Targeted QMAC under this subsection (2), the Matching Contribution rate is the total Matching Contributions allocated to the Nonhighly Compensated Employee (determined as a percentage of Salary Deferrals and/or After-Tax Employee Contributions, to the extent eligible for Matching Contributions). If the Matching Contribution rate is not the same for all levels of Salary Deferrals and or After-Tax Employee Contributions, the Nonhighly Compensated Employee's Matching Contribution rate is determined assuming the Employee's total Salary Deferrals and/or After Tax Contributions are equal to 6% of Plan Compensation, regardless of how much the Employee actually contributes under the Plan.

(iii) **Special rule for Prevailing Wage Contributions**. To the extent QMACs are made in connection with the Employer's obligation to pay Prevailing Wages, this subsection (2) may be applied by increasing the 5% of Plan Compensation limit to 10% of Plan Compensation.

3.05 **Safe Harbor/QACA Safe Harbor Contributions**. The Employer may elect under AA §6C of the Profit Sharing/401(k) Plan Adoption Agreement to treat the Plan as a Safe Harbor 401(k) Plan. To qualify as a Safe Harbor 401(k) Plan, the Employer must make a Safe Harbor/QACA Safe Harbor Employer Contribution or a Safe Harbor/QACA Safe Harbor Matching Contribution. Such contributions are subject to special vesting and distribution restrictions and will be allocated to a Participant's Safe Harbor/QACA Safe Harbor Employer Contribution Account or Safe Harbor/QACA Safe Harbor Matching Contribution Account, as applicable. See Section 6.04(a) for the requirements that must be met to qualify as a Safe Harbor 401(k) Plan.

3.06 **After-Tax Employee Contributions**. The Employer may elect under AA §6D-2 of the Profit Sharing/401(k) Plan Adoption Agreement or under AA §6-6 of the Profit Sharing or Money Purchase Plan Adoption Agreement to allow Participants to make After-Tax Employee Contributions under the Plan. If permitted under AA §6D-2 or AA §6-6, as applicable, a Participant's compensation will be reduced by the amount the Participant elects to contribute as an After-Tax Employee Contribution. Any After-Tax Employee Contributions made under this Plan are subject to the ACP Test outlined in Section 6.02(a). Any After-Tax Employee Contributions made under the Plan will be held in Participants' After-Tax Employee Contribution Account, which is always 100% vested.

A Participant may increase, decrease, discontinue or resume his/her After-Tax Employee Contributions as set forth in AA §6D-2(c) or 6-6(c), as applicable. An Employee must be permitted to modify or terminate an existing After-Tax Employee Contribution election at least once a year. Additional dates may be designated on the After-Tax Employee Contribution election form (or other written procedures) as to when a Participant may commence, modify or terminate

After-Tax Employee Contributions. Alternatively, the Employer may designate under AA §6D-2(c) or AA §6-6(c), as applicable, specific dates as of which a Participant may commence, modify or terminate After-Tax Employee Contributions. Any election to modify or terminate an After-Tax Employee Contribution election will take effect within a reasonable period following such election and will apply only on a prospective basis.

A Participant may withdraw amounts from his/her After-Tax Employee Contribution Account at any time, in accordance with the distribution rules under Section 8.10(a), except as otherwise provided under AA §10. No forfeitures will occur solely as a result of an Employee's withdrawal of After-Tax Employee Contributions. The Employer may collect Participants' After-Tax Employee Contributions using payroll reduction or other collection procedures. The Employer may designate in AA §6D-2(e) of the Profit Sharing/401(k) Plan Adoption Agreement or under AA §6-6(e) of the Profit Sharing or Money Purchase Plan Adoption Agreement or in separate administrative procedures any special rules regarding the acceptance of After-Tax Employee Contributions. Any separate procedures will apply uniformly to all Participants under the Plan.

3.07 **Rollover Contributions**. An Employee (or former Employee) may make a Rollover Contribution to this Plan from a qualified retirement plan or from an IRA, if the acceptance of rollovers is permitted under AA §C-2 or if the Plan Administrator adopts administrative procedures regarding the acceptance of Rollover Contributions. Subject to the provisions under Section 3.03(e)(5)(ii) relating to rollovers of Roth Deferrals, any Rollover Contribution an Employee (or former Employee) makes to this Plan will be held in the Employee's Rollover Contribution Account, which is always 100% vested. A Participant may withdraw amounts from his/her Rollover Contribution Account at any time, in accordance with the distribution rules under Section 8, except as prohibited under AA §10. Any amounts received as a Rollover Contribution under this Section 3.07 will not be treated as an Annual Addition for purposes of applying the Code §415 Limitation described in Section 5.03.

For purposes of this Section 3.07, a qualified retirement plan is a tax-qualified retirement plan described in Code §401(a) or Code §403(a). an annuity contract described in §403(b) of the Code, or an eligible plan under §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. To qualify as a Rollover Contribution under this Section, the Rollover Contribution must be transferred directly from the qualified retirement plan or IRA in a Direct Rollover or must be transferred to the Plan by the Employee within sixty (60) days following receipt of the amounts from the qualified plan or IRA.

If Rollover Contributions are permitted, an Employee (or former Employee) may make a Rollover Contribution to the Plan even if the Employee is not a Participant with respect to any or all other contributions under the Plan, unless otherwise prohibited under AA §C-2 or separate administrative procedures adopted by the Plan Administrator. An Employee who makes a Rollover Contribution to this Plan prior to becoming a Participant shall be treated as a Participant only with respect to such Rollover Contribution Account, but shall not be treated as a Participant with respect to other contribution sources under the Plan until he/she otherwise satisfies the eligibility conditions under the Plan. To the extent Participant loans are authorized under the Plan, a "limited Participant" under this paragraph may request a Participant loan from the Rollover Contribution Account, unless provided otherwise under AA §B-3 or separate administrative procedures adopted by the Plan Administrator.

The Plan Administrator may refuse to accept a Rollover Contribution if the Plan Administrator reasonably believes the Rollover Contribution:

(a) is not being made from a proper plan or IRA;

(b) is not being made within sixty (60) days from receipt of the amounts from a qualified retirement plan or IRA;

(c) could jeopardize the tax-exempt status of the Plan; or

(d) could create adverse tax consequences for the Plan or the Employer.

Prior to accepting a Rollover Contribution, the Plan Administrator may require the Employee to provide satisfactory evidence establishing that the Rollover Contribution meets the requirements of this Section.

Unless provided otherwise under AA §11-7 or AA §C-1(c) or under separate administrative procedures, if a Participant is permitted under AA §C-1 to direct the investment of his/her Rollover Account, such Participant may invest such Account in Qualifying Employer Securities, as set forth in Section 10.06(c).

The Plan Administrator may apply different conditions for accepting Rollover Contributions from qualified retirement plans and IRAs. For example, the Plan Administrator may decide in its discretion whether to accept a Direct Rollover

of a loan note from another qualified plan. Any conditions on Rollover Contributions must be applied uniformly to all Employees under the Plan.

3.08 **Deductible Employee Contributions**. The Plan Administrator will not accept deductible employee contributions that are made for a taxable year beginning after December 31, 1986. Contributions made prior to that date will be maintained in a separate Account which will be nonforfeitable at all times. The Account will share in the gains and losses under the Plan in the same manner as described in Section 10.03(d). No part of the deductible voluntary contribution Account will be used to purchase life insurance. Subject to the Joint and Survivor Annuity requirements under Section 9 (if applicable), the Participant may withdraw any part of the deductible voluntary contribution Account by making a written application to the Plan Administrator.

3.09 **Allocation Conditions**. In order to receive an allocation of Employer Contributions (other than Salary Deferrals and Safe Harbor/QACA Safe Harbor Contributions) or an allocation of Matching Contributions, a Participant must satisfy any allocation conditions designated under AA §6-5 or AA §6B-7, as applicable. If the Employer elects under AA §6-5(d) or AA §6B-7(d) to apply a minimum service requirement, the Employer may elect to base such minimum service requirement on the basis of Hours of Service or on the basis of consecutive days of employment under the Elapsed Time method. The imposition of an allocation condition may cause the Plan to fail the minimum coverage requirements under Code §410(b), unless the only allocation condition under the Plan is a safe harbor allocation condition. Under the safe harbor allocation condition, a Participant who completes the minimum service required under AA §6-5(b) or AA §6B-7(b), as applicable, will satisfy the safe harbor allocation condition for receiving an Employer Contribution or Matching Contribution, even if the Participant's employment terminates during the Plan Year.

(a) **Application to designated period**. Instead of applying the allocation conditions on the basis of the Plan Year, the Employer may elect in AA §6-5(e) or AA §6B-7(e) to apply the allocation conditions on the basis of designated periods. If the Employer elects to apply a last day of employment condition on the basis of designated periods, a Participant will not be entitled to an allocation of Employer Contributions or Matching Contributions for any period designated under AA §6-5(e)(1) or AA §6B-7(e)(1), as applicable, unless the Participant is employed by the Employer at the end of such designated period. If the Employer elects to apply an Hours of Service allocation condition on the basis of designated periods, a Participant will not be entitled to an allocation of Employer Contributions or Matching Contributions for any period designated under AA §6-5(e)(1) or AA §6B-7(e)(1), as applicable, unless the Participant satisfies the required service condition before the end of such designated period.

If the Employer elects to apply the allocation conditions on the basis of designated periods, the Employer may elect to apply any Hours of Service condition using the cumulative method (as described in subsection (1) below) or the period-by-period method (as described in subsection (2) below). The Employer may elect operationally to use either method in applying the Hours of Service condition, provided the Employer uses the same method for all affected Employees during any given period. (If the Employer elects to apply a minimum service requirement on the basis of days of employment under AA §6-5(d)(2) or AA §6B-7(d)(2), as applicable, the Employer may not apply such minimum service condition on the basis of designated periods. Likewise, the Employer may not apply any Hours of Service requirement under a safe harbor allocation condition on the basis of designated periods. In either case, however, the Employer may apply a last day of employment condition, if applicable, on the basis of designated periods.)

(3) **Cumulative method**. Under the cumulative method, the Hours of Service condition is applied with respect to each designated period on a cumulative basis for the Plan Year. The required service condition for any period is determined by multiplying the required Hours of Service (or days of employment, if applicable) by a fraction, the numerator of which is the total number of periods completed during the Plan Year (including the current period) and the denominator of which is the total number of periods during the Plan Year. For example, if a Participant must complete 1,000 Hours of Service to receive an Employer Contribution or Matching Contribution under the Plan, and the Employer elects to apply such condition on the basis of Plan Year quarters under AA §6-5(e)(1)(i) or AA §6B-7(e)(1)(i), as applicable, a Participant would have to complete 250 Hours of Service by the end of the first Plan Year quarter [1/4 x 1,000], 500 Hours of Service by the end of the second Plan Year quarter [2/4 x 1,000], 750 Hours of Service by the end of the third Plan Year quarter [3/4 x 1,000] and 1,000 Hours of Service by the end of the Plan Year [4/4 x 1,000] to receive an allocation of the Employer Contribution or Matching Contribution for such period. If a Participant does not satisfy the required service condition for any designated period during the Plan Year, no Employer Contribution or Matching Contribution will be allocated to that Participant for such period.

(4) **Period-by-period method**. Under the period-by-period method, the minimum service allocation condition is applied separately for each designated period. The required service condition for any period is determined by multiplying the required Hours of Service (or days of employment, if applicable) by a fraction, the numerator of which is one (1) and the denominator of which is the total number of periods during the Plan Year. For example, if a Participant must complete 1,000 Hours of Service to receive an Employer Contribution or Matching Contribution under the Plan, and the Employer elects to apply such condition on the basis of Plan Year quarters under AA §6-5(e)(1)(i) or AA §6B-7(e)(1)(i), as applicable, a Participant would have to complete 250 Hours of Service in each Plan Year quarter [1/4 x 1,000] to receive an allocation of the Employer Contribution or Matching Contribution for such period. If a Participant does not satisfy the required service condition for any designated period during the Plan Year, no Employer Contribution or Matching Contribution will be allocated to that Participant for such period.

(b) **Special rule for year of termination**. A last day employment condition automatically applies for any Plan Year in which the Plan is terminated, regardless of whether the Employer has elected to apply a last day employment condition under AA §6-5(c) or AA §6B-7(c), as applicable. Thus, the Employer will not be obligated to make an Employer Contribution or Matching Contribution for the Plan Year in which the Plan terminates, unless the Employer provides for an Employer Contribution and/or Matching Contribution in its termination amendment. If there are unallocated forfeitures at the time of Plan termination, such forfeitures will be allocated to Participants under the Plan's procedures for allocating forfeitures.

(c) **Service with Predecessor Employers**. If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the allocation conditions under this Section 3.09. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for purposes of applying the allocation conditions under this Section 3.09, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under Section 2 (see Section 2.06), vesting under Section 7 (see Section 7.08) and for purposes of the minimum allocation conditions under this Section 3.09.

3.10 **Contribution of Property**. Subject to the consent of the Trustee, the Employer may make its contribution to the Plan in the form of property, provided such contribution does not constitute a prohibited transaction under the Code or ERISA. The decision to make a contribution of property is subject to the general fiduciary rules under ERISA. This Section 3.10 does not apply for purposes of the Money Purchase Adoption Agreement.

SECTION 4
TOP HEAVY PLAN REQUIREMENTS

For any Plan Year for which this Plan is Top Heavy, the provisions of this Section apply and supersede any conflicting provisions in the Plan or Adoption Agreement.

4.01 **Top Heavy Plan**. This Plan is Top Heavy if any of the following conditions exist:

(a) If the Top Heavy Ratio for this Plan exceeds sixty percent (60%) and this Plan is not part of any Required Aggregation Group or Permissive Aggregation Group;

(b) If this Plan is a part of a Required Aggregation Group (but is not part of a Permissive Aggregation Group) and the aggregate Top Heavy Ratio for the group of plans exceeds 60%; or

(c) If this Plan is a part of a Required Aggregation Group and part of a Permissive Aggregation Group and the Top Heavy Ratio for the Permissive Aggregation Group exceeds 60%.

If the Plan is a Safe Harbor 401(k) Plan and the Plan consists solely of Safe Harbor/QACA Safe Harbor Contributions (as described in Section 6.04(a)(1)) and Matching Contributions that satisfy the ACP Test Safe Harbor (as described in Section 6.04(i)), the Plan is not subject to the Top Heavy requirements of this Section 4.

4.02 **Top Heavy Ratio**.

(a) **Defined Contribution Plan(s) only**. If the Employer maintains one or more Defined Contribution Plans (including a SEP described under Code §408(k)) and the Employer has not maintained any Defined Benefit Plan which during the 5-year period ending on the Determination Date(s) has or has had accrued benefits, the Top Heavy Ratio for this Plan alone (or for the Required Aggregation Group or Permissive Aggregation Group, as appropriate) is a fraction, the numerator of which is the sum of the Account Balances of all Key Employees as of the Determination Date(s) and the denominator of which is the sum of all Account Balances, both computed in accordance with Code §416 and the regulations thereunder. For this purpose, the Account Balance used for purposes of applying the Top Heavy rules includes any part of the Account Balance distributed in the 1-year period ending on the Determination Date(s) (or during the 5-year period ending on the Determination Date in the case of a distribution made for a reason other than severance from employment, death or disability). Both the numerator and denominator of the Top Heavy Ratio are increased to reflect any contribution not actually made as of the determination date, but which is required to be taken into account on that date under §416 of the Code and the regulations thereunder. n determining whether a Plan is Top Heavy for a Plan Year beginning before January 1, 2002, the 1-year period described in this subsection (a) is replaced with a 5-year period each place it appears.

(b) **Maintenance of Defined Benefit Plan**. If the Employer maintains one or more Defined Contribution Plans (including a SEP, as described under Code §408(k)) and the Employer maintains or has maintained one or more Defined Benefit Plans which during the 5-year period ending on the Determination Date(s) has or has had any accrued benefits, the Top Heavy Ratio for any Required Aggregation Group or Permissive Aggregation Group (as appropriate), is a fraction, the numerator of which is the sum of Account Balances under the Defined Contribution Plan(s) for all Key Employees, determined in accordance with subsection (a) above, and the present value of accrued benefits under the aggregated Defined Benefit Plan(s) for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the Account Balances under the aggregated Defined Contribution Plan(s) for all Participants, determined in accordance with subsection (a) above, and the present value of accrued benefits under the Defined Benefit Plan(s) for all Participants as of the Determination Date(s), all determined in accordance with Code §416 and the regulations thereunder. The accrued benefits under a Defined Benefit Plan in both the numerator and denominator of the Top Heavy Ratio are increased for any distributions of an accrued benefit made during the I-year period ending on the Determination Date (or during the 5-year period ending on the Determination Date in the case of a distribution made for a reason other than severance from employment, death or disability). In determining whether a Plan is Top Heavy for a Plan Year beginning before January 1, 2002, the 1-year period described in this subsection (b) is replaced with a 5-year period each place it appears.

(c) **Determining value of Account Balance or accrued benefit**. For purposes of subsections (a) and (b) above, the value of Account Balances and the present value of accrued benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Code §416 and the regulations thereunder for the first and second Plan Years of a Defined Benefit

Plan. When aggregating plans the value of Account Balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(1) The Account Balances and accrued benefits of a Participant (i) who is not a Key Employee but who was a Key Employee in a prior year, or (ii) who has not been credited with at least one Hour of Service with any Employer maintaining the plan at any time during the 1-year period ending on the Determination Date will be disregarded. n determining whether a plan is Top Heavy for a Plan Year beginning before January 1, 2002, the 1-year period described in the prior sentence is replaced with a 5-year period.

(2) The calculation of the Top Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code §416 of the Code and the regulations thereunder. Deductible employee contributions will not be taken into account for purposes of computing the Top Heavy Ratio.

(3) The accrued benefit of a Participant other than a Key Employee shall be determined under the method, if any, that uniformly applies for accrual purposes under all Defined Benefit Plans maintained by the Employer, or if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code §411(b)(1)(C).

4.03 **Other Definitions**.

(a) **Key Employee**. Any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the Determination Date is:

(5) an officer of the Employer with annual Total Compensation greater than $130,000 (as adjusted under Code §416(i)(1)),

(6) a Five-Percent Owner (as defined in Section 1.69(a); or

(7) a more than 1-percent owner of the Employer with an annual Total Compensation of more than $150,000.

In determining whether a plan is Top Heavy for Plan Years beginning before January 1, 2002, Key Employee means any Employee or former Employee (including any deceased Employee) who at any time during the 5-year period ending on the Determination Date, was an officer of the Employer having an annual Total Compensation that exceeds 50% of the dollar limitation under Code §415(b)(1)(A), an owner (or considered an owner under Code §318) of one of the ten largest interests in the Employer if such individual's Total Compensation exceeded 100% of the dollar limitation under Code §415(c)(1)(A), a more than Five-Percent Owner, or a more than 1-percent owner of the Employer who had annual Total Compensation of more than $150,000.

The Key Employee determination will be made in accordance with Code §416(i) and the regulations and other guidance of general applicability issued thereunder.

(b) **Non-Key Employee**. An Employee or former Employee who does not satisfy the definition of Key Employee under subsection (a) above.

(c) **Determination Date**. For any Plan Year subsequent to the first Plan Year, the Determination Date is the last day of the preceding Plan Year. For the first Plan Year of the Plan, the Determination Date is the last day of that first Plan Year.

(d) **Permissive Aggregation Group**. The Required Aggregation Group of plans plus any other plan or plans of the Employer which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code §§401(a)(4) and 410.

(e) **Required Aggregation Group**.

(1) Each qualified plan of the Employer in which at least one Key Employee participates or participated at any time during the Plan Year containing the Determination Date or any of the four preceding Plan Years (regardless of whether the plan has terminated), and

(2) any other qualified plan of the Employer that enables a plan described in subsection (1) to meet the coverage or nondiscrimination requirements of Code §§401(a)(4) or 410(b).

(f) **Present Value**. The present value based on the interest and mortality rates specified in the relevant Defined Benefit Plan. In the event that more than one Defined Benefit Plan is included in a Required Aggregation Group or Permissive Aggregation Group, a uniform set of actuarial assumptions must be applied to determine present value. The Employer may specify in AA §11-5(b) the actuarial assumptions that will apply if the Defined Benefit Plans do not specify a uniform set of actuarial assumptions to be used to determine if the plans are Top Heavy.

(g) **Total Compensation**. For purposes of determining the minimum Top Heavy contribution under Section 4.04, Total Compensation is determined using the definition under Section 1.141. For this purpose, Total Compensation is subject to the Compensation Limit as defined in Section 1.25.

(h) **Valuation Date**. The date as of which Account Balances or accrued benefits are valued for purposes of calculating the Top Heavy Ratio. See AA §11-1.

4.04 **Minimum Allocation**. If a Plan is Top Heavy, each Participant who is not a Key Employee must receive a minimum allocation as described in this Section 4.04. Except as otherwise provided in subsections (d) - (f) below, the minimum allocation under this Section 4.04 is the lesser of 3% of Total Compensation or the largest percentage of Employer Contributions and forfeitures, as a percentage of Total Compensation, allocated on behalf of any Key Employee for that year. If any Non-Key Employee who is entitled to receive a Top Heavy minimum contribution pursuant to this Section 4.04 fails to receive an appropriate allocation, the Employer will make an additional contribution on behalf of such Non-Key Employee to satisfy the requirements of this Section. The Employer may elect under AA §11-4(a) to make the Top Heavy contribution to all Participants. If the Employer elects to provide the Top Heavy minimum contribution to all Participants, the Employer also will make an additional contribution on behalf of any Key Employee who is a Participant and who did not receive an allocation equal to the Top Heavy minimum contribution. (See subsection (h) for a discussion of the vesting rules applicable to the Top Heavy minimum allocation.)

(a) **Determination of Key Employee contribution percentage**. In determining the largest contribution percentage of any Key Employee, the Key Employee's contribution percentage includes Salary Deferrals made by the Key Employee for the Plan Year (except as provided by regulation or statute).

(b) **Determining of Non-Key Employee minimum allocation**. In determining whether a Non-Key Employee's allocation of Employer Contributions and forfeitures is at least equal to the minimum allocation percentage (as described in Section 4.04 above), the Employee's Salary Deferrals for the Plan Year are disregarded. To the extent a Non-Key Participant receives an allocation of Matching Contributions under the Plan (including Safe Harbor/QACA Safe Harbor Matching Contributions or QMACs), such Matching Contributions can be taken into account in determining whether the minimum allocation has been satisfied.

(c) **Certain allocation conditions inapplicable**. The Top Heavy Plan minimum allocation shall be made even though, under other Plan provisions, the Non-Key Employee would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because of:

(10) the Participant's failure to complete 1,000 Hours of Service (or any equivalent provided in the Plan).

(11) the Participant's failure to make Salary Deferrals or After-Tax Employee Contributions to the Plan, or

(12) Total Compensation is less than a stated amount.

The minimum allocation also is determined without regard to any Social Security contribution or whether a Participant fails to make Salary Deferrals for a Plan Year in which the Plan includes a 401(k) feature.

(d) **Participants not employed on the last day of the Plan Year**. The minimum allocation requirement described in this Section 4.04 does not apply to a Participant who is not employed by the Employer on the last day of the Plan Year.

(e) **Collectively Bargained Employees**. The top-heavy minimum allocation requirements under this Section 4.04 do not apply to Collectively Bargained Employees (as defined in Section 1.24).

(f) **Participation in more than one Top Heavy Plan**. The minimum allocation requirement described in this Section 4.04 does not apply to a Participant who is covered under another plan maintained by the Employer if, pursuant to AA §11-5, the other Plan will satisfy the minimum allocation requirement.

(1) **More than one Defined Contribution Plans**. If the Employer maintains one or more Defined Contribution Plans in addition to this Plan, the Employer may designate in AA §11-5(a) which plan(s) will provide the Top Heavy minimum allocation, if such plans are Top Heavy. If the Employer maintains more than one Defined Contribution Plan and does not designate the Plan to provide the Top Heavy minimum allocation, the Employer will be deemed to have selected this Plan as the Plan under which the Top Heavy minimum contribution will be provided. If an Employee is entitled to a Top Heavy minimum contribution but has not satisfied the minimum age and/or service requirements under the Plan designated to provide the Top Heavy minimum contribution, the Employee may receive a Top Heavy minimum contribution under the designated Plan.

(2) **Defined Contribution Plan and a Defined Benefit Plan**. If the Employer maintains a Defined Benefit Plan in addition to this Plan, the Employer may elect to provide the Top Heavy minimum allocation:

(i) in the Defined Benefit Plan;

(ii) in this Plan (or any other Defined Contribution Plan) but increasing the minimum allocation from 3% to 5%; or

(iii) under any other acceptable method of compliance.

If a Non-Key Employee participates only under the Defined Benefit Plan, the Top Heavy minimum benefit will be provided under the Defined Benefit Plan. If a Non-Key Employee participates only under the Defined Contribution Plan, the Top Heavy minimum benefit will be provided under the Defined Contribution Plan (without regard to this subsection (2)). If the Employer maintains a Defined Benefit Plan in addition to this Plan and does not designate how the minimum allocation will be provided, the Employer will be deemed to have selected this Plan as the Plan under which the Top Heavy minimum allocation will be provided.

(g) **No forfeiture for certain events**. The minimum Top Heavy allocation (to the extent required to be nonforfeitable under Code §416(b)) may not be forfeited under the suspension of benefit rules of Code §41l(a)(3)(B) or the withdrawal of mandatory contribution rules of Code §411(a)(3)(D).

(h) **Top Heavy vesting rules**. If a Top Heavy minimum allocation is made for a Plan Year, such allocation will be subject to the vesting schedule selected in AA §8 applicable to Employer Contributions. If the Plan does not provide for Employer Contributions, for example because the Plan only provides for Salary Deferrals and/or Matching Contributions, the Top Heavy minimum allocation will be subject to a 6-year graded vesting schedule, as defined in Section 7.02(b). unless an alternative vesting schedule is selected under AA §11-4(b).

SECTION 5
LIMITS ON CONTRIBUTIONS

5.01 **Limits on Employer Contributions**. Any contributions the Employer makes under the Plan are subject to the limitations set forth in this Section 5.

(a) **Limitation on Salary Deferrals**. If the Employer adopts the Profit Sharing/401(k) Plan Adoption Agreement, any Salary Deferrals made under the Plan are subject to the Elective Deferral Dollar Limit, as described in Section 5.02 below.

(b) **Limitation on total Employer Contributions**. All Employer Contributions the Employer makes under the Plan are subject to the Code §415 Limitation, as described in Section 5.03 below. For purposes of applying the Code §415 Limitation, Employer Contributions include any Employer Contributions, Salary Deferrals, Matching Contributions, QNECs, QMACs, or Safe Harbor/QACA Safe Harbor Contributions made under the Plan. See the definition of Annual Additions under Section 5.03(c)(1) below.

5.02 **Elective Deferral Dollar Limit**. No Participant may contribute as Elective Deferrals to this Plan (and any other plan, contract or arrangement maintained by the Employer) during any calendar year, an amount that exceeds the Elective Deferral Dollar Limit in effect for the Participant's taxable year beginning in such calendar year. Additional restrictions apply if a Participant participates in a plan maintained by an unrelated employer. (See subsection (b)(7) below.)

The Elective Deferral Dollar Limit is $17,500 for taxable years beginning in 2013 and 2014. For taxable years beginning after 2014, the Elective Deferral Dollar Limit will be adjusted for cost-of-living increases under Code §402(g)(4). Any such adjustments will be in multiples of $500.

If a Participant is aged 50 or over by the end of the taxable year, the Elective Deferral Dollar Limit is increased by the Catch-Up Contribution Limit (as defined in Section 3.03(d)(1)). If the Plan does not provide for Catch-up Contributions, the Elective Deferral Dollar Limit is not increased by the Catch-Up Contribution Limit.

(a) **Excess Deferrals**. Excess Deferrals are Elective Deferrals made during the Participant's taxable year that exceed the Elective Deferral Dollar Limit (as described above) for such year; counting only Elective Deferrals made under this Plan and any other plan, contract or arrangement maintained by the Employer. (See subsection (b)(7) below for provisions that apply when a Participant makes Elective Deferrals to a plan of an unrelated Employer.)

(b) **Correction of Excess Deferrals**. If a Participant makes Excess Deferrals (i.e., Elective Deferrals in excess of the Elective Deferral Dollar Limit) under this Plan and any other plan maintained by the Employer, such Excess Deferrals (plus allocable income or loss) shall be distributed to the Participant. A distribution of Excess Deferrals may be made at any time (subject to the correction provisions under the IRS voluntary correction program as described in Rev. Proc. 2013-12 or subsequent guidance). If the corrective distribution of Excess Deferrals is made by April 15 of the calendar year following the year the Excess Deferrals are made to the Plan, such amounts will be taxable in the year of deferral but not in the year of distribution. If a corrective distribution of Excess Deferrals is made after April 15 of the following calendar year, such amounts will be taxable in both the year of deferral and the year of distribution. See subsection (3) below.

(1) **Amount of corrective distribution**. The amount to be distributed from this Plan as a correction of Excess Deferrals equals the amount of Elective Deferrals the Participant contributes during the taxable year to this Plan and any other plan maintained by the Employer in excess of the Elective Deferral Dollar Limit, reduced by any corrective distribution of Excess Deferrals the Participant receives during the calendar year from this Plan or other plan(s) maintained by the Employer. If a Participant has both a Pre Tax-Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which the corrective distribution of Excess Deferrals is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account, unless designated otherwise under AA §6A-5(b)(2). If a Participant does not designate the Account(s) from which the distribution will be made, the corrective distribution will be made first from the Participant's Pre-Tax Deferral Account.

(2) **Allocable gain or loss**. A corrective distribution of Excess Deferrals must include any allocable gain or loss for the taxable year in which the Excess Deferrals are contributed to the Plan. The gain or loss allocable to Excess Deferrals may be determined in any reasonable manner, provided the manner used to determine allocable gain or loss is applied consistently for all Participants and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts. A corrective distribution of

Excess Deferrals will not include any income or loss allocable to the period between the end of the taxable year and the date of distribution.

(3) **Taxation of corrective distribution**. If a corrective distribution of Excess Deferrals is made by April 15 of the following calendar year, amounts attributable to the Excess Deferrals will be includible in the Participant's gross income in the taxable year in which such amounts are deferred under the Plan and amounts attributable to income or loss on the Excess Deferrals will be includible in gross income in the year of distribution. However, a corrective distribution of Excess Deferrals will not be included in gross income to the extent such distribution is comprised of Roth Deferrals. A Roth Deferral is treated as an Excess Deferral only to the extent that the total amount of Roth Deferrals for an individual exceeds the applicable limit for the taxable year or the Roth Deferrals are identified as Excess Deferrals and the individual receives a distribution of the Excess Deferrals and allocable income under this paragraph.

If a corrective distribution of Excess Deferrals is made after April 15, the amount of the corrective distribution attributable to Excess Deferrals will be includible in the Participant's gross income in both the taxable year in which such amounts are deferred under the Plan and the taxable year in which such amounts are distributed. (See Section 8.11(b)(2) for a discussion of the ordering rules for determining the Accounts from which the corrective distribution is made where a Participant has both a Pre-Tax Deferral Account and a Roth Deferral Account.)

If a corrective distribution of Excess Deferrals made after April 15 of the following calendar year apply to Excess Deferrals that are Roth Deferrals, such amounts are includible in gross income (without adjustment for any return of investment in the contract under Code §72(e)(8)). In addition, such distribution cannot be a qualified distribution as described in Code §402A(d)(2) and is not an Eligible Rollover Distributions (within the meaning of Code §402(c)(4)). For this purpose, if a Roth Deferral account includes any Excess Deferrals, any distributions from the Roth Deferral account are treated as attributable to those Excess Deferrals until the total amount distributed from the Roth Deferral account equals the total of such Excess Deferrals and attributable income.

(4) **Coordination with other provisions**. A corrective distribution of Excess Deferrals made by April 15 of the following calendar year may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8. A corrective distribution of Excess Deferrals made by the appropriate April 15 also is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.12.

(5) **Coordination with ADP failure**. If a Participant receives a corrective distribution of Excess Contributions to correct an ADP Test failure for a Plan Year beginning with or within a calendar year for which the Participant makes Excess Deferrals, any corrective distribution from the Plan is treated first as a corrective distribution of Excess Deferrals to the extent necessary to eliminate the Excess Deferral violation. The amount which must be distributed to correct the ADP Test failure is reduced by the amount treated as a corrective distribution of Excess Deferrals.

(6) **Suspension of Salary Deferrals**. If a Participant's Salary Deferrals under this Plan, in combination with any Elective Deferrals the Participant makes during the calendar year under any other plan maintained by the Employer, equal or exceed the Elective Deferral Dollar Limit, the Employer may suspend the Participant's Salary Deferrals under this Plan for the remainder of the calendar year without the Participant's consent.

(7) **Correction of Excess Deferrals under plans not maintained by the Employer**. The correction provisions under this subsection (b) apply only if a Participant makes Excess Deferrals under this Plan (or under this Plan and other plans maintained by the Employer). However, if a Participant has Excess Deferrals for a calendar year on account of making Elective Deferrals to a plan of an unrelated employer, the Participant may assign to this Plan any portion of his/her Elective Deferrals made under all plans during the calendar year to the extent such Elective Deferrals exceed the Elective Deferral Dollar Limit. The Participant must notify the Plan Administrator in writing on or before March 1 of the following calendar year of the amount of the Excess Deferrals to be assigned to this Plan. If any Roth Deferrals were made to a plan, the notification must also identify the extent to which, if any, the Excess Deferrals are comprised of Roth Deferrals.

Upon receipt of a timely notification, the Excess Deferrals assigned to this Plan will be distributed (along with any allocable income or loss) to the Participant in accordance with the corrective distribution provisions under this subsection (b). A Participant is deemed to notify the Plan Administrator of Excess Deferrals

(including any portion of Excess Deferrals that are comprised of Roth Deferrals) to the extent such Excess Deferrals arise only under this Plan and any other plan maintained by the Employer.

5.03 **Code §415 Limitation**.

(a) **No other plan participation**. If the Participant does not participate in, and has never participated in another qualified retirement plan, a welfare benefit fund (as defined under Code §419(c)), an individual medical account (as defined under Code §415(l)(2)), or a SEP (as defined under Code §408(k)) maintained by the Employer, which provides an Annual Addition as defined in subsection (c)(1), then the amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year will not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan.

If an Employer Contribution that would otherwise be contributed or allocated to a Participant's Account will cause that Participant's Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount to be contributed or allocated to such Participant will be reduced so that the Annual Additions allocated to such Participant's Account for the Limitation Year will equal the Maximum Permissible Amount. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS) as set forth in Rev. Proc. 2013-12.

(b) **Participation in another plan**. This subsection (b) applies if, in addition to this Plan, the Participant receives an Annual Addition during any Limitation Year from another Defined Contribution Plan, a welfare benefit fund (as defined under Code §419(e)), an individual medical account (as defined under Code §415(1)(2)), or a SEP (as defined under Code §408(k)) maintained by the Employer.

(1) **This Plan's Code §415 Limitation**. The Annual Additions that may be credited to a Participant's Account under this Plan for any Limitation Year will not exceed the Maximum Permissible Amount (defined in subsection (c)(6) below) reduced by the Annual Additions credited to a Participant's Account under any other Defined Contribution Plan, welfare benefit fund, individual medical account, or SEP maintained by the Employer for the same Limitation Year.

(2) **Annual Additions reduction**. If the Annual Additions with respect to the Participant under any other Defined Contribution Plan, welfare benefit fund, individual medical account, or SEP maintained by the Employer are less than the Maximum Permissible Amount and the Annual Additions that would otherwise be contributed or allocated to the Participant's Account under this Plan would exceed the Code §415 Limitation for the Limitation Year, the amount contributed or allocated will be reduced so that the Annual Additions under all such Plans and funds for the Limitation Year will equal the Maximum Permissible Amount. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS) as set forth in Rev. Proc. 2013-12.

(3) **No Annual Additions permitted**. If the Annual Additions with respect to the Participant under such other Defined Contribution Plan(s), welfare benefit fund(s), individual medical account(s), or SEP(s) in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year. However, if a contribution or allocation is made to a Participant's Account in an amount that exceeds the Maximum Permissible Amount, such excess Annual Additions may be corrected pursuant to the correction procedures outlined under the IRS' Employee Plans Compliance Resolution System (EPCRS) as set forth in Rev. Proc. 2013-12.

(c) **Definitions**.

(1) **Annual Additions**. The amounts credited to a Participant's Account for the Limitation Year that are taken into account in applying the Code §415 Limitation.

(iv) **Amounts that are included as Annual Additions**:

(C) Employer Contributions, including Matching Contributions, Salary Deferrals, QNECs, QMACs and Safe Harbor/QACA Safe Harbor Contributions;

(D) After-Tax Employee Contributions;

(E) Forfeitures;

(F) Amounts allocated to an individual medical account (as defined in Code §415(1)(2)), which is part of a pension or annuity plan maintained by the Employer;

(G) Amounts derived from contributions paid or accrued which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code §419A(d)(3)) under a welfare benefit fund (as defined in Code §419(e)) maintained by the Employer; and

(H) Allocations under a SEP (as defined in Code §408(k)) other than Employee contributions excludible from gross income under Code §408(k)(6).

Contributions do not fail to be Annual Additions merely because they are Excess Contributions (as described in Section 6.01(b)(1) or Excess Aggregate Contributions (as described in Section 6.02(6)(1)), or merely because Excess Contributions or Excess Aggregate Contributions are corrected through distribution.

(v) **Amounts that are not included as Annual Additions**:

(C) Rollover Contributions (as defined in Code §§402(c), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16));

(D) Catch-Up Contributions as defined under Section 3.03(d);

(E) A repayment and/or restoration of a Cash-Out Distribution, as defined under Sections 7.12(a)(2) and (3);

(F) Repayments of Participant loans;

(G) Excess Deferrals that are distributed in accordance with Section 5.02(b); and

(H) A restorative payment that is made to restore losses resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under Title I of ERISA or under other applicable federal or state law.

(vi) **Time when amounts are credited to a Participant's Account**. An Annual Addition is credited to a Participant's Account for a particular Limitation Year if such amount is allocated to the Participant's Account as of any date within that Limitation Year. An Annual Addition will not be deemed credited to a Participant's Account for a particular Limitation Year unless such amount is actually contributed to the Plan no later than 30 days after the time prescribed by law for filing the Employer's income tax return (including extensions) for the taxable year with or within which the Limitation Year ends. In the case of After-Tax Employee Contributions, such amount shall not be deemed credited to a Participant's Account for a particular Limitation Year unless the contributions are actually contributed to the Plan no later than 30 days after the close of that Limitation Year.

(2) **Defined Contribution Dollar Limitation**. $40,000, as adjusted under Code §415(d).

(3) **Employer**. For purposes of this Section 5.03, Employer shall mean the Employer that adopts this Plan, and all members of a controlled group of corporations (as defined in §414(b) of the Code as modified by §415(h)), all commonly controlled trades or businesses (as defined in §414(c) of the Code as modified by §415(h)) or affiliated service groups (as defined in §414(m)) of which the adopting Employer is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under §414(o) of the Code.

(4) **Excess Amount**. The excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

(5) **Limitation Year**. The Plan Year, unless the Employer elects another 12-consecutive month period under AA §11-3(a). If the Limitation Year is amended to a different 12-consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made. If the Plan has an initial Plan Year that is less than 12 months, the Limitation Year for such first Plan Year is the 12-month period ending on the last day of that Plan Year, unless otherwise specified in AA §11-3(a).

If an Employer has multiple Limitation Years (e.g., due to the maintenance of multiple Defined Contribution Plans by a group of Related Employers), and a Participant is credited with Annual Additions in only one Defined Contribution Plan, the Code §415 Limitation is applied only with respect to that Plan. If a Participant is credited with Annual Additions in more than one Defined Contribution Plan, each such Plan satisfies the Code §415 Limitation based on Annual Additions for the Limitation Year with respect to such plan, plus any amounts credited to the Participant's Account under all other plans required to be aggregated pursuant to Code §415(f).

(6) **Maximum Permissible Amount**. For Limitation Years beginning on or after January 1, 2002, the maximum Annual Additions that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:

(i) the Defined Contribution Dollar Limitation, or

(ii) 100 percent of the Participant's Total Compensation for the Limitation Year.

The Total Compensation limitation referred to in (ii) shall not apply to any contribution for medical benefits (within the meaning of Code §401(h) or §419A(f)(2)) which is otherwise treated as an Annual Addition.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different 12-consecutive month period, the Maximum Permissible Amount will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

$$\frac{\text{Number of months in the short Limitation Year}}{12}$$

If a short Limitation Year is created because the Plan has an *initial* Plan Year that is less than 12 months, no proration of the Defined Contribution Dollar Limitation is required, unless provided otherwise under AA §11-3(a). (See subsection (5) above for the rule allowing the use of a full 12-month Limitation Year for the first year of the Plan, thereby avoiding the need to prorate the Defined Contribution Dollar Limitation.)

(7) **Total Compensation**. The amount of compensation as defined under Section 1.141, subject to the Employer's election under AA §5-2.

(i) **Self-Employed Individuals**. For a Self-Employed Individual, Total Compensation is such individual's Earned Income.

(ii) **Total Compensation actually paid or made available**. For purposes of applying the limitations of this Section 5.03, Total Compensation for a Limitation Year is the Total Compensation actually paid or made available to an Employee during such Limitation Year. However, if elected in AA §5-4(c), the Employer may include in Total Compensation for a Limitation Year amounts earned but not paid in the Limitation Year because of the timing of pay periods and pay days, but only if:

(A) the amounts are paid during the first few weeks of the next Limitation Year,

(B) such amounts are included on a uniform and consistent basis with respect to all similarly-situated employees, and

(C) no amounts are included in Total Compensation in more than one Limitation Year.

(iii) **Disabled Participants**. Total Compensation does not include any imputed compensation for the period a Participant is Disabled. However, the Employer may elect under AA §11-3(b) to include under the

definition of Total Compensation, the amount a terminated Participant who is permanently and totally Disabled (as defined in Section 1.38) would have received for the Limitation Year if the Participant had been paid at the rate of Total Compensation paid immediately before becoming permanently and totally Disabled. If the Employer elects under AA §11-3(b) to include imputed compensation for a Disabled Participant, a Disabled Participant will receive an allocation of any Employer Contribution the Employer makes to the Plan based on the Employee's imputed compensation for the Plan Year. Any Employer Contributions made to a Disabled Participant under this subsection (iii) are fully vested when made and will be made only to Non-Highly Compensated Employees. Any modifications made to the definition of Disabled (under AA §9-4(b)) will not apply to this section.

(d) **Restorative payments**. Restorative payments are not considered Annual Additions for any Limitation Year. For this purpose, restorative payments are payments made to restore losses to the Plan resulting from actions (or a failure to act) by a fiduciary for which there is a reasonable risk of liability under Title I of ERISA or under other applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Examples of restorative payments include payments made pursuant to a Department of Labor order, the Department of Labor's Voluntary Fiduciary Correction Program, or a court-approved settlement, to restore losses to the Plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan).

Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under Title I of ERISA are not restorative payments and generally constitute contributions that give rise to Annual Additions.

(e) **Corrective provisions**. The Plan is amended to eliminate any specific correction methods for correcting excess annual additions. If the Plan is eligible for self correction under Rev. Proc. 2013-12 (or successive guidance), the Employer may use reasonable correction methods (including the correction methods described in §1.415-6(b)(6) of the 1981 IRS regulations) to the extent permitted under the IRS correction program.

(f) **Change of Limitation Year**. Where there is a change of Limitation Year, a short Limitation Year exists for the period beginning with the first day of the Limitation Year and ending on the day before the change in Limitation Year is effective. For this purpose, if the Plan is terminated effective as of a date other than the last day of the Limitation Year, the Plan is treated as if it were amended to change its Limitation Year.

SECTION 6
SPECIAL RULES AFFECTING 401(k) PLANS

6.01 **Nondiscrimination Testing of Salary Deferrals – ADP Test**. Except as provided under Section 6.04 for Safe Harbor 401(k) Plans, if the Plan permits Participants to make Salary Deferrals, the Plan must satisfy the Actual Deferral Percentage Test ("ADP Test") each Plan Year. The Plan Administrator shall maintain records sufficient to demonstrate satisfaction of the ADP Test, including the amount of any QNECs or QMACs included in such test, pursuant to subsection (a)(4) below. If the Plan fails the ADP Test for any Plan Year, the corrective provisions under subsection (b) below will apply.

(a) **ADP Test**. The ADP Test compares the Average Deferral Percentage (ADP) of the Highly Compensated Group with the ADP of the Nonhighly Compensated Group. The Highly Compensated Group is the group of Participants who are Highly Compensated for the current Plan Year. The Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the applicable Plan Year. If the Prior Year Testing Method is selected under AA §6A-6, the Nonhighly Compensated Group is the group of Participants in the prior Plan Year who were Nonhighly Compensated for that year. If the Current Year Testing Method is selected under AA §6A-6, the Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the current Plan Year.

(1) **Average Deferral Percentage – ADP**. The ADP for a specified group is the average of the deferral percentages calculated separately for each Participant in such group. A Participant's deferral percentage is the ratio of the Participant's deferral contributions expressed as a percentage of the Participant's Testing Compensation for the Plan Year. (See Section 1.137 for the definition of Testing Compensation.) For this purpose, a Participant's deferral contributions include any Salary Deferrals (other than Catch-Up Contributions) made pursuant to the Participant's deferral election (including Excess Deferrals of Highly Compensated Employees that arise solely from Elective Deferrals made under this Plan or other plans maintained by the Employer) and other contributions provided under subsection (4) below, if applicable, but excluding:

(i) Excess Deferrals of Nonhighly Compensated Employees that arise solely from Elective Deferrals made under this Plan or other plans maintained by the Employer; and

(ii) Salary Deferrals that are taken into account in the ACP Test (pursuant to Section 6.02(a)(4)).

For purposes of computing Actual Deferral Percentages, a Participant who does not make Salary Deferrals for the Plan Year shall be included in the ADP Test as a Participant on whose behalf no Salary Deferrals are made.

(2) **ADP Test testing methods**. In applying the ADP Test for any Plan Year, the Plan may use the Prior Year Testing Method or the Current Year Testing Method, as selected under AA §6A-6. If no testing method is selected under AA §6A-6, the Plan will use the Current Year Testing Method.

(i) **Prior Year Testing Method**. Under the Prior Year Testing Method, the Average Deferral Percentage ("ADP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ADP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the prior Plan Year must satisfy one of the following tests for each Plan Year:

(I) The ADP of the Highly Compensated Group for the current Plan Year shall not exceed 1.25 times the ADP of the Nonhighly Compensated Group for the prior Plan Year.

(J) The ADP of the Highly Compensated Group for the current Plan Year shall not exceed the percentage (whichever is less) determined by

(I) adding 2 percentage points to the ADP of the Nonhighly Compensated Group for the prior Plan Year or

(II) multiplying the ADP of the Nonhighly Compensated Group for the prior Plan Year by 2.

(ii) **Current Year Testing Method**. Under the Current Year Testing Method, the Average Deferral Percentage ("ADP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ADP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the current Plan Year must satisfy one of the ADP tests, as described in subsections (i)(A) and (i)(B) above, for each Plan Year.

(iii) **Change in testing method**. In order to change the testing method used for a particular Plan Year, the Plan must be amended before the end of the year for which such amendment is effective. See Rev. Proc. 2007-44 for further guidance regarding the timing of discretionary amendments under the Plan. If the Current Year Testing Method is used for a Plan Year, the Plan may switch to the Prior Year Testing Method for a Plan Year only if the Plan has used the Current Year Testing Method for each of the preceding five Plan Years (or if lesser, the number of Plan Years the Plan has been in existence) or if, as a result of a merger or acquisition described in Code §410(b)(6)(C)(i), the Employer maintains both a plan using Prior Year Testing and a plan using Current Year Testing and the change is made within the transition period described in Code §410(b)(6)(C)(ii).

(3) **Special rule for first Plan Year**. For the first Plan Year that the Plan permits Salary Deferrals, the testing method selected under AA §6A-6 applies, unless designated otherwise under AA §6A-6(c). If the Prior Year Testing Method applies for the first year of the Plan, the ADP Test applies by assuming the ADP for the Nonhighly Compensated Group is 3%. If the Current Year Testing Method applies for the first year of the Plan, the ADP Test applies using the actual data for the Nonhighly Compensated Group in the first Plan Year. This first Plan Year rule does not apply if this Plan is a successor to a plan that included a 401(k) arrangement or the Plan is aggregated for purposes of applying the ADP Test with another plan that included a 401(k) arrangement in the prior Plan Year. For subsequent Plan Years, the testing method selected under AA §6A-6 will apply.

(4) **Use of QNECs and QMACs under the ADP Test**. The Plan Administrator may take into account all or any portion of QNECs and QMACs (see Sections 3.02(a)(6) and 3.04(d)) for purposes of applying the ADP Test. QNECs and QMACs may not be included in the ADP Test to the extent such amounts are included in the ACP Test for such Plan Year. QNECs and QMACs made to another qualified plan maintained by the Employer may also be taken into account, so long as the other plan has the same Plan Year as this Plan. To include QNECs under the ADP Test, all Employer Nonelective Contributions, including the QNECs, must satisfy Code §401(a)(4). In addition, the Employer Nonelective Contributions, excluding any QNECs used in the ADP Test or ACP Test, must also satisfy Code §401(a)(4). If the Prior Year Testing Method is being used (as described in subsection (2)(i) above), QMACs or QNECs may not be used in the ADP Test.

Effective for Plan Years beginning on or after January 1, 2006, no QNEC may be taken into account under the ADP Test for any individual Nonhighly Compensated Employee to the extent such QNEC exceeds the greater of 5% of such Nonhighly Compensated Employee's Plan Compensation or two times the lowest applicable contribution rate for any eligible Nonhighly Compensated Employee within a group of Nonhighly Compensated Employees that consist of 50% of the total eligible Nonhighly Compensated Employees under the Plan (or) if greater, the lowest applicable contribution rate allocated to any Nonhighly Compensated Employee who is in the group of Nonhighly Compensated Employees employed as of the last day of the Plan Year). For this purpose, the applicable contribution rate is the sum of QNECs and QMACs (to the extent taken into account under the ADP Test) allocated to a Nonhighly Compensated Employee (determined as a percentage of Plan Compensation). If QNECs are being made in connection with the Employer's obligation to pay prevailing wages under the Davis-Bacon Act (46 Stat. 1494), Public Law 71-798. Service Contract Act of 1965 (79 Stat. 1965), Public Law 89-286, or similar legislation, QNECs can be taken into account for a Plan Year for a Nonhighly Compensated Employee to the extent such contributions do not exceed 10% of Plan Compensation. QMACs also may not be taken into account under the ADP Test to the extent such QMACs may not be taken into account under the ACP Test, as described in Section 6.02(a).

(iv) **Timing of contributions**. In order to be used in the ADP Test for a given Plan Year, QNECs and QMACs must be made before the end of the 12-month period immediately following the Plan Year for which they are allocated. For this purpose, if the Plan is using the Prior Year Testing Method, QMACs and QNECs must be contributed no later than 12 months after the close of that prior Plan Year in order to be taken into account under the ADP Test.

(v) **Testing flexibility**. The Plan Administrator is expressly granted the full flexibility permitted by applicable Treasury regulations to determine the amount of QNECs and QMACs used in the ADP Test.

QNECs and QMACs taken into account under the ADP Test do not have to be uniformly determined for each Participant, and may represent all or any portion of the QNECs and QMACs allocated to each Participant, provided the conditions described above are satisfied.

(5) **Double-counting limits**. This subsection (5) applies if the Prior Year Testing Method is used to run the ADP Test and, in the prior Plan Year, the Current Year Testing Method was used to run the ADP Test. If this paragraph applies, all QNECs or QMACs that were included in either the ADP Test or ACP Test for the prior Plan Year are disregarded in calculating the ADP of the Nonhighly Compensated Group for the prior Plan Year.

For purposes of applying the double-counting limits, if actual data of the Nonhighly Compensated Group is used for a first Plan Year described in subsection (3) above, the Plan is still considered to be using the Prior Year Testing Method for that first Plan Year. Thus, the double-counting limits do not apply if the Prior Year Testing Method is used for the next Plan Year.

(b) **Correction of Excess Contributions**. If the Plan fails the ADP Test for a Plan Year, the Plan Administrator may use any combination of the correction methods under this section to correct the Excess Contributions under the Plan.

(1) **Excess Contributions**. Excess Contributions are the amount of Salary Deferrals (and other contributions) taken into account in computing the ADP of the Highly Compensated Group that exceed the maximum amount permitted under the ADP Test for the Plan Year. The amount of Excess Contributions for a Plan Year are the amounts determined by hypothetically reducing the ADP contributions of the Highly Compensated Employees, beginning with the Highly Compensated Employee(s) with the highest ADP for the Plan Year, and reducing the ADP of such Highly Compensated Employees until the reduced percentage reaches the ADP of the Highly Compensated Employee(s) with the next higher ADP or until the adjusted ADP percentage satisfies the ADP Test. The reduction continues for each level of Highly Compensated Employees until the Plan satisfies the ADP Test. The total dollar amount so determined is then divided among the Highly Compensated Group in the manner described in subsection (2) to determine the actual corrective distributions to be made.

(2) **Corrective distributions**. If the Plan fails the ADP Test for a Plan Year, the Plan Administrator may, in its discretion, distribute Excess Contributions (including any allocable income or loss) no later than 12 months following the end of the Plan Year to correct the ADP Test violation, except to the extent such Excess Contributions are recharacterized as Catch-Up Contributions. If the Excess Contributions are distributed more than 2½ months after the last day of the Plan Year in which such excess amounts arose, a 10% excise tax will be imposed on the Employer with respect to such amounts.

(iii) **Amount to be distributed**. In determining the amount of Excess Contributions to be distributed to a Highly Compensated Employee under this section, Excess Contributions are first allocated equally to the Highly Compensated Employee(s) with the largest dollar amount of ADP contributions for the Plan Year in which the excess occurs until all of the Excess Contributions are allocated or the dollar amount of ADP contributions for such Highly Compensated Employee(s) is reduced to the next highest dollar amount of such contributions for any other Highly Compensated Employee(s). Once all Excess Contributions have been allocated, to the extent a Highly Compensated Employee has not reached his or her Catch-up Contribution limit under the Plan, the Excess Contributions allocated to such Highly Compensated Employee are recharacterized as Catch-up Contributions and will not be treated as Excess Contributions.

(iv) **Allocable gain or loss**. A corrective distribution of Excess Contributions must include any allocable gain or loss for the Plan Year in which the excess occurs. For this purpose, allocable gain or loss on Excess Contributions may be determined in any reasonable manner, provided the manner used is applied uniformly and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts.

For Plan Years beginning on or after January 1, 2008, only allocable gain or loss through the end of the Plan Year must be taken into account in determining allocable income or loss attributable to a corrective distribution of Excess Contributions. Thus, effective for Plan Years beginning on or after January 1, 2008, gap period income need not be included in determining the amount of a corrective distribution of Excess Contributions.

(v) **Coordination with other provisions**. A corrective distribution of Excess Contributions made by the end of the Plan Year following the Plan Year in which the excess occurs may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8.10. Excess Contributions are treated as Annual Additions for purposes of Code §415 even if distributed from the Plan. A corrective distribution of Excess Contributions is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.12.

If a Participant has Excess Deferrals for the calendar year ending with or within the Plan Year for which the Participant receives a corrective distribution of Excess Contributions, the corrective distribution of Excess Contributions is treated first as a corrective distribution of Excess Deferrals. The amount of the corrective distribution of Excess Contributions that must be distributed to correct an ADP Test failure for a Plan Year is reduced by any amount distributed as a corrective distribution of Excess Deferrals for the calendar year ending with or within such Plan Year.

(vi) **Accounting for Excess Contributions**. Excess Contributions are distributed from the following sources and in the following priority:

(A) Salary Deferrals that are not matched;

(B) proportionately from Salary Deferrals not distributed under subsection (A) and related QMACs that are included in the ADP Test;

(C) QMACs included in the ADP Test that are not distributed under subsection (B); and

(D) QNECs included in the ADP Test.

If a Participant has both a Pre Tax-Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which the corrective distribution of Salary Deferrals is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account, unless designated otherwise under AA §6A-5(e) of the Profit Sharing/401(k) Plan Adoption Agreement. If a Participant does not designate the Account(s) from which the distribution will be made, the corrective distribution will be made first from the Participant's Pre-Tax Deferral Account.

(3) **Making QNECs or QMACs**. Regardless of any elections under AA §6D-3 or AA §6D-4 of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may make additional QNECs or QMACs to the Plan on behalf of the Nonhighly Compensated Employees and such amounts may be used to correct an ADP Test violation. Any QNECs contributed under this subsection (3) which are not specifically authorized under AA §6D-1(c) will be allocated to all Participants who are Nonhighly Compensated Employees in the ratio that each such Participant's Plan Compensation bears to the Plan Compensation of all Participants for the Plan Year. Any QMACs contributed under this subsection (3) which are not specifically authorized under AA §6D-1(d) will be allocated to all Participants who are Nonhighly Compensated as a uniform percentage of Salary Deferrals made during the Plan Year. See Sections 3.02(a)(6) and 3.04(d), as applicable. (See Section (a)(4) for rules regarding the amount of QNECs and QMACs that may be taken into account under the ADP Test.)

(4) **Recharacterization**. If After-Tax Employee Contributions are permitted under AA §6D, the Plan Administrator, in its sole discretion, may permit a Participant to treat any Excess Contributions that are allocated to that Participant as if he/she received the Excess Contributions as a distribution from the Plan and then contributed such amounts to the Plan as After-Tax Employee Contributions. Any amounts recharacterized under this subsection (4) will be 100% vested at all times. Amounts may not be recharacterized by a Highly Compensated Employee to the extent that such amount in combination with other After-Tax Employee Contributions made by that Participant would exceed any limit on After-Tax Employee Contributions under AA §6D-2.

Recharacterization must occur no later than 2½ months after the last day of the Plan Year in which such Excess Contributions arise and is deemed to occur no earlier than the date the last Highly Compensated Employee is informed in writing of the amount recharacterized and the consequences thereof. Recharacterized amounts will be taxable to the Participant for the Participant's taxable year in which the Participant would have received such amounts in cash had he/she not deferred such amounts into the Plan.

(c) **Adjustment of deferral rate for Highly Compensated Employees**. The Employer or Plan Administrator may suspend (or automatically reduce the rate of) Salary Deferrals for the Highly Compensated Group, to the extent necessary to satisfy the ADP Test or to reduce the margin of failure. A suspension or reduction shall not affect Salary Deferrals already contributed by the Highly Compensated Employees for the Plan Year. As of the first day of the subsequent Plan Year, Salary Deferrals shall resume at the levels stated in the Salary Deferral Elections of the Highly Compensated Employees.

(d) **Special testing rules**.

(1) **Special rule for determining ADP of Highly Compensated Group**. When calculating the ADP of the Highly Compensated Group for any Plan Year, a Highly Compensated Employee's Salary Deferrals under all qualified plans maintained by the Employer are taken into account as if such contributions were made to a single plan. For this purpose, any QNECs or QMACs treated as Salary Deferrals for purposes of the ADP also are treated as made under a single plan. In addition, if a Highly Compensated Employee participates in two or more 401(k) plans of the Employer that have different Plan Years, all Salary Deferrals made during the Plan Year under all such plans shall be aggregated. For Plan Years beginning before 2006, all Salary Deferrals made in Plan Years that end with or within the same calendar year are treated as made under a single plan. This aggregation rule does not apply to plans that are mandatorily disaggregated under regulations under Code §401(k).

(2) **Aggregation of plans**. When calculating the ADP Test, if this Plan satisfies the requirements of Code §401(k), §401(a)(4), or §410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, all such plans are treated as a single plan.

If more than 10% of the Employer's Nonhighly Compensated Employees are involved in a plan coverage change as defined in Treas. Reg. §1.401(k)-2(c)(4), then any adjustments to the ADP of the Nonhighly Compensated Group for the prior year will be made in accordance with such regulations, unless the Employer has elected under AA §6A-6 to use the Current Year Testing Method. Plans may be aggregated in order to satisfy Code §401(k) only if they have the same Plan Year and use the same ADP testing method.

(3) **Treatment of forfeited Matching Contributions**. If Matching Contributions are forfeited as a result of the distribution of Excess Contributions or Excess Aggregate Contributions, as provided under Section 7.12(d), such Matching Contributions may be forfeited before the ACP Test is performed. Thus, such forfeited Matching Contributions need not be taken into account under the ACP Test. Alternatively, the ACP Test may be run prior to the forfeiture of the Matching Contributions. Any Matching Contributions that are forfeited as a result of failing the ACP Test need not be forfeited under Section 7.12(d).

6.02 **Nondiscrimination Testing of Matching Contributions and After-Tax Employee Contributions – ACP Test**. Except as provided under Section 6.04 for Safe Harbor 401(k) Plans, if the Plan provides for Matching Contributions and/or After-Tax Employee Contributions, the Plan must satisfy the Actual Contribution Percentage Test ("ACP Test") each Plan Year. The Plan Administrator shall maintain records sufficient to demonstrate satisfaction of the ACP Test, including the amount of any Salary Deferrals or QNECs included in such test, pursuant to subsection (a)(4) below. If the Plan fails the ACP Test for any Plan Year, the corrective provisions under subsection (b) below will apply.

(a) **ACP Test**. The ACP Test compares the Average Contribution Percentage (ACP) of the Highly Compensated Group with the ACP of the Nonhighly Compensated Group. The Highly Compensated Group is the group of Participants who are Highly Compensated for the current Plan Year. The Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the applicable Plan Year. If the Prior Year Testing Method is selected under AA §6B-6, the Nonhighly Compensated Group is the group of Participants in the prior Plan Year who were Nonhighly Compensated for that year. If the Current Year Testing Method is selected under AA §6B-6, the Nonhighly Compensated Group is the group of Participants who are Nonhighly Compensated for the current Plan Year.

(5) **Average Contribution Percentage – ACP**. The ACP for a specified group is the average of the contribution percentages calculated separately for each Participant in the group. A Participant's contribution percentage is the ratio of the contributions made on behalf of the Participant that are included under the ACP Test, expressed as a percentage of the Participant's Testing Compensation for the Plan Year. (See Section 1.137 for the definition of Testing Compensation.) For this purpose, the contributions included under the ACP Test are the sum of the After-Tax Employee Contributions, Matching Contributions, and QMACs (to the extent not

taken into account for purposes of the ADP Test) made under the Plan on behalf of the Participant for the Plan Year. The ACP may also include other contributions as provided in subsection (4) below, if applicable but excluding Matching Contributions that are forfeited either to correct Excess Aggregate Contributions or because the contributions to which they relate are Excess Deferrals, Excess Contributions, Excess Aggregate Contributions or permissible withdrawals as provided under Section 3.03(c)(3)(i)(E). See subsection (d)(3) for rules regarding the treatment of forfeited Matching Contributions under the ACP Test.

For purposes of computing Actual Contribution Percentages, a Participant who is eligible for After-Tax Employee Contributions, Matching Contributions (including forfeitures). QMACs or Salary Deferrals (to the extent Salary Deferrals are included in the ACP Test pursuant to subsection (4) below) but does not make or receive any such contributions shall be included in the ACP Test as a Participant on whose behalf no such contributions are made. For Plan Years beginning on or after January 1, 2006, no Matching Contributions (including QMACs) may be taken into account under the ACP Test for any individual Nonhighly Compensated Employee to the extent such Matching Contributions exceed the greater of:

(i) 5% of such Nonhighly Compensated Employee's Plan Compensation;

(ii) 100% of the Nonhighly Compensated Employee's Salary Deferrals and/or After-Tax Employee Contributions (to the extent such contributions are eligible for Matching Contributions); or

(iii) two times the lowest Matching Contribution rate for any eligible Nonhighly Compensated Employee within a group of Nonhighly Compensated Employees that consists of 50% of the total Nonhighly Compensated Employees who actually make Salary Deferrals and/or After-Tax Employee Contributions that are eligible for Matching Contributions for the Plan Year (or, if greater, the lowest Matching Contribution rate for any Nonhighly Compensated Employee who is employed as of the last day of the Plan Year and who actually makes Salary Deferrals and/or After-Tax Employee Contributions that are eligible for Matching Contributions for the Plan Year).

For this purpose, the Matching Contribution rate is the total Matching Contributions allocated to the Nonhighly Compensated Employee (determined as a percentage of Salary Deferrals and/or After-Tax Employee Contributions, to the extent eligible for Matching Contributions). If the Matching Contribution rate is not the same for all levels of Salary Deferrals and/or After-Tax Employee Contributions, the Nonhighly Compensated Employee's Matching Contribution rate is determined assuming the Employee's total Salary Deferrals and/or After Tax Contributions are equal to 6% of Plan Compensation, regardless of how much the Employee actually contributes under the Plan.

Matching Contributions that do not satisfy the requirements above must satisfy the requirements of Code §401(a)(4) (without regard to the ACP test) for the Plan Year for which they are allocated under the Plan as if they were Employer Contributions and were the only Employer Contributions for that year.

(6) **ACP Test testing methods**. In applying the ACP Test for any Plan Year, the Plan may use the Prior Year Testing Method or the Current Year Testing Method, as selected under AA §6B-6. If no testing method is selected under AA §6B-6, the Plan will use the Current Year Testing Method.

(i) **Prior Year Testing Method**. Under the Prior Year Testing Method, the Average Contribution Percentage ("ACP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ACP of the Nonhighly Compensated Group (as defined in subsection (a) above) for the prior Plan Year must satisfy one of the following tests for each Plan Year:

(A) The ACP of the Highly Compensated Group for the current Plan Year shall not exceed 1.25 times the ACP of the Nonhighly Compensated Group for the prior Plan Year.

(B) The ACP of the Highly Compensated Group for the current Plan Year shall not exceed the percentage (whichever is less) determined by (A) adding 2 percentage points to the ACP of the Nonhighly Compensated Group for the prior Plan Year or (B) multiplying the ACP of the Nonhighly Compensated Group for the prior Plan Year by 2.

(ii) **Current Year Testing Method**. Under the Current Year Testing Method, the Average Contribution Percentage ("ACP") of the Highly Compensated Group (as defined in subsection (a) above) for the current Plan Year and the ACP of the Nonhighly Compensated Group (as defined in subsection (a)

above) for the current Plan Year must satisfy one of the ACP tests, as described in subsection (i) above, for each Plan Year.

(iii) **Change in testing method**. In order to change the testing method used for a particular Plan Year, the Plan must be amended before the end of the year for which such amendment is effective. See Rev. Proc. 2007-44 for further guidance regarding the timing of discretionary amendments under the Plan. If the Current Year Testing Method is used for a Plan Year, the Plan may switch to the Prior Year Testing Method for a Plan Year only if the Plan has used the Current Year Testing Method for each of the preceding five Plan Years (or if lesser, the number of Plan Years the Plan has been in existence) or if as a result of a merger or acquisition described in Code §410(b)(6)(C)(i), the Employer maintains both a plan using Prior Year Testing and a plan using Current Year Testing and the change is made within the transition period described in Code §410(b)(6)(C)(ii).

(7) **Special rule for first Plan Year**. For the first Plan Year that the Plan provides for either Matching Contributions or After-Tax Employee Contributions, the testing method selected under AA §6B-6 applies, unless designated otherwise under AA §6B-6(c). If the Prior Year Testing Method applies for the first year of the Plan, the ACP Test applies by assuming the ACP for the Nonhighly Compensated Group is 3%. If the Current Year Testing Method applies for the first year of the Plan, the ACP Test applies using the actual data for the Nonhighly Compensated Group in the first Plan Year. This first Plan Year rule does not apply if this Plan is a successor to a plan that was subject to the ACP Test or if the Plan is aggregated for purposes of applying the ACP Test with another plan that was subject to the ACP test in the prior Plan Year. For subsequent Plan Years, the testing method selected under AA §6B-6 will apply.

(8) **Use of Salary Deferrals and QNECs under the ACP Test**. The Plan Administrator may take into account all or any portion of Salary Deferrals and QNECs (see Section 3.02(a)(6)) for purposes of applying the ACP Test. QNECs may not be included in the ACP Test to the extent such amounts are included in the ADP Test for such Plan Year. Salary Deferrals and QNECs made to another qualified plan maintained by the Employer may also be taken into account, so long as the other plan has the same Plan Year as this Plan. To include Salary Deferrals under the ACP Test, the Plan must satisfy the ADP Test taking into account all Salary Deferrals, including those used under the ACP Test, and taking into account only those Salary Deferrals not included in the ACP Test. To include QNECs under the ACP Test, all Employer Nonelective Contributions, including the QNECs, must satisfy Code §401(a)(4). In addition, the Employer Nonelective Contributions, excluding any QNECs used in the ADP Test or ACP Test, must also satisfy Code §401(a)(4). If the Prior Year Testing Method is being used (as described in subsection (2)(i) above), QNECs may not be included in the ACP Test.

Effective for Plan Years beginning on or after January 1, 2006, no QNEC may be taken into account under the ACP Test for any individual Nonhighly Compensated Employee to the extent such QNEC exceeds the greater of 5% of such Nonhighly Compensated Employee's Plan Compensation or two times the lowest applicable contribution rate for any eligible Nonhighly Compensated Employee within a group of Nonhighly Compensated Employees that consist of 50% of the total eligible Nonhighly Compensated Employees under the Plan (or, if greater, the lowest applicable contribution rate allocated to any Nonhighly Compensated Employee who is in the group of Nonhighly Compensated Employees employed as of the last day of the Plan Year). For this purpose, the applicable contribution percentage is the sum of QNECs and Matching Contributions allocated to a Nonhighly Compensated Employee (determined as a percentage of Plan Compensation). If QNECs are being made in connection with the Employer's obligation to pay prevailing wages under the Davis-Bacon Act (46 Stat. 1494), Public Law 71-798, Service Contract Act of 1965 (79 Stat. 1965), Public Law 89-286, or similar legislation, QNECs can be taken into account for a Plan Year for a Nonhighly Compensated Employee to the extent such contributions do not exceed 10% of Plan Compensation.

(i) **Timing of contributions**. n order to be used in the ACP Test for a given Plan Year, QNECs must be made before the end of the 12-month period immediately following the Plan Year for which they are allocated. For this purpose, if the Plan is using the Prior Year Testing Method, QMACs and QNECs must be contributed no later than 12 months after the close of that prior Plan Year in order to be taken into account under the ADP Test.

(ii) **Testing flexibility**. The Plan Administrator is expressly granted the full flexibility permitted by applicable Treasury regulations to determine the amount of Salary Deferrals and QNECs used in the ACP Test. Salary Deferrals and QNECs taken into account under the ACP Test do not have to be

uniformly determined for each Participant, and may represent all or any portion of the Salary Deferrals and QNECs allocated to each Participant, provided the conditions described above are satisfied.

(9) **Double-counting limits**. This subsection (5) applies if the Prior Year Testing Method is used to run the ACP Test and, in the prior Plan Year, the Current Year Testing Method was used to run the ACP Test. If this paragraph applies, all QNECs or QMACs that were included in either the ADP Test or ACP Test for the prior Plan Year are disregarded in calculating the ACP of the Nonhighly Compensated Group for the prior Plan Year.

For purposes of applying the double-counting limits, if actual data of the Nonhighly Compensated Group is used for a first Plan Year described in subsection (3) above, the Plan is still considered to be using the Prior Year Testing Method for that first Plan Year. Thus, the double-counting limits do not apply if the Prior Year Testing Method is used for the next Plan Year.

(b) **Correction of Excess Aggregate Contributions**. If the Plan fails the ACP Test for a Plan Year, the Plan Administrator may use any combination of the correction methods under this section to correct the Excess Aggregate Contributions under the Plan.

(1) **Excess Aggregate Contributions**. Excess Aggregate Contributions are the amount of Matching Contributions and/or After-Tax Employee Contributions taken into account in computing the ACP of the Highly Compensated Group that exceed the maximum amount permitted under the ACP Test for the Plan Year. The amount of Excess Aggregate Contributions for a Plan Year are the amounts determined by hypothetically reducing the ACP contributions of the Highly Compensated Employees, beginning with the Highly Compensated Employee(s) with the highest ACP for the Plan Year, and reducing the ACP of such Highly Compensated Employees until the reduced percentage reaches the ACP of the Highly Compensated Employee(s) with the next higher ACP or until the adjusted ACP percentage satisfies the ACP Test. The reduction continues for each level of Highly Compensated Employees until the Plan satisfies the ACP Test. The total dollar amount so determined is then divided among the Highly Compensated Group in the manner described in subsection (2) to determine the actual corrective distributions to be made. For this purpose, any Excess Contributions that are recharacterized as After-Tax Employee Contributions under Section 6.01(b)(4) are taken into account as After-Tax Employee Contributions for the Plan Year that includes the time at which the Excess Contribution is includible in the gross income of the Employee under §1.401(k)-2(b)(3)(ii).

(2) **Corrective distribution of Excess Aggregate Contributions**. If the Plan fails the ACP Test for a Plan Year, the Plan Administrator may, in its discretion, distribute Excess Aggregate Contributions (including any allocable income or loss) no later than 12 months following the end of the Plan Year to correct the ACP Test violation. Excess Aggregate Contributions will be distributed only to the extent they are vested under Section 7.02, determined as of the last day of the Plan Year for which the contributions are made to the Plan. To the extent Excess Aggregate Contributions are not vested, the Excess Aggregate Contributions, plus any income and minus any loss allocable thereto, shall be forfeited in accordance with Section 7.12 in the Plan Year in which the corrective distribution is made from the Plan. If the Excess Aggregate Contributions are distributed more than 2½ months after the last day of the Plan Year in which such excess amounts arose, a 10-percent excise tax will be imposed on the Employer with respect to such amounts.

(vi) **Amount to be distributed**. In determining the amount of Excess Aggregate Contributions to be distributed to a Highly Compensated Employee under this section, Excess Aggregate Contributions are first allocated equally to the Highly Compensated Employee(s) with the largest dollar amount of ACP contributions for the Plan Year in which the excess occurs until all of the Excess Aggregate Contributions are allocated or until the dollar amount of ACP contributions for such Highly Compensated Employee(s) is reduced to the next highest dollar amount of such contributions for any other Highly Compensated Employee(s).

(vii) **Allocable gain or loss**. A corrective distribution of Excess Aggregate Contributions must include any allocable gain or loss for the Plan Year in which the excess occurs. For this purpose, allocable gain or loss on Excess Aggregate Contributions may be determined in any reasonable manner, provided the manner used is applied uniformly and in a manner that is reasonably reflective of the method used by the Plan for allocating income to Participants' Accounts.

For Plan Years beginning on or after January 1, 2008, only allocable gain or loss through the end of the Plan Year must be taken into account in determining allocable income or loss attributable to a corrective

distribution of Excess Aggregate Contributions. Thus, effective for Plan Years beginning on or after January 1, 2008, gap period income need not be included in determining the amount of a corrective distribution of Excess Aggregate Contributions.

(viii) **Coordination with other provisions**. A corrective distribution of Excess Aggregate Contributions made by the end of the Plan Year following the Plan Year in which the excess occurs may be made without consent of the Participant or the Participant's Spouse, and without regard to any distribution restrictions applicable under Section 8.10. Excess Aggregate Contributions are treated as Annual Additions for purposes of Code §415 even if distributed from the Plan. A corrective distribution of Excess Aggregate Contributions is not treated as a distribution for purposes of applying the required minimum distribution rules under Section 8.12.

(ix) **Accounting for Excess Aggregate Contributions**. Excess Aggregate Contributions are distributed from the following sources and in the following priority:

(A) After-Tax Employee Contributions that are not matched;

(B) proportionately from After-Tax Employee Contributions not distributed under subsection (A) and related Matching Contributions that are included in the ACP Test;

(C) Matching Contributions included in the ACP Test that are not distributed under subsection (B);

(D) Salary Deferrals included in the ACP Test that are not matched;

(E) proportionately from Salary Deferrals included in the ACP Test that are not distributed under subsection (D) and related Matching Contributions that are included in the ACP Test and not distributed under subsection (B) or (C)); and

(F) QNECs included in the ACP Test.

If a Participant has both a Pre Tax-Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which the corrective distribution of Salary Deferrals is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account, unless designated otherwise under AA §6A-5(e). If a Participant does not designate the Account(s) from which the distribution will be made, the corrective distribution will be made first from the Participant's Pre-Tax Deferral Account.

(3) **Making QNECs or QMACs**. Regardless of any elections under AA §6D-3 or AA §6D-4 of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may make additional QNECs or QMACs to the Plan on behalf of the Nonhighly Compensated Employees and such amount may be used to correct an ACP Test violation to the extent such amounts are not used in the ADP Test. Any QNECs contributed under this subsection (3) which are not specifically authorized under AA §6D-3 will be allocated to all Participants who are Nonhighly Compensated Employees in the ratio that each such Participant's Plan Compensation bears to the Plan Compensation of all Participants for the Plan Year. Any QMACs contributed under this subsection (3) which are not specifically authorized under AA §6D-4 will be allocated to all Participants who are Nonhighly Compensated as a uniform percentage of Salary Deferrals made during the Plan Year. See Sections 3.02(a)(6) and 3.04(d), as applicable. (See subsections (a)(1) and (a)(4) for rules regarding the amount of QNECs and QMACs that may be taken into account under the ACP Test.)

(c) **Adjustment of contribution rate for Highly Compensated Employees**. The Employer or Plan Administrator may suspend (or automatically reduce the rate of) After-Tax Employee Contributions for the Highly Compensated Group, to the extent necessary to satisfy the ACP Test or to reduce the margin of failure. A suspension or reduction shall not affect After-Tax Employee Contributions already contributed by the Highly Compensated Employees for the Plan Year. As of the first day of the subsequent Plan Year, After-Tax Employee Contributions shall resume at the levels elected by the Highly Compensated Employees.

(d) **Special testing rules**.

(1) **Special rule for determining ACP of Highly Compensated Group**. When calculating the ACP of the Highly Compensated Group for any Plan Year, a Highly Compensated Employee's After-Tax Employee

Contributions and/or Matching Contributions under all qualified plans maintained by the Employer are taken into account as if such contributions were made to a single plan. For this purpose, any QNECs or QMACs taken into account under the ACP Test also are treated as made under a single plan. In addition, if a Highly Compensated Employee participates in two or more plans of the Employer that have different Plan Years, all ACP contributions made during the Plan Year under all such plans shall be aggregated. For Plan Years beginning before 2006, all ACP contributions made in Plan Years that end with or within the same calendar year are treated as made under a single plan. This aggregation rule does not apply to plans that are mandatorily disaggregated under regulations under Code §410(m).

(2) **Aggregation of plans**. When calculating the ACP Test, if this Plan satisfies the requirements of Code §401(m), §401(a)(4), or §410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of such Code sections only if aggregated with this Plan, all such plans are treated as a single plan. If more than 10% of the Employer's Nonhighly Compensated Employees are involved in a plan coverage change as defined in Treas. Reg. §1.401(m)-2(c)(4), then any adjustments to the ACP of the Nonhighly Compensated Group for the prior year will be made in accordance with such regulations, unless the Employer has elected under AA §6B-6 to use the Current Year Testing Method. Plans may be aggregated in order to satisfy Code §401(m) only if they have the same Plan Year and use the same ACP testing method.

(3) **Treatment of forfeited Matching Contributions**. If Matching Contributions are forfeited as a result of the distribution of Excess Contributions or Excess Aggregate Contributions, as provided under Section 7.12(d), such Matching Contributions may be forfeited before the ACP Test is performed. Thus, such forfeited Matching Contributions need not be taken into account under the ACP Test. Alternatively, the ACP Test may be run prior to the forfeiture of the Matching Contributions. Any Matching Contributions that are forfeited as a result of failing the ACP Test need not be forfeited under Section 7.12(d).

6.03 **Disaggregation of Plans**. Subject to the provisions of this Section 6.03, certain plans shall be treated as constituting separate plans to the extent required under the mandatory disaggregation rules under Code §§401(k) and 401(m).

(a) **Plans covering Collectively Bargained Employees and non-Collectively Bargained Employees**. If the Plan covers Collectively Bargained Employees and non-Collectively Bargained Employees, the Plan is mandatorily disaggregated for purposes of applying the ADP Test and the ACP Test into two separate plans, one covering the Collectively Bargained Employees and one covering the non-Collectively Bargained Employees. A separate ADP Test must be applied for each disaggregated portion of the Plan in accordance with applicable Treasury regulations. A separate ACP Test must be applied to the disaggregated portion of the Plan that covers the non-Collectively Bargained Employees. The disaggregated portion of the Plan that includes the Collectively Bargained Employees is deemed to pass the ACP Test.

(b) **Otherwise excludable Employees**. If the minimum coverage test under Code §410(b) is performed by disaggregating otherwise excludable Employees (i.e., Employees who have not satisfied the statutory age 21 and one Year of Service eligibility conditions permitted under Code §410(a)), then the Plan is treated as two separate plans, one benefiting the otherwise excludable Employees and the other benefiting Employees who have satisfied the statutory age and service eligibility conditions. If such disaggregation applies, the following operating rules apply to the ADP Test and the ACP Test.

(4) **Separate ADP and ACP Tests**. For Plan Years beginning before January 1, 1999, the ADP Test and the ACP Test are applied separately for each disaggregated plan. If there are no Highly Compensated Employees benefiting under a disaggregated plan, then no ADP Test or ACP Test is required for such plan.

(5) **Single ADP and ACP Test**. For Plan Years beginning after December 31, 1998, only the disaggregated plan that benefits the Employees who have satisfied the statutory age and service eligibility conditions permitted under Code §410(a) is subject to the ADP Test and the ACP Test. However, any Highly Compensated Employee who is benefiting under the disaggregated plan that includes the otherwise excludable Employees is taken into account in such tests. The Plan Administrator may elect to apply the rule in subsection (1) instead.

(6) **Application of Entry Dates**. In determining whether an Employee is an otherwise excludible Employee for purposes of applying the testing rules in subsection (1) and (2) above, the Plan will be deemed to provide the statutory Entry Dates permitted under Code §410(a)(4) (i.e., the earlier of the date that is 6 months after the date the Employee satisfies the statutory age and service conditions or the first day of the Plan Year following satisfaction of such statutory age and service conditions). Thus, an Employee is treated as an otherwise

excludible Employee for purposes of applying the special testing rules in subsection (1) and (2) above if the Employee has not satisfied the statutory age and service requirements permitted under Code §410(a), taking into account the statutory Entry Date provisions under Code §410(a)(4). In applying the special testing rules in subsection (1) and (2) above, the Employer may elect to use the Plan's Entry Dates or the statutory Entry Dates permitted under Code §410(a)(4).

(c) **Corrective action for disaggregated plans**. Any corrective action authorized by this Section 6 may be determined separately with respect to each disaggregated portion of the Plan. A corrective action taken with respect to a disaggregated portion of the Plan need not be consistent with the method of correction (if any) used for another disaggregated portion of the Plan. To the extent the Adoption Agreement authorizes the Employer to make discretionary QNECs or discretionary QMACs, such QNECs or QMACs may be designated as allocable only to Participants in a particular disaggregated portion of the Plan.

6.04 **Safe Harbor 401(k) Plan Provisions**. The Employer may elect in AA §6C to apply the Safe Harbor 401(k) Plan provisions under this Section 6.04. For this purpose, the Plan satisfies the requirements of this Section 6.04 if the Plan is a Safe Harbor 401(k) Plan, as described in subsection (a) or a Qualified Automatic Contribution Arrangement (QACA), as described in subsection (b). If the Plan qualifies as a Safe Harbor 401(k) Plan, the ADP Test described in Section 6.01(a) is deemed to be satisfied for any Plan Year in which the Plan qualifies as a Safe Harbor 401(k) Plan. In addition, if Matching Contributions are made for such Plan Year, the ACP Test is deemed satisfied with respect to such contributions if the conditions of subsection (i) below are satisfied. To qualify as a Safe Harbor 401(k) Plan, the requirements under this Section 6.04 must be satisfied for the entire Plan Year. In accordance with Treas. Reg. §§1.401(k)-1(e)(7) and 1.401(m)-1(c)(2), it is impermissible to use the ADP and ACP Test for a Plan Year in which the Plan is intended to be a Safe Harbor 401(k) Plan and the requirements of this Section 6.04 are not satisfied for the entire Plan Year.

(a) **Safe Harbor 401(k) Plan requirements**. To qualify as a Safe Harbor 401(k) Plan, the Plan must provide a Safe Harbor Contribution, as described under subsection (1), and must satisfy the requirements under subsections (2), (3) and (4) below.

(13) **Safe Harbor Contribution**. To qualify as a Safe Harbor 401(k) Plan, the Employer must provide a Safe Harbor Employer Contribution or a Safe Harbor Matching Contribution to Nonhighly Compensated Participants under the Plan. (See subsection (b) below for a discussion of the Participants eligible for a Safe Harbor Contribution.) The Safe Harbor Contribution must be made to the Plan no later than 12 months following the close of the Plan Year for which it is being used to qualify the Plan as a Safe Harbor 401(k) Plan.

(iv) **Safe Harbor Employer Contribution**. The Employer may elect under AA §6C-2(b) to make a Safe Harbor Employer Contribution of at least 3% of Plan Compensation. The Employer has the discretion to increase the amount of the Safe Harbor Employer Contribution in excess of the percentage designated under AA §6C-2(b). (See subsection (4)(iii) below for the ability to condition the Safe Harbor Employer Contribution on the provision of a supplemental notice.)

(v) **Safe Harbor Matching Contribution**. The Employer may elect under AA §6C-2(a)(1) to satisfy the Safe Harbor Contribution requirement by making a Safe Harbor Matching Contribution with respect to each Participant's Salary Deferrals under the Plan. If After-Tax Employee Contributions are authorized under AA §6D-1(b) of the Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect in AA §6D-2(b) to provide the Safe Harbor Matching Contribution with respect to such After-Tax Employee Contributions. The Employer may elect under AA §6C-2(a)(1) of the Profit Sharing/401(k) Plan Adoption Agreement to provide a basic Safe Harbor Matching Contribution, an enhanced Safe Harbor Matching Contribution, or a tiered Safe Harbor Matching Contribution.

(A) **Basic Safe Harbor Matching Contribution**. Under the basic Safe Harbor Matching Contribution formula, each eligible Participant (as defined in AA §6C-3) will receive a Safe Harbor Matching Contribution equal to:

(I) 100% of the amount of a Participant's Salary Deferrals that do not exceed 3% of the Participant's Plan Compensation, plus

(II) 50% of the amount of a Participant's Salary Deferrals that exceed 3% of the Participant's Plan Compensation but that do not exceed 5% of the Participant's Plan Compensation.

(B) **Enhanced Safe Harbor Matching Contribution**. Under the enhanced Safe Harbor Matching Contribution formula, the Safe Harbor Matching Contribution must not be less, at each level of Salary Deferrals, than the amount required under the basic Safe Harbor Matching Contribution formula under subsection (A) above. Under the enhanced Safe Harbor Matching Contribution formula, the rate of Matching Contributions may not increase as an Employee's rate of Salary Deferrals increase.

(C) **Contributions for Highly Compensated Employees**. The Plan will not fail to be a Safe Harbor 401(k) Plan merely because Highly Compensated Employees also receive a Safe Harbor Matching Contribution under the Plan. However, a Safe Harbor Matching Contribution will not satisfy this section if any Highly Compensated Employee is eligible for a higher rate of Safe Harbor Matching Contribution than is provided for any Nonhighly Compensated Employee who has the same rate of Salary Deferrals.

(D) **Period for making Safe Harbor Matching Contribution**. In determining a Participant's Safe Harbor Matching Contributions, the Employer may elect under AA §6C-2(a)(3) of the Profit Sharing/401(k) Plan Adoption Agreement to determine the Safe Harbor Matching Contribution on the basis of Salary Deferrals the Participant makes during the Plan Year. Alternatively, the Employer may elect to determine the Safe Harbor Matching Contribution on a payroll, monthly, or quarterly basis. If the Employer elects to use a period other than the Plan Year, the Safe Harbor Matching Contribution must be deposited into the Plan by the last day of the Plan Year quarter following the Plan Year quarter for which the Salary Deferrals are made. See Section 3.04(c) for rules applicable to true-up contributions where the Employer contributes Safe Harbor Matching Contributions to the Plan on a different period than selected under AA §6C-2(a)(3).

(14) **Full and immediate vesting**. The Safe Harbor Contribution under subsection (1) above must be 100% vested, regardless of the Employee's length of service, at the time the contribution is made to the Plan. Any additional amounts contributed under the Plan may be subject to a vesting schedule.

(15) **Distribution restrictions**. Distributions of the Safe Harbor Contribution under subsection (1) must be restricted in the same manner as Salary Deferrals under Section 8.10(c), except that such contributions may not be distributed upon Hardship. See Section 8.10(e).

(16) **Annual notice**. Each eligible Participant (as defined in subsection (b) below) must receive a written notice describing the Participant's rights and obligations under the Plan.

(i) **Contents of notice**. The annual notice must include a description of:

(D) the Safe Harbor Contribution formula being used under the Plan;

(E) any other contributions under the Plan;

(F) the plan to which the Safe Harbor Contributions will be made (if different from this Plan);

(G) the type and amount of Plan Compensation that may be deferred under the Plan;

(H) the administrative requirements for making and changing Salary Deferral elections; and

(I) the withdrawal and vesting provisions under the Plan.

In addition to any other election periods provided under the Plan, each eligible Participant may make or modify his/her Salary Deferral election during the 30-day period immediately following receipt of the annual notice.

(ii) **Timing of notice**. Each Participant must receive the annual notice within a reasonable period before the beginning of the Plan Year (or within a reasonable period before an Employee becomes a Participant, if

later). For this purpose, an Employee will be deemed to have received the notice in a timely manner if the Employee receives such notice at least 30 days, but not more than 90 days, before the beginning of the Plan Year. For an Employee who becomes a Participant after the 90th day before the beginning of the Plan Year, the notice will be deemed timely if it is provided before the date the Employee becomes eligible to participate under the Plan (but no more than 90 days before the Employee becomes eligible).

(iii) **Supplemental notice**. If the Employer elects to provide the Safe Harbor Employer Contribution described in subsection (1)(i) above, the Employer may elect under AA §6C-2(b)(1) to make such contribution only as authorized under a supplemental notice described in this subsection (iii). If the Employer elects to make the Safe Harbor Employer Contribution pursuant to a supplemental notice, each Participant will be notified in the annual notice described in this subsection (4) that the Employer *may* provide the Safe Harbor Employer Contribution and that a supplemental notice will be provided if the Employer decides to make the Safe Harbor Employer Contribution. The supplemental notice indicating the Employer's intention to make the Safe Harbor Employer Contribution must be provided no later than 30 days prior to the last day of the Plan Year for the Plan to qualify as a Safe Harbor 401(k) Plan. If the supplemental notice is not provided in accordance with this paragraph, the Employer is not obligated to make the Safe Harbor Employer Contribution and the Plan does not qualify as a Safe Harbor 401(k) Plan. The Plan will qualify as a Safe Harbor 401(k) Plan for subsequent Plan Years if the appropriate notices are provided for such years. No amendment is required to make the Safe Harbor Employer Contribution in subsequent Plan Years.

(b) **Qualified Automatic Contribution Arrangement (QACA) requirements**. The Employer may elect in AA §6A-8(a)(2) of the Profit Sharing/401(k) Plan Adoption Agreement to apply the Qualified Automatic Contribution Arrangement (QACA) provisions under this subsection (b). To qualify as a QACA, the Plan must satisfy the requirements for an EACA as set forth in Section 3.03(c)(2), must provide for an automatic deferral as described in subsection (1), and must provide for a QACA Safe Harbor Contribution as described under subsection (2). The Plan also must satisfy the requirements under subsections (3) - (6).

(8) **Automatic deferral**. To qualify as a QACA, the Plan must provide for an automatic deferral election (as defined in Section 3.03(c)(2)(i) above) equal to a qualified percentage of Plan Compensation.

(vii) **Automatic deferral percentage**. For this purpose, a qualified percentage is, with respect to any Employee, a uniform percentage of Plan Compensation that does not exceed 10%, and which is at least:

(A) 3% during the period that begins when the Employee first begins making automatic deferrals under the QACA and ending on the last day of the following Plan Year,

(B) 4% during the first Plan Year following the initial period described in subsection (A),

(C) 5% during the second Plan Year following the initial period described in subsection (A), and

(D) 6% during any subsequent Plan Year.

The Employer may elect under AA §6A-8(a)(5) to apply the automatic increase described under this subsection (i) as of a date other than the beginning of the Plan Year. If a date other than the first day of the Plan Year is selected under AA §6A-8(a)(5), the Plan still must satisfy the minimum deferral percentage requirements under this subsection (i) as of the beginning of the periods designated above. Thus, if an automatic increase becomes effective as of a date within a Plan Year, the Plan must provide for an automatic deferral percentage at least equal to the minimum percentage as of the designated date in the Plan Year commencing before the Plan Years described under (B) – (D) above. See Rev. Rul. 2009-30.

(viii) **Eligible Employees**. In applying the QACA provisions under this subsection (b), the automatic deferral election described under subsection (1) must apply to all eligible Employees without taking into account any Employee who:

(J) was eligible to participate in the Plan (or a predecessor Plan) immediately prior to the effective date of the QACA, and

(K) had an affirmative election in effect on such effective date (which remains in effect) either to:

(I) make Salary Deferrals in a specified amount or percentage of Plan Compensation, or

(II) not have any Salary Deferrals made on his/her behalf.

(ix) **Treatment of rehires**. The minimum deferral percentages described in subsection (1) are determined based on the date the Participant first begins making automatic deferrals under the Plan, without regard to whether the Employee continues to be eligible to make contributions after such date. Thus, the minimum percentage is generally determined based on the number of years since an Employee first has automatic deferrals made under the QACA.

However, if an Employee is precluded from making automatic deferrals to the Plan for an entire Plan Year (e.g., due to termination of employment), the Plan may treat such Employee as having a new initial period for determining the minimum required default percentage under subsection (1) (if such Employee recommences making default contributions under the QACA), regardless of what minimum percentage would otherwise apply to that Employee. The provisions of this subsection (iii) will automatically apply, unless designated otherwise under AA §6A-8(a)(6)(ii).

Unless elected otherwise under AA §6A-8(a)(6)(i), a Participant's affirmative election to defer (or to not defer) will cease upon termination of employment. If a terminated Participant's affirmative election to defer (or to not defer) ceases upon termination of employment, the Participant will be subject to the automatic deferral provisions of this subsection (1) upon rehire, including the default election provisions and the notice requirements under subsection (5) below.

(9) **QACA Safe Harbor Contribution**. To qualify as a QACA, the Employer must provide a QACA Safe Harbor Employer Contribution or a QACA Safe Harbor Matching Contribution to Nonhighly Compensated Employees under the Plan.

(i) **QACA Safe Harbor Employer Contribution**. The Employer may elect under AA §6C-2(b) of the Profit Sharing/401(k) Plan to make a QACA Safe Harbor Employer Contribution of at least 3% of Plan Compensation.

(ii) **QACA Safe Harbor Matching Contribution**. The Employer may elect under AA §6C-2(a)(2) of the Profit Sharing/401(k) Plan to make a QACA Safe Harbor Matching Contribution with respect to each Participant's Salary Deferrals under the Plan. The Employer may elect to provide a basic QACA Safe Harbor Matching Contribution, an enhanced QACA Safe Harbor Matching Contribution, or a tiered QACA Safe Harbor Matching Contribution.

(A) **Basic QACA Safe Harbor Matching Contribution**. Under the basic QACA Safe Harbor Matching Contribution formula, each eligible Participant (as defined in AA §6C-3) will receive a QACA Safe Harbor Matching Contribution equal to:

(I) 100% of the Participant's Salary Deferrals that do not exceed 1% of the Participant's Plan Compensation plus

(II) 50% of the Participant's Salary Deferrals that exceed 1% of the Participant's Plan Compensation but that do not exceed 6% of the Participant's Plan Compensation.

(B) **Enhanced QACA Safe Harbor Matching Contribution**. Under the enhanced QACA Safe Harbor Matching Contribution formula, the QACA Safe Harbor Matching Contribution must not be less, at each level of Salary Deferrals, than the amount required under the basic QACA Safe Harbor Matching Contribution formula under subsection (A) above. Under the enhanced QACA Safe Harbor Matching Contribution formula, the rate of Matching Contributions may not increase as an Employee's rate of Salary Deferrals increase.

(C) **Contributions for Highly Compensated Employees**. The Plan will not fail to be a QACA merely because Highly Compensated Employees also receive a QACA Safe Harbor Matching Contribution under the Plan. However, a QACA Safe Harbor Matching Contribution will not satisfy this section

if any Highly Compensated Employee is eligible for a higher rate of QACA Safe Harbor Matching Contribution than is provided for any Nonhighly Compensated Employee who has the same rate of Salary Deferrals.

(D) **Period for making QACA Safe Harbor Matching Contribution**. In determining a Participant's QACA Safe Harbor Matching Contributions, the Employer may elect under AA §6C-2(a)(3) to determine the QACA Safe Harbor Matching Contribution on the basis of Salary Deferrals the Participant makes during the Plan Year. Alternatively, the Employer may elect to determine the QACA Safe Harbor Matching Contribution on a payroll, monthly, or quarterly basis.

(10) **2-year cliff vesting**. A Participant must be 100% vested in any QACA Safe Harbor Contributions under subsection (2) above upon the completion of two (2) Years of Service. Any additional amounts contributed under the Plan may be subject to any vesting schedule described under Section 7.02. For this purpose, a QACA Safe Harbor Contribution is treated as a separate contribution source for purposes of applying the rules under Section 7.10 relating to the amendment of a vesting schedule.

(11) **Distribution restrictions**. Distributions of the QACA Safe Harbor Contribution must be restricted in the same manner as Salary Deferrals under Section 8.10(c), except that such contributions may not be distributed upon Hardship.

(12) **Annual notice**. Each eligible Employee must receive a written notice as described in subsection (a)(4) above.

(13) **Definition of Plan Compensation**. For Plan Years beginning on or after January 1, 2010, the definition of Plan Compensation used for purposes of determining default Salary Deferral contributions under the QACA must satisfy the safe harbor requirements under Treas. Reg. §1.401(k)-3(b)(2). For this purpose, if the Plan defines Plan Compensation in a manner that does not satisfy the safe harbor requirements under Treas. Reg. §1.401(k)-3(b)(2), effective for the first Plan Year beginning on or after January 1, 2010, the definition of Plan Compensation used for determining default Salary Deferral contributions will automatically he modified so that any exclusions that cause the definition of Plan Compensation to fail the safe harbor requirements will apply only to Highly Compensated Employees.

(c) **Eligibility for Safe Harbor/QACA Safe Harbor Contributions**. The Employer may elect under AA §6C-3(a) to provide the Safe Harbor/QACA Safe Harbor Contribution to all Participants or only to Participants who are Nonhighly Compensated Employees. Alternatively, the Employer may elect under the Profit Sharing/401(k) Plan Adoption Agreement to provide the Safe Harbor/QACA Safe Harbor Contribution to all Nonhighly Compensated Employees who are Participants and all Highly Compensated Employees who are Participants but who are not Key Employees. This permits a Plan providing the Safe Harbor/QACA Safe Harbor Employer Contribution to use such amounts to satisfy the Top Heavy minimum contribution requirements under Section 4. See subsection (d) for a description of the eligibility conditions applicable to Safe Harbor/QACA Safe Harbor Contributions. Also see Section 3.02(d)(1) for provisions for offsetting additional Employer Contributions by the Safe Harbor Employer Contributions under the Plan.

The Employer also may elect under AA §6C-3(b) of the Profit Sharing/401(k) Plan Adoption Agreement to exclude certain designated Employees from the Safe Harbor/QACA Safe Harbor Contribution. If any Non-Highly Compensated Employee who is eligible to make Salary Deferrals under the Plan is excluded from the Safe Harbor/QACA Safe Harbor Contribution under AA §6C-3(b), the Plan must be disaggregated into separate plans for minimum coverage purposes pursuant to Code §410(b)(4). If each of the disaggregated plans can separately satisfy the minimum coverage requirements under Code §401(a)(4), the separate component plans may be tested separately for nondiscrimination under Code §401(a)(4), including the safe harbor rules under this Section 6.04. If the Plan is disaggregated into separate plans for nondiscrimination purposes, the portion of the disaggregated plan that covers Employees who are not eligible for the Safe Harbor/QACA Safe Harbor Contribution must satisfy the ADP Test (and ACP Test, if applicable).

(d) **Different eligibility conditions**. In determining who is a Participant for purposes of the Safe Harbor/QACA Safe Harbor Contribution, the eligibility conditions applicable to Salary Deferrals under AA §4-1 apply. However, the Employer may elect under AA §6C-3(c) of the Profit Sharing/401(k) Plan Adoption Agreement to apply different eligibility conditions for the Safe Harbor/QACA Safe Harbor Contribution than apply to Salary Deferrals. If the Employer elects under AA §6C-3(c)(1)(iv) to require a Year of Service for determining eligibility for Safe Harbor/

QACA Safe Harbor Contributions, a Year of Service for this purpose is the completion of 1,000 Hours of Service during an Eligibility Computation Period.

An Eligibility Computation Period is as defined under Section 2.03(a)(3) using Plan Years for subsequent Eligibility Computation Periods. If different eligibility conditions are selected for Safe Harbor/QACA Safe Harbor Contributions that are more restrictive than the eligibility conditions applicable for Salary Deferrals, the Plan must be disaggregated into separate plans for coverage purposes pursuant to Code §410(b)(4). If the Plan uses different eligibility conditions for Safe Harbor/QACA Safe Harbor Contributions, the portion of the disaggregated plan that covers Employees who are not eligible for the Safe Harbor/QACA Safe Harbor Contribution must satisfy the ADP Test (and ACP Test, if applicable). See IRS Notice 2000-3, Q&A-10.

(e) **Provision of Safe Harbor Contribution in separate plan**. The Employer may elect under AA §6C-2(b)(2) to provide the Safe Harbor Contribution under another Defined Contribution Plan maintained by the Employer. The Safe Harbor Contribution under such other plan must satisfy the conditions under this Section 6.04 for this Plan to qualify as a Safe Harbor 401(k) Plan. To make the Safe Harbor Contribution under another Defined Contribution Plan, each Employee eligible to participate under this Plan must also be eligible to participate under the other Defined Contribution Plan and the other Defined Contribution Plan must have the same Plan Year as this Plan.

(f) **Mid-Year Changes to Safe Harbor 401(k) Plan**. A Plan will not fail to satisfy the requirements of Code §401(k)(12) relating to Safe Harbor 401(k) plans because of the adoption during the Plan Year of a provision to apply the hardship distribution provisions of the Plan to primary beneficiaries or a provision to provide for Roth Deferrals (as defined in Section 3.03(e)).

(g) **Reduction or suspension of Safe Harbor/QACA Safe Harbor Contributions**. The Employer may amend the Plan during the Plan Year to reduce or suspend the Safe Harbor/QACA Safe Harbor Contributions (on a prospective basis) provided the following conditions are satisfied:

(1) The Employer must provide a supplemental notice to all Participants explaining the consequences and effective date of the amendment.

(2) Participants must be given a reasonable opportunity (including a reasonable period after receipt of the supplemental notice) to change their Salary Deferral and/or After-Tax Employee Contribution elections, as applicable.

(3) The amendment reducing or eliminating the Safe Harbor/QACA Safe Harbor Contribution must be effective no earlier than the later of:

(x) 30 days after Participants are given the supplemental notice or

(xi) the date the amendment is adopted.

(4) The Plan is subject to the ADP Test and ACP Test for the entire Plan Year in which the reduction or suspension occurs using the Current Year Testing Method.

(5) If the Plan is amended to reduce or eliminate a Safe Harbor/QACA Safe Harbor Employer Contribution, the Employer must operate at an economic loss as described in Code §412(c)(2)(A) for the Plan Year or the notice provided under subsection (a)(4) must include a statement that the Plan may be amended during the Plan Year to reduce or suspend the Safe Harbor/QACA Safe Harbor Employer Contribution and that the reduction or suspension will not apply until at least 30 days after all Eligible Employees are provided notice of the reduction or suspension.

(h) **Deemed compliance with ADP Test**. If the Plan satisfies all the conditions under subsection (a) above to qualify as a Safe Harbor 401(k) Plan, the Plan is deemed to satisfy the ADP Test for the Plan Year.

(i) **Deemed compliance with ACP Test**. If the Plan satisfies all the conditions under subsection (a) above to qualify as a Safe Harbor 401(k) Plan, the Plan is deemed to satisfy the ACP Test for the Plan Year with respect to Matching Contributions (including Matching Contributions that are not used to qualify as a Safe Harbor 401(k) Plan), provided the following conditions are satisfied. If the Plan does not satisfy the requirements under this

subsection (i) for a Plan Year, the Plan must satisfy the ACP Test for such Plan Year in accordance with subsection (j) below.

(8) **Only Safe Harbor/QACA Safe Harbor Matching Contributions**. If the only Matching Contributions provided under the Plan are Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2(a), the Plan is deemed to satisfy the ACP Test, without regard to the conditions under subsections (2) - (5) below.

(9) **Additional Matching Contributions**. If Matching Contributions are provided in addition to Safe Harbor/QACA Safe Harbor Matching Contributions under AA §6C-2(a), the total Matching Contributions provided under the Plan (including any Safe Harbor/QACA Safe Harbor Matching Contributions) may not apply to any Salary Deferrals or After-Tax Employee Contributions that exceed 6% of Plan Compensation. If a Matching Contribution formula applies to both Salary Deferrals and After-Tax Employee Contributions, then the Matching Contributions may not apply to the sum of such contributions that exceed 6% of Plan Compensation. If Matching Contributions under the Plan apply to Salary Deferrals in excess of 6% of Plan Compensation, the Plan will be subject to ACP Testing to the extent provided under subsection (j) below.

(10) **Discretionary Matching Contributions**. If the Employer elects to provide discretionary Matching Contributions under a Safe Harbor 401(k) Plan, such discretionary Matching Contributions will not be subject to the ACP Test only if the total amount of the discretionary Matching Contributions are limited to no more than 4% of the Employee's Plan Compensation.

(11) **Rate of Matching Contribution may not increase**. The Matching Contribution formula may not provide a higher rate of match at higher levels of Salary Deferrals or After-Tax Employee Contributions.

(12) **Limit on Matching Contributions for Highly Compensated Employees**. The Matching Contributions made for any Highly Compensated Employee at any rate of Salary Deferrals and/or After-Tax Employee Contributions cannot be greater than the Matching Contributions provided for any Nonhighly Compensated Employee at the same rate of Salary Deferrals and/or After-Tax Employee Contributions.

(13) **After-Tax Employee Contributions**. If the Plan permits After-Tax Employee Contributions, such contributions must satisfy the ACP Test, regardless of whether the Matching Contributions under Plan are deemed to satisfy the ACP Test under this subsection (i). The ACP Test must be performed in accordance with subsection (j) below.

(14) **Additional Matching Contributions may be subject to vesting and distribution restrictions**. Additional Matching Contributions may satisfy the ACP Test Safe Harbor described in this subsection (i) even if such Matching Contributions are subject to the normal vesting schedule and distribution rules applicable to Matching Contributions. However, if such Matching Contributions are subject to allocation conditions under AA §6B-7, such Matching Contributions may fail to satisfy the ACP Test Safe Harbor described in this subsection (i).

(j) **Rules for applying the ACP Test**. If the ACP Test must be performed under a Safe Harbor 401(k) Plan, either because there are After-Tax Employee Contributions, or because the Matching Contributions do not satisfy the conditions described in subsection (i) above, the Current Year Testing Method must be used to perform such test, even if the Adoption Agreement specifies that the Prior Year Testing Method applies. In addition, the testing rules provided in IRS Notice 98-52 (or any successor guidance) are applicable in applying the ACP Test.

(k) **Application of Top Heavy rules**. Effective for years beginning after December 31, 2001, if the only contributions under a Safe Harbor 401(k) Plan are Safe Harbor/QACA Safe Harbor Contributions described under subsection (a) and Matching Contributions eligible for the ACP Test Safe Harbor, as described in subsection (i), the Plan is deemed to satisfy the Top Heavy requirements. as described in Section 4. For this purpose, if a Plan has only safe harbor contributions described under this subsection (k) and the Plan has forfeitures for a Plan Year, such forfeitures may be used to reduce or may be allocated as additional Matching Contributions that are designed to satisfy the ACP Test Safe Harbor, as described under subsection (i). In such case, the Plan will continue to satisfy the exemption from the Top Heavy rules as described in this subsection (k). See Section 7.13(c)(1).

(l) **Plan Year**. Except as provided in subsections (1) - (3) below, to qualify as a Safe Harbor 401(k) Plan, the safe harbor requirements under this Section 6.04 must be satisfied for an entire 12-month Plan Year.

(6) **First year of plan**. A newly established plan (other than a successor plan within the meaning of Treas. Reg. §1.401(m)-2(c)(2)(iii)) will not fail to satisfy the requirements of this subsection (1) merely because the Plan Year is less than 12 months, provided that the Plan Year is at least 3 months long. If an Employer is newly established and adopts the Plan as soon as administratively feasible after the Employer comes into existence, the initial Plan Year may be shorter than 3 months.

If the Plan has an initial Plan Year that is less than 12 months, for purposes of applying the Code §415 Limitation under Section 5.03, the Limitation Year will be the 12-month period ending on the last day of the short Plan Year. Thus, no proration of the Defined Contribution Dollar Limitation will be required. See Section 5.03(c)(2). In addition, the Employer's Plan Compensation will be determined for the 12-month period ending on the last day of the short Plan Year. Thus, no proration of the Compensation Limit will be required. See Section 1.25.

(7) **Change of Plan Year**. If the Plan is amended to change its Plan Year, resulting in a Short Plan Year (see Section 11.08), the Plan will not fail to satisfy the requirements of subsection (1), provided:

(iv) The Plan satisfies the safe harbor requirements under this Section 6.04 for the immediately preceding Plan Year; and

(v) The plan satisfies the safe harbor requirements under this Section 6.04 (determined without regard to subsection (g) above) for the immediately following Plan Year or for the immediately following 12 months if the immediately following Plan Year is less than 12 months.

(8) **Final plan year**. If the Plan is terminated during a Plan Year, the Plan will not fail to satisfy the requirements of subsection (1) merely because the final Plan Year is less than 12 months, provided that the plan satisfies the safe harbor requirements under this Section 6.04 through the date of termination and either:

(i) The Plan would satisfy the requirements of subsection (g), treating the termination of the Plan as a reduction or suspension of Safe Harbor Matching Contributions (other than the requirement that Employees have a reasonable opportunity to change their Salary Deferral or After-Tax Employee Contribution elections); or

(ii) The Plan termination is in connection with a transaction described in Code §410(b)(6)(C) or the Employer incurs a substantial business hardship, comparable to a substantial business hardship described in Code §412(d). If this subsection (ii) applies, the Plan will continue to qualify as a Safe Harbor 401(k) Plan for the year of termination.

6.05 **SIMPLE 401(k) Plan contributions**. The Employer may designate in AA §6A-10 of the Profit Sharing/401(k) Plan Adoption Agreement to treat the Plan as a SIMPLE 401(k) Plan. To treat the Plan as a SIMPLE 401(k) Plan for a Plan Year, the Employer must be an Eligible Employer (as defined in subsection (a)(1) below) and no contributions may be made, or benefits accrued, for services during the calendar year, on behalf of any Eligible Employee under any other plan, contract, pension, or trust described in Code §219(g)(5)(A) or (B), maintained by the Employer. If the Plan is designated as a SIMPLE 401(k) Plan, the provisions of this Section 6.05 will apply even if inconsistent with any other provisions under the Plan.

(a) **Definitions**.

(14) **Eligible Employer**. An Eligible Employer means, with respect to any calendar year, an Employer that had no more than 100 employees who received at least $5,000 of SIMPLE Compensation from the Employer for the preceding calendar year. In applying the preceding sentence, all Employees of Related Employers and Leased Employees are taken into account.

An Eligible Employer that elects to have the SIMPLE 401(k) provisions apply to the Plan and that fails to be an Eligible Employer for any subsequent calendar year is treated as an Eligible Employer for the 2 calendar years following the last calendar year the Employer was an Eligible Employer. If the failure is due to any acquisition, disposition, or similar transaction involving an Eligible Employer, the preceding sentence applies only if the provisions of Code §410(b)(6)(C)(i) are satisfied.

(15) **Eligible Employee**. An Eligible Employee means, for purposes of the SIMPLE 401(k) provisions, any Employee who is entitled to make Salary Deferrals under the terms of the Plan.

(b) **Contributions**.

(5) **Salary Deferrals**. Each Eligible Employee may make Salary Deferrals in an amount not to exceed $6,000 for 2000, $6,500 for 2001, $7,000 for 2002, $8,000 for 2003, $9,000 for 2004, and $10,000 for 2005. After 2005, the $10,000 limit will be adjusted for cost-of living increases under Code §408(p)(2)(E). Any such adjustments will be in multiples of $500.

(6) **Catch-Up Contributions**. Beginning in 2002, the amount of an Employee's Salary Deferrals permitted for a calendar year is increased for Employees aged 50 or over by the end of the calendar year by the amount of allowable Catch-up Contributions. The allowable Catch-up Contribution is $500 for 2002, $1,000 for 2003, $1,500 for 2004, $2,000 for 2005 and $2,500 for 2006. After 2006, the $2,500 limit will be adjusted for cost-of-living increases under Code §414(v)(2)(C). Any such adjustments will be in multiples of $500. Catch-up Contributions are otherwise treated the same as other Salary Deferrals.

(7) **Matching Contributions**. Each calendar year, the Employer will contribute a Matching Contribution to the Plan on behalf of each Employee who makes Salary Deferrals. The amount of the Matching Contribution will be equal to the Employee's Salary Deferrals up to a limit of 3 percent of the Employee's SIMPLE Compensation for the full calendar year.

(8) **Employer Contributions**. For any calendar year, instead of a Matching Contribution, the Employer may elect to contribute an Employer Contribution of 2 percent of Total Compensation for the full calendar year for each Eligible Employee who received at least $5,000 of SIMPLE Compensation for the calendar year.

(c) **Limit on Contributions**. No Employer or Employee Contributions may be made to this Plan for a calendar year other than Salary Deferrals described in subsections (b)(1) and (b)(2), Matching Contributions described in subsection (b)(3), Employer Contributions described in subsection (b)(4), and Rollover Contributions described in Treas. Reg. §1.402(c)-2, Q&A-1(a). Such contributions (other than Catch-Up Contributions under subsection (b)(2)) are subject to the Code §415 Limitation.

(d) **Election and notice requirements**.

(7) **Election period**.

(i) In addition to any other election periods provided under the Plan, each Eligible Employee may make or modify Salary Deferral elections during the 60-day period immediately preceding each January 1.

(ii) For the calendar year an Employee becomes eligible to make Salary Deferrals under the SIMPLE 401(k) provisions, the 60-day election period requirement under subsection (i) is deemed satisfied if the Employee may make or modify a Salary Deferral election during a 60-day period that includes either the date the Employee becomes eligible or the day before.

(iii) Each Employee may terminate a Salary Deferral election at any time during the calendar year

(8) **Notice requirements**.

(iii) The Employer will notify each Eligible Employee prior to the 60-day election period described in subsection (1) that he/she can make a Salary Deferral election or modify a prior election during that period.

(iv) The notification described in subsection (i) will indicate whether the Employer will provide a 3-percent Matching Contribution described in subsection (b)(3) or a 2-percent Employer Contribution described in subsection (b)(4).

(e) **Vesting requirements**. All benefits attributable to contributions described in subsections (b)(3) and (b)(4) are fully vested at all times, and all previous contributions made under the Plan are fully vested as of the beginning of the calendar year the SIMPLE 401(k) provisions apply.

(f) **Top Heavy rules**. The Plan is not treated as a Top Heavy Plan under Code §416 for any calendar year for which this Section 6.05 applies.

(g) **Nondiscrimination tests**. The ADP and ACP Tests described in Sections 6.01(a) and 6.02(a) are treated as satisfied for any calendar year for which this Section 6.05 applies.

(h) **SIMPLE Compensation**. SIMPLE Compensation for purposes of this Section 6.05 means the sum of wages, tips, and other compensation from the Eligible Employer subject to federal income tax withholding (as described in Code §6051(a)(3)) and the Employee's Salary Deferrals made under any other plan, and if applicable, Elective Deferrals under a SIMPLE IRA (as defined under Code §408(p), a SARSEP (as defined in Code §408(a)(6), or a plan or contract that satisfies the requirements of Code §403(b), and compensation deferred under a Code §457 plan, required to be reported by the employer on Form W-2 (as described in Code §6051(a)(8)). For self-employed individuals, SIMPLE Compensation means net earnings from self-employment determined under Code §1402(a) prior to subtracting any contributions made under the SIMPLE 401(k) plan on behalf of the individual. Compensation also includes amounts paid for domestic service (as described in Code §3401(a)(3)). SIMPLE Compensation taken into account under the Plan is subject to the Compensation Limit (as defined under Section 1.25).

SECTION 7
PARTICIPANT VESTING AND FORFEITURES

7.01 **Vesting of Contributions**. A Participant's vested interest in his/her Employer Contribution Account and Matching Contribution Account is determined based on the vesting schedule elected in AA §8. A Participant is always fully vested in his/her Salary Deferral Account, After-Tax Employee Contribution Account, QNEC Account, QMAC Account, Safe Harbor/QACA Safe Harbor Employer Contribution Account, Safe Harbor/QACA Safe Harbor Matching Contribution Account, and Rollover Contribution Account.

7.02 **Vesting Schedules**. A Participant's vested interest in his/her Employer Contribution Account and/or Matching Contribution Account is determined by multiplying the Participant's vesting percentage (determined under the applicable vesting schedule selected in AA §8) by the total amount under the applicable Account. Effective for Plan Years beginning on or after January 1, 2007 (for Employer Contributions) and for Plan Years beginning on or after January 1, 2002 (for Matching Contributions), the vesting schedule must satisfy one of the vesting schedules set forth under this Section 7.02.

(a) **Full and immediate vesting schedule**. Under the full and immediate vesting schedule, the Participant is always 100% vested in his/her Account Balance.

(b) **6-year graded vesting schedule**. Under the 6-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:

After 2 Years of Service— 20% vesting
After 3 Years of Service — 40% vesting
After 4 Years of Service — 60% vesting
After 5 Years of Service — 80% vesting
After 6 Years of Service —100% vesting

(c) **3-year cliff vesting schedule**. Under the 3-year cliff vesting schedule, an Employee is 100% vested after 3 Years of Service. Prior to the third Year of Service, the vesting percentage is zero.

(d) **5-year graded vesting schedule**. Under the 5-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:

After 1 Years of Service — 20% vesting
After 2 Years of Service — 40% vesting
After 3 Years of Service— 60% vesting
After 4 Years of Service — 80% vesting
After 5 Years of Service — 100% vesting

(e) **Modified vesting schedule**. Under the modified vesting schedule, the Employer may designate the vesting percentage that applies for each Year of Service. The vesting percentage selected under the modified vesting schedule for any Year of Service may not be less than the percentage that would be permitted under a permitted vesting schedule under this Section 7.02. Thus, for example, the modified vesting schedule for each Year of Service would have to satisfy the 6-year graded vesting schedule, unless 100% vesting occurs after no more than 3 Years of Service.

7.03 **Prior Vesting Schedule**. For Plan Years beginning before January 1, 2007 (for Employer Contributions) and for Plan Years beginning before January 1. 2002 (for Matching Contributions), the Plan may have used any of the following vesting schedules:

(a) Full and immediate vesting.

(b) 3-year cliff vesting schedule.

(c) 5-year cliff vesting schedule.

(d) 6-year graded vesting schedule.

(e) 7-year graded vesting schedule.

(f) Modified vesting schedule that satisfies any of the vesting schedules described in this Section 7.03.

To the extent a vesting schedule applied for Employer Contributions and/or Matching Contributions for such years, the applicable vesting schedules are those that are set forth under the Plan documents in effect for such years. The Employer may describe such prior vesting schedules in AA §A-10 of the Profit Sharing/401(k) Plan Adoption Agreement or AA §A-6 of the Profit Sharing or Money Purchase Plan Adoption Agreement.

7.04 **Special vesting rules**.

(a) **Normal Retirement Age**. Regardless of the Plan's vesting schedule, an Employee's right to his/her Account Balance is fully vested upon the date he/she attains Normal Retirement Age (as defined in AA §7-1), provided the Employee is still employed at such time.

(b) **100% vesting upon death, disability, or Early Retirement Age**. The Employer may elect under AA §8-4 to allow a Participant's vesting percentage to automatically increase to 100% if the Participant dies, becomes Disabled, and/or attains Early Retirement Age while employed by the Employer.

(c) **Safe Harbor 401(k) Plans**. If the Plan is a Safe Harbor 401(k) Plan as defined in Section 6.04, any Safe Harbor Contributions made under the Plan are always 100% vested. If the Plan provides for QACA Safe Harbor Contributions under AA §6C-2, such contributions will vest in accordance with the vesting schedule selected under AA §8-2(b) of the Profit Sharing/401(k) Plan Adoption Agreement. If a Safe Harbor 401(k) Plan provides for regular Employer Contributions or Matching Contributions, such amounts will be vested in accordance with the vesting schedule selected under AA §8. Section 7.10 will not apply merely because the Plan is amended to add a vesting schedule for regular Employer Contributions or Matching Contributions.

(d) **Vesting upon merger, consolidation or transfer**. No accelerated vesting will be required solely because a Defined Contribution Plan is merged with another Defined Contribution Plan, or because assets are transferred from a Defined Contribution Plan to another Defined Contribution Plan. (See Section 14.05(a) for the benefits that must be protected as a result of a merger, consolidation or transfer.)

(e) **Vesting schedules applicable to prior contributions**. If the Plan holds Employer Contributions and/or Matching Contributions that are subject to vesting, but the Plan no longer provides for such contributions, the Plan will continue to apply the vesting schedule applicable to those contributions as determined under the prior Plan document. See Section 7.13(e) for the rules applicable to forfeitures of such prior contributions. The Employer may document any prior vesting schedule in AA §A-10 of the Profit Sharing/401(k) Plan Adoption Agreement or AA §A-6 of the Profit Sharing or Money Purchase Plan Adoption Agreement.

7.05 **Year of Service**. An Employee's position on the vesting schedule is dependent on the Employee's Years of Service with the Employer. Generally, an Employee will earn a vesting Year of Service for each Vesting Computation Period (as defined in Section 7.06) during which the Employee completes at least 1,000 Hours of Service. Alternatively, the Employer may elect under AA §8-5(a) to modify the definition of Year of Service to require completion of any lesser number of Hours of Service or may elect to calculate Years of Service using the Elapsed Time method (as defined in subsection (b) below).

(a) **Hours of Service**. Unless the Employer elects to use the Elapsed Time method under AA §8-5(c), vesting Years of Service will be determined based on an Employee's Hours of Service earned during the Vesting Computation Period.

(3) **Actual Hours of Service**. In determining an Employee's vesting Years of Service, the Employer will credit an Employee with the actual Hours of Service earned during the Vesting Computation Period, unless the Employer elects under AA §8-5(d) to determine Hours of Service using the Equivalency Method.

(4) **Equivalency Method**. Instead of counting actual Hours of Service in applying the Plan's vesting schedules, the Employer may elect under AA §8-5(d) to determine Hours of Service based on the Equivalency Method. Under the Equivalency Method, an Employee receives credit for a specified number of Hours of Service based on the period worked with the Employer.

(xii) **Monthly**. Under the monthly Equivalency Method, an Employee is credited with 190 Hours of Service for each calendar month during which the Employee completes at least one Hour of Service with the Employer.

(xiii) **Daily**. Under the daily Equivalency Method, an Employee is credited with 10 Hours of Service for each day during which the Employee completes at least one Hour of Service with the Employer.

(xiv) **Weekly**. Under the weekly Equivalency Method, an Employee is credited with 45 Hours of Service for each week during which the Employee completes at least one Hour of Service with the Employer.

(xv) **Semi-monthly**. Under the semi-monthly Equivalency Method, an Employee is credited with 95 Hours of Service for each semi-monthly period during which the Employee completes at least one Hour of Service with the Employer.

(5) **Employee need not be employed for entire Vesting Computation Period**. If an Employee completes the required Hours of Service during a Vesting Computation Period, the Employee will receive credit for a Year of Service as of the end of such Vesting Computation Period, even if the Employee is not employed for the entire Vesting Computation Period.

(b) **Elapsed Time method**. Instead of using Hours of Service in applying the Plan's vesting schedules, the Employer may elect under AA §8-5(c) to apply the Elapsed Time method for calculating an Employee's vesting service with the Employer. Under the Elapsed Time method, an Employee receives credit for the aggregate period of time worked for the Employer commencing with the Employee's first day of employment (or reemployment, if applicable) and ending on the date the Employee begins a Period of Severance which lasts at least 12 consecutive months. In calculating an Employee's aggregate period of service, an Employee receives credit for any Period of Severance that lasts less than 12 consecutive months. If an Employee's aggregate period of service includes fractional years, such fractional years are expressed in terms of days.

(6) **Period of Severance**. For purposes of applying the Elapsed Time method, a Period of Severance is any continuous period of time during which the Employee is not employed by the Employer. A Period of Severance begins on the date the Employee retires, quits or is discharged, or if earlier, the 12-month anniversary of the date on which the Employee is first absent from service for a reason other than retirement, quit or discharge.

In the case of an Employee who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Period of Severance. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence:

(v) by reason of the pregnancy of the Employee,

(vi) by reason of the birth of a child of the Employee,

(vii) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee, or

(viii) for purposes of caring for a child of the Employee for a period beginning immediately following the birth or placement of such child.

(7) **Related Employers/Leased Employees**. For purposes of applying the Elapsed Time method, service will be credited for employment with any Related Employer. Service also will be credited for any service as a Leased Employee or as an employee under Code §414(o).

(c) **Change in service crediting method**. If the service crediting method is changed from an Hours of Service method to the Elapsed Time method or from the Elapsed Time method to an Hours of Service method, the amount of service credited to an Employee will be determined under subsection (1) or (2) below. For this purpose, a change in service crediting method will occur if the Plan is amended to change the service crediting method or if the service crediting method is changed as a result of an Employee's change in employment status.

(4) **Change to Elapsed Time method**. If the service crediting method is changed from an Hours of Service method to the Elapsed Time method, the amount of vesting service credited to an Employee will equal the sum of the service under subsections (i) and (ii) below:

(iv) The number of Years of Service equal to the number of Years of Service credited under the Hours of Service method before the Vesting Computation Period during which the change to the Elapsed Time method occurs.

(v) For the Vesting Computation Period in which the change occurs, the greater of:

(E) the period of service that would be credited under the Elapsed Time method from the first day of that Vesting Computation Period through the date of the change, or

(F) the service that would be taken into account under the Hours of Service method for the Vesting Computation Period which includes the date of the change.

If the period of service described in subsection (i) is the greater amount, then subsequent periods of service are credited under the Elapsed Time method beginning with the date of the change. If the period of service described in subsection (ii) applies, the Elapsed Time method will be used beginning with the first day of the Vesting Computation Period that would have followed the Vesting Computation Period in which the change to the Elapsed Time method occurred.

If the change to the Elapsed Time method occurs as of the first day of a Vesting Computation Period, the use of the Elapsed Time method begins as of the date of the change, and the calculation in subsection (B) above does not apply. In such case, the Employee's service is determined under subsection (A) above plus the subsequent periods of service determined under the Elapsed Time method, starting with the effective date of the change.

(5) **Change to Hours of Service method**. If the service crediting method is changed from the Elapsed Time method to an Hours of Service method, the Employee's Elapsed Time service earned as of the date of the change is converted into Years of Service under the Hours of Service method, determined as the sum of subsections (i) and (ii), below:

(ix) A number of Years of Service is credited that equals the number of 1-year periods of service credited under the Elapsed Time method as of the date of the change.

(x) For the Vesting Computation Period which includes the date of the change, the Employee is credited with an equivalent number of Hours of Service, using one of the Equivalency Methods defined in Section 2.03(a)(5) above for any fractional year that was credited under the Elapsed Time method as of the date of the change.

For the portion of the Vesting Computation Period following the date of the change, actual Hours of Service are counted. The Hours of Service credited for the portion of the Vesting Computation Period in which the Elapsed Time method was in effect are added to the actual Hours of Service credited for the remaining portion of the Vesting Computation Period to determine if the Employee has a Year of Service for that Vesting Computation Period.

7.06 **Vesting Computation Period**. Generally, the Vesting Computation Period is the Plan Year. Alternatively, the Employer may elect under AA §8-5(b) to use the 12-month period commencing on the Employee's date of hire (or reemployment date, if applicable) and each subsequent 12-month period commencing on the anniversary of such date or the Employer may elect to use any other 12-consecutive month period as the Vesting Computation Period.

7.07 **Excluded service**. Generally, except as provided under Section 7.09 with respect to service excluded under the Break in Service rules, all service with the Employer counts for purposes of applying the Plan's vesting schedules. However, the Employer may elect under AA §8-3 to exclude certain service with the Employer in calculating an Employee's vesting Years of Service.

(a) **Service before the Effective Date of the Plan**. The Employer may elect under AA §8-3(b) to exclude service earned during any period prior to the date the Employer established the Plan or a Predecessor Plan. For this purpose, a Predecessor Plan is a qualified plan maintained by the Employer that is terminated within the 5-year period immediately preceding or following the establishment of this Plan. A Participant's service under a Predecessor Plan must be counted for purposes of determining the Participant's vested percentage under this Plan.

(b) **Service before a specified age**. The Employer may elect under AA §8-3(c) to exclude service before an Employee attains a specified age (not to exceed age 18). An Employee will be credited with a Year of Service for the Vesting Computation Period during which the Employee attains the required age, provided the Employee satisfies all other conditions required for a Year of Service.

7.08 **Service with Predecessor Employers**. If the Employer maintains the plan of a Predecessor Employer, any service with such Predecessor Employer is treated as service with the Employer for purposes of applying the provisions of this Plan. If the Employer does not maintain the plan of a Predecessor Employer, service with such Predecessor Employer does not count for vesting purposes under this Section 7, unless the Employer specifically designates under AA §4-5 to credit service with such Predecessor Employer for vesting. Unless designated otherwise under AA §4-5, if the Employer takes into account service with a Predecessor Employer, such service will count for purposes of eligibility under Section 2 (see Section 2.06) vesting under this Section 7, and for purposes of the minimum allocation conditions under Section 3.09 (see Section 3.09(c)).

7.09 **Break in Service Rules**. In addition to any service excluded under Section 7.07, the Employer may elect under AA §8-5 to disregard an Employee's vesting service with the Employer under the Break in Service rules set forth in this Section 7.09.

(a) **Break in Service**. An Employee incurs a Break in Service for any Vesting Computation Period (as defined in Section 7.06) during which the Employee does not complete more than five hundred (500) Hours of Service with the Employer. However, if the Employer elects under AA §8-5(a) to require less than 1,000 Hours of Service to earn a vesting Year of Service, a Break in Service will occur for any Vesting Computation Period during which the Employee does not complete more than one-half (1/2) of the Hours of Service required to earn a vesting Year of Service. In applying these Break in Service rules, Years of Service and Breaks in Service are measured on the same Vesting Computation Period.

(b) **One-Year Break in Service rule**. Under the One-Year Break in Service rule, if an Employee incurs a one-year Break in Service, such Employee will not be credited with any service earned prior to such one-year Break in Service for purposes of applying the Plan's vesting schedules until the Employee has completed a Year of Service after the Break in Service. The Employer must elect to apply the One-Year Break in Service rule under AA §8-5(f). Unless elected otherwise under AA §8-5(f), the One-Year Break in Service rule applies only with respect to an Employee who has terminated employment.

If a Participant has service disregarded under the One-Year Break in Service rule, such Participant will have his/her service reinstated as of the first day of the Vesting Computation Period during which the Participant completes a Year of Service following the Break in Service.

(c) **Nonvested Participant Break in Service rule**. Under the Nonvested Participant Break in Service rule, if an Employee is totally nonvested (i.e., 0% vested) in his/her Account Balance attributable to Employer and Matching Contributions, and such Employee incurs five (5) or more consecutive one-year Breaks in Service (or, if greater, a consecutive period of Breaks in Service at least equal to the Employee's aggregate number of Years of Service with the Employer), the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of applying the vesting schedules under the Plan. If the Employer elects the Elapsed Time method of crediting service (as authorized under Section 7.05(b), an Employee will be treated as incurring five consecutive Breaks in Service when he/she incurs a Period of Severance of at least 60 months.

If the Employee continues in employment with the Employer after incurring the requisite Break in Service, such Employee will be treated as a new Employee for purposes of determining vesting under the Plan. For this purpose, a Participant who has made Salary Deferrals under the Plan will be treated as having a vested interest in the Plan. Thus, the Nonvested Participant Break in Service rule may not be used with respect to any contributions under the Plan (even if such Participant is totally nonvested in his/her Account Balance attributable to Employer and Matching Contributions) for a Participant who has made Salary Deferrals under the Plan. The Employer must elect to apply the Nonvested Participant Break in Service rule under AA §8-5. Unless elected otherwise under AA §8-5, the Nonvested Participant Break in Service rule applies only with respect to an Employee who has terminated employment. In determining an Employee's aggregate Years of Service for purposes of applying the Nonvested Participant Break in Service rule, any Years of Service otherwise disregarded under a previous application of this rule are not counted.

(d) **Five-Year Forfeiture Break in Service**. A Participant's vesting service also may be disregarded if the Participant incurs a Five-Year Forfeiture Break in Service, as described in Section 7.12(b) below.

7.10 **Amendment of Vesting Schedule**. If the Plan's vesting schedule is amended (or is deemed amended by an automatic change to or from a Top Heavy Plan vesting schedule) or if the plan is amended in any way that directly or indirectly affects the computation of the Participant's vested percentage, each Participant with at least three (3) Years of Service with the Employer, as of the end of the election period described in the following paragraph, may elect to have his/her vested interest computed under the Plan without regard to such amendment or change. However, the new vesting schedule will apply automatically to an Employee, and no election will be provided, if the new vesting schedule is at least as favorable to such Employee, in all circumstances, as the prior vesting schedule.

The period during which the election may be made shall commence with the date the amendment is adopted or is deemed to be made and shall end on the latest of:

(a) 60 days after the amendment is adopted;

(b) 60 days after the amendment becomes effective; or

(b) 60 days after the Participant is issued written notice of the amendment by the Employer or Plan Administrator

No amendment to the plan shall be effective to the extent that it has the effect of decreasing a participant's accrued benefit. Notwithstanding the preceding sentence, a participant's Account Balance may be reduced to the extent permitted under Code §412(d)(2). For purposes of this paragraph, a plan amendment which has the effect of decreasing a participant's Account Balance, with respect to benefits attributable to service before the amendment, shall be treated as reducing an accrued benefit.

Furthermore, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or effective, the vested percentage of such Employee's Account Balance derived from Employer Contributions (determined as of such date) will not be less than the percentage computed under the Plan without regard to such amendment.

7.11 **Special Vesting Rule - In-Service Distribution When Account Balance is Less than 100% Vested**. If amounts are distributed from a Participant's Employer Contribution Account or Matching Contribution Account at a time when the Participant's vested percentage in such amounts is less than 100% and the Participant may increase the vested percentage in the Account Balance:

(a) A separate Account will be established for the Participant's interest in the Plan as of the time of the distribution, and

(b) At any relevant time the Participant's vested portion of the separate Account will be equal to an amount ("X") determined by the formula:

X=P (AB + D) - D

Where:

P is the vested percentage at the relevant time;

AB is the Account Balance at the relevant time; and

D is the amount of the distribution.

7.12 **Forfeiture of Benefits**. A Participant will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account upon the occurrence of any of the events described below. The Plan Administrator has the responsibility to determine the amount of a Participant's forfeiture. Until an amount is forfeited pursuant to this Section 7.12, a Participant's entire Account must remain in the Plan and continue to share in gains and losses of the Trust. A Participant will not forfeit any of his/her nonvested Account until the occurrence of one of the following events.

(a) **Cash-Out Distribution**. Following termination of employment, a Participant may receive a total distribution of his/her vested benefit under the Plan (a Cash-Out Distribution) in accordance with the distribution and Participant consent provisions under Section 8. If a Participant receives a Cash-Out Distribution upon termination of employment, the Participant's nonvested benefit under the Plan will be forfeited in accordance with subsection (1) below. If at the time of termination, a Participant is totally nonvested in his/her entire Account Balance, the

Participant will be deemed to receive a total Cash-Out Distribution of his/her entire vested Account Balance (i.e., a deemed Cash-Out Distribution of zero dollars) as of the date of termination, subject to the forfeiture provisions under subsection (1) below.

A Cash-Out Distribution does not occur until such time as the Participant receives a distribution of his/her entire vested Account Balance, including amounts attributable to Salary Deferrals. If a Participant receives a distribution of less than the entire vested portion of his/her Account Balance (including any additional amounts to be allocated under subsection (1)(ii) below). the Participant will not be treated as receiving a Cash-Out Distribution until such time as the Participant receives a distribution of the remainder of the vested portion of his/her Account Balance.

(1) **Timing of forfeiture**. Unless elected otherwise under AA §8-7(b), if a Participant receives a Cash-Out Distribution of his/her vested Account Balance (as defined in subsection (a) above), the Participant will immediately forfeit the nonvested portion of such Account Balance, as of the date of the distribution or deemed distribution (as determined under subsection (i) or (ii) below, whichever applies). (See Section 7.13 below for a discussion of the treatment of forfeitures under the Plan.)

(iii) **No further allocations**. For purposes of applying the Cash-Out Distribution rules, a terminated Participant who receives a total distribution of his/her vested Account Balance will be treated as receiving the Cash-Out Distribution as of the date the Participant receives such distribution (or in the case of a deemed Cash-Out Distribution (as described in subsection (a) above) as of the date the Participant terminates employment), provided the Participant is not entitled to any further allocations under the Plan for the Plan Year in which the Participant terminates employment. The Participant will forfeit his/her nonvested benefit as of the date the Participant receives the Cash-Out Distribution, in accordance with the provisions under Section 7.13.

(iv) **Additional allocations**. For purposes of applying the Cash-Out Distribution rules, if upon termination of employment, a Participant is entitled to an additional allocation for the Plan Year in which the Participant terminates, such Participant will not be deemed to receive a Cash-Out Distribution until such time as the Participant receives a distribution of his/her entire vested Account Balance, including any amounts that are still to be allocated under the Plan. Thus, a terminated Participant who is entitled to an additional allocation (e.g., an additional Employer Contribution) for the Plan Year of termination will not be deemed to have a total Cash-Out Distribution until the Participant receives a distribution of such additional amounts. In the case of a deemed Cash-Out Distribution (as described in subsection (a) above), if the Participant is entitled to an additional allocation under the Plan for the Plan Year in which the Participant terminates employment, the deemed Cash-Out Distribution is deemed to occur on the first day of the Plan Year following the Plan Year in which the termination occurs, provided the Participant is still totally nonvested in his/her Account Balance.

(v) **Modification of Cash-Out Distribution rules**. The Employer may elect under AA §8-7(a) to modify the Cash-Out Distribution provision under subsection (ii) above to provide that the Cash-Out Distribution and related forfeiture occur immediately upon distribution (or deemed distribution) of the terminated Participant's vested Account Balance, without regard to whether the Participant is entitled to an additional allocation under the Plan.

(2) **Repayment of Cash-Out Distribution**. If a Participant receives a Cash-Out Distribution (as defined in subsection (a) above) that results in a forfeiture under subsection (1) above, and the Participant resumes employment covered under the Plan, such Participant may repay to the Plan the amount received as a Cash-Out Distribution. For this purpose, to be entitled to a restoration of benefits (as described in subsection (3) below), the Participant must repay the entire amount of the Cash-Out Distribution, including any amounts attributable to Salary Deferrals. A Participant will only be permitted to repay his/her Cash-Out Distribution if such repayment is made before the earlier of:

(vi) five (5) years after the first date on which the Participant is subsequently re-employed by the Employer, or

(vii) the date the Participant incurs a Five-Year Forfeiture Break in Service (as defined in subsection (b) below).

If a Participant receives a deemed Cash-Out Distribution (as described in subsection (a) above), and the Participant resumes employment covered under this Plan before the date the Participant incurs a Five-Year

Forfeiture Break in Service, the Participant is deemed to repay the Cash-Out Distribution immediately upon his/her reemployment.

(3) **Restoration of forfeited benefit**. If a rehired Participant repays a Cash-Out Distribution in accordance with subsection (2) above, any amounts that were forfeited on account of such Cash-Out Distribution (unadjusted for any interest that might have accrued on such amounts after the distribution date) will be restored to the Plan no later than the end of the Plan Year following the Plan Year in which the Participant repays the Cash-Out Distribution (or is deemed to repay the Cash-Out Distribution under subsection (2) above). No amount will be restored under the Plan, however, until such time as the Participant repays the entire amount of the Cash-Out Distribution. (However, see subsection (d) below for a discussion of special rules that apply if a Participant's Cash-Out Distribution includes a distribution of Salary Deferrals.) In no event will a Participant be entitled to a restoration under this subsection (3) if the Participant returns to employment after incurring a Five-Year Forfeiture Break in Service (as defined in subsection (b) below).

(4) **Sources of restoration**. If a Participant's forfeited benefit is required to be restored under subsection (3), the restoration of such forfeited benefits will occur from the following sources. If the following sources are not sufficient to completely restore the Participant's benefit, the Employer must make an additional contribution to the Plan.

(vi) Any unallocated forfeitures for the Plan Year of the restoration.

(vii) Any unallocated earnings for the Plan Year of the restoration.

(viii) Any portion of a discretionary Employer Contribution to the extent such contribution has not been allocated to Participants' Accounts for the Plan Year of the restoration.

(b) **Five-Year Forfeiture Break in Service**. If a Participant has five (5) consecutive one-year Breaks in Service (a Five-Year Forfeiture Break in Service), all Years of Service after such Breaks in Service will be disregarded for the purpose of vesting in the portion of the Participant's Employer Contribution Account and/or Matching Contribution Account that accrued before such Breaks in Service. A Participant who incurs a Five-Year Forfeiture Break in Service will forfeit the nonvested portion of his/her Employer Contribution and/or Matching Contribution Account as of the end of the Vesting Computation Period in which the Participant incurs the fifth consecutive Break in Service. Except as provided under Section 7.09, a Participant who is rehired after incurring a Five-Year Forfeiture Break in Service will be credited with both pre-break and post-break service for purposes of determining his/her vested percentage in amounts that accrue under the Plan after the Five Year Forfeiture Break in Service.

(c) **Missing Participant or Beneficiary**. If the Plan is able to make a distribution to a Participant or Beneficiary without consent (as permitted under Section 8.04) and such Participant or Beneficiary cannot be located within a reasonable period following a reasonable diligent search, the missing Participant's or Beneficiary's Account may be forfeited, as provided in subsection (2) below. An Employer will be deemed to have performed a reasonable diligent search if the Employer or Plan Administrator performs the actions described in subsection (1) below. In determining whether a reasonable period has elapsed following a reasonable diligent search, the Employer or Plan Administrator may follow any applicable guidance provided under statute, regulation, or other IRS or DOL guidance of general applicability. However, the Employer or Plan Administrator will be deemed to have waited a reasonable period following a reasonable diligent search if the Employer or Plan Administrator waits at least 6 months following the completion of the actions described in subsection (1) below. For purposes of applying this subsection (c), a Participant or Beneficiary is considered missing only if the Plan may make a distribution to such Participant or Beneficiary without consent. (See Section 14.03(b)(4) for rules that apply for missing Participants or Beneficiaries upon Plan termination. Also see Section 8.06 for the availability of Automatic Rollover rules that permit the Plan Administrator to automatically rollover a Participant's involuntary Cash-Out Distribution to an IRA upon the Participant's failure to consent to a distribution, without the need to locate the Participant.)

(9) **Reasonable diligent search**. The Employer or Plan Administrator will be deemed to have performed a reasonable diligent search if it performs the following actions:

(iii) Send a certified letter to the Participant's or Beneficiary's last known address.

(iv) Check related plan records of the Employer (e.g., health plan records) to determine if a more current address exists for the Participant or Beneficiary.

(v) If the Participant cannot be located, the Employer or Plan Administrator may attempt to identify and contact any individual that the Participant has designated as a Beneficiary under the Plan for updated information concerning the location of the missing Participant.

(vi) Utilize the Social Security Administration (SSA) letter-forwarding service for locating lost participants. (Additional information regarding the SSA letter forwarding program can be located at www.ssa.gov.)

(vii) In addition to the search methods discussed above, the Employer or Plan Administrator may use other search methods, including the use of Internet search tools, commercial locator services, and credit reporting agencies to locate the missing Participant.

(10) **Forfeiture of Account of missing Participant or Beneficiary**. If a Participant or Beneficiary is deemed to be missing (as described in this subsection (c)), the Plan Administrator may forfeit the distributable amount attributable to such missing Participant or Beneficiary, as permitted under applicable laws and regulations. If, after an amount is forfeited under this subsection (2), the missing Participant or Beneficiary is located, the Plan will restore the forfeited amount (unadjusted for gains or losses) to such Participant or Beneficiary within a reasonable time in accordance with the provisions of subsection (a)(3) above. However, if a missing Participant or Beneficiary has not been located by the time the Plan terminates, the forfeiture of such Participant's or Beneficiary's distributable amount will be irrevocable.

Expenses attributable to search for missing Participant. Reasonable expenses attendant to locating a missing Participant may be charged to such Participant's Account, provided that the amount of such expenses is reasonable. The Plan Administrator may take into account the size of a Participant's Account in relation to the cost of the search when deciding how extensive a search is required before declaring such Participant as missing under subsection (c).

(d) **Excess Deferrals, Excess Contributions, and Excess Aggregate Contributions**. If a Participant receives a distribution of Excess Deferrals, Excess Contributions, or Excess Aggregate Contributions, the portion of his/her Matching Contribution Account (whether vested or not) which is attributable to such distributed amounts will be forfeited, adjusted for any gain or loss consistent with the provisions under Sections 6.01(b)(2)(ii) and 6.02(b)(2)(ii). For this purpose, Matching Contributions need not be forfeited to the extent such amounts have been distributed as Excess Contributions or Excess Aggregate Contributions, pursuant to Section 6.01(b)(2) or 6.02(b)(2). A forfeiture of Matching Contributions under this subsection (d) occurs in the Plan Year in which the Participant receives the distribution of Excess Deferrals, Excess Contributions, and/or Excess Aggregate Contributions.

If the Plan is subject to both the ADP Test and the ACP Test for a given year, and forfeitures occur under this subsection (d) due to the distribution of Excess Contributions as a result of an ADP Test failure, the Plan Administrator may determine the amount of the forfeitures before the ACP Test is performed, in which case the forfeited Matching Contributions are not taken into account under the ACP Test, or may determine the amount of the forfeitures after performing (and correcting) both the ADP Test and ACP Test.

7.13 **Allocation of Forfeitures**. The Employer may elect in AA §8-6 how it wishes to allocate forfeitures under the Plan. Forfeitures may be used in the Plan Year in which the forfeitures occur or in the Plan Year following the Plan Year in which the forfeitures occur. In applying the forfeiture provisions under the Plan, if there are any unused forfeitures as of the end of the Plan Year designated in AA §8-6(d) or (e), as applicable, any remaining forfeiture will be used (as designated in AA §8-6) in the immediately following Plan Year. The Employer may elect under AA §8-6 to allocate forfeitures in any manner permitted under this Section 7.13.

(a) **Reallocation as additional contributions under Profit Sharing and Profit Sharing/401(k) Plan Adoption Agreement**. The Employer may elect in AA §8-6 to reallocate forfeitures as additional contributions under the Plan. If the Employer elects under the Profit Sharing/401(k) Plan Adoption Agreement to reallocate forfeitures as additional contributions, the Employer may allocate such amounts as additional Employer Contributions and/or additional Matching Contributions. If the forfeitures allocated under this subsection (a) relate to discretionary contributions, such amounts may be allocated in the same manner as selected under AA §6-3 or AA §6B-2 with respect to the contribution type being allocated. If the forfeitures relate to fixed contributions, such amounts may be allocated in addition to such fixed contributions in the ratio that the Plan Compensation of each Participant

bears to the Plan Compensation of all Participants. In allocating forfeitures under this subsection (a), the Employer may take into account any limits under AA §6B-4 of the Profit Sharing/401(k) Plan Adoption Agreement in determining the amount of forfeitures to be allocated as additional Matching Contributions. In applying the provisions of this subsection (a), no allocation of forfeitures will be made to any Participant with respect to forfeitures that arise out of his/her own Account. A Participant may share in any additional forfeitures to the extent the Participant is eligible to receive an allocation of such forfeitures under AA §8-6.

(b) **Reallocation as additional Employer Contributions under Money Purchase Plan Adoption Agreement**. The Employer may elect in AA §8-6 to reallocate forfeitures as additional Employer Contributions under the Plan. If the Employer elects under the Money Purchase Plan Adoption Agreement to reallocate forfeitures as additional Employer Contributions, such amounts will be allocated in the ratio that the Plan Compensation of each Participant bears to the Plan Compensation of all Participants. In applying the provisions of this subsection (b), no allocation of forfeitures will be made to any Participant with respect to forfeitures that arise out of his/her own Account.

(c) **Reduction of contributions**. The Employer may elect in AA §8-6 to use forfeitures to reduce Employer Contributions and/or Matching Contributions under the Plan. If the Employer elects under the Profit Sharing/401(k) Plan Adoption Agreement to use forfeitures to reduce contributions, the Employer may, in its discretion, use such forfeitures to reduce Employer Contributions, Matching Contributions, or both. The Employer may adjust its contribution deposits in any manner, provided the total Employer Contributions and/or Matching Contributions made for the Plan Year properly take into account the forfeitures that are to be used to reduce such contributions for that Plan Year.

If contributions are allocated over multiple allocation periods, the Employer may reduce its contribution for any allocation periods within the Plan Year in which the forfeitures are to be allocated so that the total amount allocated for the Plan Year is proper. If the Plan provides for a discretionary Employer or Matching Contribution and the Employer elects not to make an Employer or Matching Contribution for the Plan Year, any forfeitures will be allocated to eligible Participants as an additional Employer or Matching Contribution, as provided under subsection (a) above.

(d) **Payment of Plan expenses**. The Employer may elect under AA §8-6 to use forfeitures to pay Plan expenses for the Plan Year in which the forfeitures would otherwise be applied. If any forfeitures remain after the payment of Plan expenses under this subsection, the remaining forfeitures will be allocated as selected under AA §8-6. This subsection (d) only applies to the extent Plan expenses are paid by the Plan. Nothing herein affects the ability of the Employer to pay Plan expenses, as authorized under Section 11.05(a). In determining the Plan expenses that may be offset by Plan forfeitures, the Employer may use any reasonable method to determine the Plan expenses attributable to a particular year. For example, the Employer may treat any reasonable Plan expenses paid during a particular Plan Year as allocated to that Plan Year for purposes of applying forfeitures to pay such Plan expenses. In addition, the Employer may elect to use forfeitures first to reduce Employer and/or Matching Contributions or as an additional allocation (as set forth in AA §8-6) prior to using forfeitures to pay Plan expenses.

(e) **Forfeiture rules for other contribution types**.

(4) **Forfeitures under a Safe Harbor 401(k) Plan**. Effective with the adoption of this Plan, if the Plan is a Safe Harbor 401(k) Plan, the Employer may not use forfeitures to reduce the Safe Harbor Employer Contribution or Safe Harbor Matching Contribution under the Plan (as defined under Section 6.04(a)(1)), unless provided otherwise under IRS guidance. However, regardless of any elections under AA §8-6 of the Profit Sharing/401(k) Plan Adoption Agreement, forfeitures may be used to reduce Matching Contributions that satisfy the ACP Test Safe Harbor (as defined in Section 6.04(i)) or may be allocated as additional discretionary Matching Contributions. If forfeitures under a Safe Harbor 401(k) Plan are allocated as additional discretionary Matching Contributions, such discretionary Matching Contributions will be subject to the requirements applicable to ACP Test Safe Harbor Matching Contributions under Section 6.04(i), without regard to any elections under the Plan. The use of forfeitures under this subsection to allocate as additional ACP Test Safe Harbor Matching Contributions or to reduce ACP Test Safe Harbor Matching Contributions will not cause the Plan to lose the exemption from Top-Heavy Testing as described in Section 6.04(k).

(5) **Prior Employer and/or Matching Contributions**. If the Plan maintains Employer Contribution and/or Matching Contribution Accounts, but the Plan no longer provides for such contributions, such amounts will continue to vest under the vesting schedule applicable to such contributions under the prior Plan or under any

vesting schedule designated under Appendix A of the Adoption Agreement. If there are any forfeitures related to such prior contributions, such amounts may be reallocated as an additional Employer Contribution or as an additional Matching Contribution in accordance with the provisions of subsection (a) or (b), to the extent such contributions are authorized under the Plan, or may be used to reduce any Employer Contribution or Matching Contribution, consistent with the provisions of subsection (c) above. If the Plan does not provide for either Employer Contributions or Matching Contributions, the Employer may reallocate forfeitures of prior contributions as an Employer Contribution (using the pro rata allocation formula) or as a discretionary Matching Contribution under AA §6-3(a) or AA §6B-2(a) of the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement, as applicable, or as a fixed contribution under AA §6-2(a) of the Money Purchase Plan Adoption Agreement. Alternatively, the Employer may use such forfeitures to pay Plan expenses as authorized under subsection (d). The Employer may elect to use such forfeitures in the Plan Year the forfeiture occurs or in the following Plan Year.

(6) **Excess Deferrals, Excess Contributions, and Excess Aggregate Contributions**. If a Participant forfeits any portion of his/her Matching Contribution Account as a result of a corrective distribution of Excess Contributions or Excess Aggregate Contributions, as set forth under Section 7.12(d), such amounts will be treated as a forfeiture in the Plan Year in which the Participant receives the distribution of Excess Deferrals, Excess Contributions, and/or Excess Aggregate Contributions. A forfeiture of Matching Contributions under this subsection (3) will be treated in accordance with the selections applicable to Matching Contributions under §8-6 of the Profit Sharing/401(k) Plan Adoption Agreement. If no selections are made under AA §8-6 of the Profit Sharing/401(k) Plan Adoption Agreement with respect to Matching Contributions (e.g., because the Matching Contributions are 100% vested), the Employer may elect to reallocate the forfeiture as an additional Matching Contribution or may use the forfeiture to reduce Matching Contributions in the year the forfeiture occurs or in the following Plan Year. Alternatively, the Employer may use such forfeitures to pay Plan expenses as authorized under subsection (d).

(7) **Other contributions**. If a Participant has any other amounts under the Plan which are treated as forfeited (e.g. a forfeiture for a missing Participant under Section 7.12(c)), such amounts may be forfeited in accordance with the provisions under subsection (1) above.

SECTION 8
PLAN DISTRIBUTIONS

***Subject to the Qualified Joint and Survivor Annuity Requirements under Section 9, a Participant may receive a distribution of his/her vested Account Balance at the time and in the manner provided under this Section 8. Upon reaching the Required Beginning Date (defined in Section 8.12(e)(5)), a Participant must begin receiving distributions under the Plan (in accordance with the provisions of Section 8.12.)

8.01 **Deferred distributions**. A Participant must be permitted to receive a distribution from the Plan no later than the 60th day after the latest of the close of the Plan Year in which:

(a) the Participant attains age 65 (or Normal Retirement Age, if earlier);

(b) occurs the 10th anniversary of the year in which the Participant commenced participation in the Plan; or

(c) the Participant terminates service with the Employer.

A failure by the Participant (and Spouse, if applicable) to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this section. For this purpose, an Account Balance is immediately distributable if any part of the Account Balance could be distributed to the Participant (or surviving Spouse) before the Participant attains or would have attained if not deceased) the later of Normal Retirement Age or age 62.

8.02 **Available Forms of Distribution**. Subject to the Qualified Joint and Survivor Annuity (QJSA) rules described in Section 9, the Employer may elect under AA §9-1 the forms of distribution that are available to a Participant or Beneficiary under the Plan. Different distribution options may apply depending on whether a distribution is made upon termination of employment, death, disability or as an in-service withdrawal. Available distribution options under AA §9-1 may include a lump sum of all or a portion of the Participant's vested Account Balance, installments, annuity payments, or any other form designated in AA §9-1. In addition, distribution options may be available as provided under a guaranteed income product to the extent such distribution options are consistent with the requirements of ERISA and other qualification requirements. Any distribution options selected under the Plan must comply with the required minimum distribution rules under Section 8.12.

(m) **Installment or annuity forms of distribution**. If the Plan provides for installment payments as an optional form of distribution, such payments may be made in monthly, quarterly, semi-annual, or annual payments over a period not exceeding the life expectancy of the Participant and his/her designated Beneficiary. The Plan Administrator may permit a Participant or Beneficiary to accelerate the payment of all, or any portion, of an installment distribution. If the Plan provides for annuity payments, the Plan must purchase an annuity that provides for payments over a period that does not extend beyond either the life of the Participant (or the lives of the Participant and his/her designated Beneficiary) or the life expectancy of the Participant (or the life expectancy of the Participant and his/her designated Beneficiary). The availability of installments and or annuity payments may be restricted under AA §9-1(c) .

Regardless of the distribution options selected under AA §9-1, if the Plan is subject to the Joint and Survivor Annuity requirements (as described in Section 9), the Plan must make distribution in the form of a QJSA (as defined in Section 9.02(a)) unless the Participant (and Spouse, if the Participant is married) elects an alternative distribution form in accordance with a Qualified Election (as defined in Section 9.04).

(n) **In-kind distributions**. Nothing in this Section 8 precludes the Plan Administrator from making a distribution in the form of property, or other in-kind distribution, in a nondiscriminatory manner. If the Plan invests in Qualifying Employer Securities or Qualifying Employer Real Property, the Plan Administrator may make a distribution in the form of Employer Securities or other property, unless designated otherwise under AA §9-6(e). An in-kind distribution is only available to the extent such investments are held in the Participant's Account at the time of the distribution. This subsection (b) does not give any Participant the right to request an in-kind distribution if not otherwise authorized by the Plan Administrator.

8.03 **Amount Eligible for Distribution**. For purposes of determining the amount a Participant or Beneficiary may receive as a distribution from the Plan, a Participant's Account Balance is determined as of the Valuation Date (as specified in AA §11-1) immediately preceding the date the Participant or Beneficiary receives his/her distribution from the Plan. For this purpose, the Account Balance must be increased for any contributions allocated to the Participant's Account

since the most recent Valuation Date and must be reduced for any distributions made from the Participant's Account since the most recent Valuation Date. A Participant or Beneficiary does not share in any allocation of gains or losses attributable to the period between the most recent Valuation Date and the date of the distribution, unless provided otherwise under uniform funding and valuation procedures established by the Plan Administrator. See Section 10.03.

If a Participant's vested Account Balance upon termination does not exceed a distribution processing fee that would otherwise be charged to the Participant upon distribution, the Plan may use such amounts to pay the distribution processing fee or may treat the distribution amount as a forfeiture in accordance with the provisions under Section 7.13.

8.04 **Participant Consent**. If the value of a Participant's entire vested Account Balance exceeds the Involuntary Cash-Out threshold (as defined in subsection (a) below), the Participant must consent to any distribution of such Account Balance prior to his/her Required Beginning Date (as defined in Section 8.12(e)(5)) or, if so provided in AA §9-6(d), as of the date the Participant attains (or would have attained if not deceased) the later of Normal Retirement Age or age 62. If a distribution is subject to Participant consent, the Participant must consent in writing to the distribution within the 180-day period ending on the Annuity Starting Date (as defined in Section 1.11). If the distribution is subject to the Qualified Joint and Survivor Annuity requirements under Section 9, the Participant's Spouse (if the Participant is married at the time of the distribution) also must consent to the distribution in accordance with Section 9.04.

(g) **Involuntary Cash-Out threshold**. For purposes of determining whether a distribution is subject to the Participant consent requirements as described in Section 8.04, the Involuntary Cash-Out threshold is $5,000 unless a lesser amount is designated under AA §9-6(a). (See Section 8.06 for a discussion of the Automatic Rollover rules that apply if a Participant does not consent to a distribution that does not exceed the Involuntary Cash-Out threshold.)

(h) **Rollovers disregarded in determining value of Account Balance for Involuntary Cash-Outs**. For purposes of determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold described in subsection (a), the value of the Participant's vested Account Balance shall be determined without regard to that portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto) within the meaning of Code §§402(c), 403(a)(4), 403(6)(8), 408(d)(3)(A)(ii), and 457(e)(16). Alternatively, the Employer may elect in AA §9-6(c) to include Rollover Contributions (and earnings allocable thereto) in determining whether the Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold.

(i) **Participant notice**. Prior to receiving a distribution from the Plan, a Participant must be notified of his/her right to defer any distribution from the Plan in accordance with the provisions under Section 8.01. The notification shall include a general description of the material features and the relative values of the optional forms of benefit available under the Plan (consistent with the requirements under Code §417(a)(3)). Effective for Plan Years beginning on or after January 1, 2007, the Participant notice must include a description of the consequences of a Participant's decision not to defer the receipt of a distribution. The notice must be provided no less than 30 days and no more than 180 days prior to the Participant's Annuity Starting Date. However, distribution may commence less than 30 days after the notice is given, if the Participant is clearly informed of his/her right to take 30 days after receiving the notice to decide whether or not to elect a distribution (and, if applicable, a particular distribution option), and the Participant, after receiving the notice, affirmatively elects to receive the distribution prior to the expiration of the 30-day minimum period. (But see Section 9.02 for the rules regarding the timing of distributions when the Qualified Joint and Survivor Annuity requirements apply.) The notice requirements described in this paragraph may be satisfied by providing a summary of the required information, so long as the conditions described in applicable regulations for the provision of such a summary are satisfied, and the full notice is also provided (without regard to the 180-day period described in this subsection).

(j) **Special rules**. The consent rules under this Section 8.04 apply to distributions made after the Participant's termination of employment and to distributions made prior to the Participant's termination of employment. However, the consent of the Participant (and the Participant's Spouse, if applicable) shall not be required to the extent that a distribution is required to satisfy the required minimum distribution rules under Section 8.12 or to satisfy the requirements of Code §415, as described in Section 5.03. A Participant also will not be required to consent to a corrective distribution of Excess Deferrals, Excess Contributions or Excess Aggregate Contributions.

8.05 **Direct Rollovers**. Notwithstanding any provision in the Plan to the contrary, a Participant may elect, at the time and the manner prescribed by the Plan Administrator, to have all or any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan in a Direct Rollover. If an Eligible Rollover Distribution is less than $500, the Participant may not elect a Direct Rollover of only a portion of such distribution (i.e., a Participant must elect a

complete Direct Rollover if the Eligible Rollover Distribution is less than $500). For purposes of this Section 8.05, a Participant includes a Participant or former Participant. In addition, this Section applies to any distribution from the Plan made to a Participant's surviving Spouse or to a Participant's Spouse or former Spouse who is the Alternate Payee under a QDRO, as defined in Section 11.06(6)(3). For distributions made on or after January 1, 2007, this Section 8.05 also applies to distributions made to a Participant's non-Spouse beneficiary, as set forth in subsection (c) below.

(a) Definitions.

(3) Eligible Rollover Distribution. An Eligible Rollover Distribution is any distribution of all or any portion of a Participant's Account Balance, except an Eligible Rollover Distribution does not include:

(xi) 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 Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's Beneficiary, or for a specified period of ten years or more;

(xii) any distribution to the extent such distribution is a required minimum distribution under Code §401(a)(9), as described under Section 8.12;

(xiii) any Hardship distribution, as described in Section 8.10(e);

(xiv) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Employer securities);

(xv) any distribution if it is reasonably expected (at the time of the distribution) that the total amount the Participant will receive as a distribution during the calendar year will total less than $200;

(xvi) a distribution made to satisfy the requirements of Code §415 (as described in Section 5.03) or a distribution to correct Excess Deferrals, Excess Contributions or Excess Aggregate Contributions (as described in Sections 5.02(b), 6.01(b)(2), and 6.02(b)(2)).

(4) Eligible Retirement Plan. For purposes of applying the Direct Rollover provisions under this Section 8.05, an Eligible Retirement Plan is:

(xii) a qualified plan described in Code §401(a);

(xiii) an individual retirement account described in Code §408(a);

(xiv) an individual retirement annuity described in Code §408(b);

(xv) an annuity plan described in Code §403(a);

(xvi) an annuity contract described in Code §403(b); or

(xvii) an eligible plan under Code §457(b) 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.

The definition of Eligible Retirement Plan also applies in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the Alternate Payee under a QDRO, as defined in Section 11.06(b)(3).

To the extent any portion of an Eligible Rollover Distribution is attributable to Roth Deferrals (as defined in Section 3.03(e)), an Eligible Retirement Plan with respect to such portion of the distribution shall include only another designated Roth account of the Participant or a Roth IRA. To the extent any portion of an Eligible Rollover Distribution is attributable to After-Tax Employee Contributions, an Eligible Retirement Plan with respect to such portion of the distribution shall include only an individual retirement account or annuity described in Code §408(a) or (b) or a qualified Defined Contribution Plan described in Code §401(a) or §403(a) that agrees to separately account for amounts so transferred, including separately accounting for

the portion of such distribution which is includible in gross income and the portion of such distribution which is not includible in gross income.

(5) **Direct Rollover**. A Direct Rollover is a payment made directly from the Plan to the Eligible Retirement Plan specified by the Participant. The Employer may develop reasonable procedures for accommodating Direct Rollover requests.

(b) **Direct Rollover notice**. A Participant entitled to an Eligible Rollover Distribution must receive a written explanation of his/her right to a Direct Rollover, the tax consequences of not making a Direct Rollover, and, if applicable, any available special income tax elections. The notice must be provided within 30 – 180 days prior to the Participant's Annuity Starting Date, in the same manner as described in Section 8.04(c). The Direct Rollover notice must be provided to all Participants, unless the total amount the Participant will receive as a distribution during the calendar year is expected to be less than $200.

If a Participant terminates employment and is eligible for a distribution which is not subject to Participant consent, and the Participant does not respond to the Direct Rollover notice indicating whether a Direct Rollover is desired and the name of the Eligible Retirement Plan to which the Direct Rollover is to be made, the Plan Administrator may distribute the Participant's entire vested Account Balance in the form of an Automatic Rollover (pursuant to Section 8.06). (However, see Section 8.06(b) for special rules that apply to involuntary Cash-Out Distributions below $1,000.) If a distribution would qualify for Automatic Rollover, the Direct Rollover notice must describe the procedures for making an Automatic Rollover, including the name, address, and telephone number of the IRA trustee and information regarding IRA maintenance and withdrawal fees and how the IRA funds will be invested. The Direct Rollover notice also must describe the timing of the Automatic Rollover and the Participant's ability to affirmatively opt out of the Automatic Rollover.

(c) **Direct Rollover by non-Spouse beneficiary**. Effective for Plan Years beginning after December 31, 2009, the Plan must permit a non-Spouse beneficiary (as defined in Code §401(a)(9)(E)) to make a direct rollover of an eligible rollover distribution to an individual retirement account under Code §408(a) or an individual retirement annuity under Code §408(b) that is established on behalf of the designated beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code §402(c)(11). A non-Spouse rollover made after December 31, 2009 will be subject to the direct rollover requirements under Code §401(a)(31), the rollover notice requirements under Code §402(f) or the mandatory withholding requirements under Code §3405(c).

(d) **Direct Rollover of non-taxable amounts**. Notwithstanding any other provision of the Plan, effective for taxable years beginning on or after January 1, 2007, an Eligible Rollover Distribution may include the portion of any distribution that is not includible in gross income. For this purpose, an Eligible Retirement Plan includes a Defined Contribution or Defined Benefit Plan qualified under Code §401(a) and a tax-sheltered annuity plan under Code §403(b), provided the rollover is accomplished through a direct rollover and the recipient Eligible Retirement Plan separately accounts for any amounts attributable to the rollover of any nontaxable distribution and earnings thereon.

(e) **Rollovers to Roth IRA**. For distributions occurring on or after January 1, 2008, a Participant or beneficiary (including a non-spousal beneficiary to the extent permitted under subsection (c) above), may rollover an Eligible Rollover Distribution (as defined in subsection (a)(1)) to a Roth IRA, provided the Participant (or beneficiary) satisfies the requirements for making a Roth contribution under Code §408A(c)(3)(B). Any amounts rolled over to a Roth IRA will be included in gross income to the extent such amounts would have been included in gross income if not rolled over (as required under Code §408A(d)(3)(A)). For purposes of this subsection (e), the Plan Administrator is not responsible for assuring the Participant (or beneficiary) is eligible to make a rollover to a Roth IRA.

8.06 **Automatic Rollover**. The Automatic Rollover rules in this Section 8.06 are effective for all Involuntary Cash-Out Distributions (as defined in subsection (b)) made on or after March 28, 2005. See Section 14.03(b)(4) for special rules that apply upon termination of the Plan.

(c) **Automatic Rollover requirements**. If a Participant is entitled to an involuntary Cash-Out Distribution (as defined in subsection (b)), and the Participant does not elect to receive a distribution of such amount (either as a Direct Rollover to an Eligible Retirement Plan or as a direct distribution to the Participant), then the Plan Administrator may pay the distribution in a Direct Rollover to an individual retirement plan (IRA) designated by the Plan Administrator. (The Automatic Rollover provisions under this subsection (a) apply to any involuntary Cash-Out Distribution for which the Participant fails to consent to a distribution, without regard to whether the

Participant can be located. See Section 7.12(c) for alternatives if the Participant cannot be located after a reasonable diligent search.)

(d) **Involuntary Cash-Out Distribution**. An Involuntary Cash-Out Distribution is any distribution that is made from the Plan without the Participant's consent. Unless elected otherwise under AA §9-6(b), an Involuntary Cash-Out Distribution, for purposes of applying the Automatic Rollover requirements under this Section 8.06, does not include any amounts below $1,000. To the extent elected under AA §9-6(d), an involuntary Cash-Out Distribution also includes a distribution that may be made without Participant consent upon attainment of age 62 or Normal Retirement Age. (See Section 8.04 for the Participant consent requirements with respect to distributions under the Plan.)

(e) **Treatment of Rollover Contributions**. Unless elected otherwise under AA §9-6(c), for purposes of determining whether a mandatory distribution is greater than $1,000, the portion of the Participant's distribution attributable to any Rollover Contribution is excluded.

8.07 **Distribution Upon Termination of Employment**. Subject to the required minimum distribution provisions under Section 8.12 , a Participant who terminates employment for any reason (other than death) is entitled to receive a distribution of his/her vested Account Balance in accordance with this Section 8.07. (See Section 8.08 for the applicable rules when a Participant dies before distribution of his/her vested Account Balance is completed.)

(a) **Account Balance not exceeding $5,000**. If a Participant's vested Account Balance does not exceed $5,000 at the time of distribution, the only distribution option available under the Plan is a lump sum option. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9-3(b). (The Employer may elect in AA §9-6(a) to require a Participant to consent to a distribution where his/her vested Account Balance does not exceed an amount below $5,000. However this will not change the distribution options described in this subsection (a), unless the Employer specifically modifies such options under AA §9-3(b)(5). See Section 8.04 for a further discussion of the consent requirements under the Plan.)

(b) **Account Balance exceeding $5,000**. If a Participant's vested Account Balance exceeds $5,000 at the time of distribution, the Participant may elect to receive a distribution of his/her vested Account Balance in any form permitted under AA §9-1. The Participant will be eligible to receive a distribution of his/her vested Account Balance as of the date selected in AA §9-3. (See Section 8.04 for a discussion of the consent requirements under the Plan.) Distributions to Employees may be accelerated upon special circumstances, such as termination after attainment of Normal Retirement Age or other special circumstances, provided such acceleration does not cause the Plan to violate the nondiscrimination rules under Code §401 (a)(4) and the regulations thereunder.

8.08 **Distribution Upon Death**. Subject to the Required Minimum Distribution rules in Section 8.12, a Participant's vested Account Balance will be distributed to the Participant's Beneficiary(ies) in accordance with this Section 8.08. (See subsection (c) for rules regarding the determination of Beneficiaries upon the death of the Participant.) The form of benefit payable with respect to a deceased Participant will depend on whether the Participant dies before or after distribution of his/her Account Balance has commenced.

(e) **Death after commencement of benefits**. If a Participant begins receiving a distribution of his/her benefits under the Plan, and subsequently dies prior to receiving the full value of his/her vested Account Balance, the remaining benefit will continue to be paid to the Participant's Beneficiary(ies) in accordance with the form of payment that has already commenced. If a Participant commences distribution prior to death only with respect to a portion of his/her Account Balance, then the rules in subsection (b) apply to the rest of the Account Balance.

(f) **Death before commencement of benefits**. If a Participant dies before commencing distribution of his/her benefits under the Plan, the form and timing of any death benefits will depend on whether the value of the death benefit exceeds $5,000. In determining whether the value of the death benefit exceeds $5,000, if there is both a QPSA death benefit and a non-QPSA death benefit, each death benefit is valued separately to determine whether it exceeds $5,000.

(11) **Death benefit not exceeding $5,000**. If the value of the death benefit does not exceed $5,000, such benefit will be paid to the Participant's Beneficiary(ies) in a single sum as soon as administratively feasible following the Participant's death.

(12) **Death benefit exceeding $5,000**. If the value of the death benefit exceeds $5,000, the payment of the death benefit will depend on whether the Qualified Joint and Survivor Annuity requirements apply. See Section 9 to determine whether the Qualified Joint and Survivor Annuity rules apply to a death distribution from the Plan.

(i) **If the Qualified Joint and Survivor Annuity requirements do not apply**, the entire death benefit is payable in the form and at the time described in subsection (ii)(B).

(ii) **If the Qualified Joint and Survivor Annuity requirements apply**, the death benefit may consist of a QPSA death benefit (as described in Section 9.03(a)) and, if applicable, a non-QPSA death benefit.

(A) **QPSA death benefit**. Subject to the waiver procedures under Section 9.04(b), if the Participant is married at the time of death, the surviving Spouse is entitled to a QPSA death benefit payable in accordance with the provisions under Section 9.03. (See Section 9.04(c) for rules regarding the determination of a Participant's marital status.)

(B) **Non-QPSA death benefits**. If a Participant is not married at the time of death, the QPSA death benefit was waived under a Qualified Election, or if the QPSA death benefit is less than 100% of the Participant's vested Account Balance, then the non-QPSA death benefit is payable in the form and at the time described in this subsection (B). Any death benefit payable under this subsection (B) will be paid in a lump sum as soon as administratively feasible following the Participant's death. However, the death benefit may be payable in a different form if prescribed by the Participant's Beneficiary designation, or the Beneficiary, before a lump sum payment of the benefit is made, elects to receive the distribution in an alternative form of benefit permitted under Section 8.02.

In no event will any death benefit be paid in a manner that is inconsistent with the Required Minimum Distribution rules under Section 8.12. The Beneficiary of any pre-retirement death benefit described in this subsection (b) may postpone the commencement of the death benefit to a date that is not later than the latest commencement date permitted under Section 8.12.

(g) **Determining a Participant's Beneficiary**. The determination of a Participant's Beneficiary(ies) to receive any death benefits under the Plan will be based on the Participant's Beneficiary designation under the Plan. If a Participant does not designate a Beneficiary to receive the death benefits under the Plan, distribution will be made to the default Beneficiaries, as set forth in subsection (3) below. However, any designation of a Beneficiary other than the Participant's Spouse, must satisfy the consent requirements under subsection (1) and (2) below.

(10) **Post-retirement death benefit**. If a Participant dies after commencing distribution of benefits under the Plan (but prior to receiving a distribution of his/her entire vested Account Balance under the Plan), the Beneficiary of any post-retirement death benefit is determined in accordance with the Beneficiary selected under the distribution option in effect prior to death.

(11) **Pre-retirement death benefit**. If a Participant dies before commencing distribution of his/her benefits under the Plan, the determination of the Participant's Beneficiary will be determined at the time of death under subsection (i) or (ii), as applicable.

(iii) **If the Qualified Joint and Survivor Annuity requirements apply**, the QPSA death benefit will be payable in accordance with Section 9.02. If a QPSA death benefit is payable under Section 9.02, such benefit will be paid to the Participant's surviving Spouse, unless;

(A) there is no surviving Spouse,

(B) the surviving Spouse has consented to the designation of an alternate Beneficiary(ies) under a Qualified Election (as defined in Section 9.04), or

(C) the surviving Spouse makes a valid disclaimer of the death benefit.

If the Qualified Joint and Survivor Annuity requirements apply, the Spouse is determined as of the Annuity Starting Date for purposes of determining whether a valid election has been made to waive the post-

retirement death benefit. If the Qualified Joint and Survivor Annuity requirements do not apply, the Spouse is determined as of the Participant's date of death for purposes of determining whether a valid election has been made to waive the post-retirement death benefit.

If the QPSA death benefit applies to less than 100% of the Participant's vested Account Balance, the remaining death benefit is payable to any Beneficiary(ies) named in the Participant's Beneficiary designation, without regard to whether spousal consent is obtained for such designation. If a Spouse does not properly consent to a Beneficiary designation, the QPSA waiver is invalid and the QPSA death benefit is still payable to the Spouse, but the Beneficiary designation remains valid with respect to any non-QPSA death benefit.

(iv) **If the Qualified Joint and Survivor Annuity requirements do not apply**, the surviving Spouse (determined at the time of the Participant's death) will be treated as the sole Beneficiary, regardless of any contrary Beneficiary designation, unless there is no surviving Spouse, or the Spouse has consented to the Beneficiary designation in a manner that is consistent with the requirements for a Qualified Election under Section 9.04 or makes a valid disclaimer. (See Section 9.04(c) for rules regarding the determination of a Participant's marital status.)

(12) **Default beneficiaries**. To the extent a Beneficiary has not been named by the Participant (subject to the spousal consent rules discussed above) and is not designated under the terms of this Plan to receive all or any portion of the deceased Participant's death benefit, such amount shall be distributed to the Participant's surviving Spouse (if the Participant was married at the time of death). If the Participant does not have a surviving Spouse at the time of death, distribution will be made to the Participant's surviving children, in equal shares. If the Participant has no surviving children, distribution will be made to the Participant's estate. The Employer may modify the default beneficiary rules described in this subparagraph under AA §9-5(a).

(13) **Identification of Beneficiaries**. The Plan Administrator may request proof of the Participant's death and may require the Beneficiary to provide evidence of his/her right to receive a distribution from the Plan in any form or manner the Plan Administrator may deem appropriate. The Plan Administrator's determination of the Participant's death and of the right of a Beneficiary to receive payment under the Plan shall be conclusive. If a distribution is to be made to a minor or incompetent Beneficiary, payments may be made to the person's legal guardian, conservator recognized under state law, or custodian in accordance with the Uniform Gifts to Minors Act or similar law as permitted under the laws of the state where the Beneficiary resides. The Plan Administrator or Trustee will not be liable for any payments made in accordance with this subsection (4) and will not be required to make any inquiries with respect to the competence of any person entitled to benefits under the Plan.

(14) **Death of Beneficiary**. Unless specified otherwise in the Participant's Beneficiary designation form or under AA §9-5(a), if a Beneficiary does not predecease the Participant but dies before distribution of the death benefit is made to the Beneficiary, the death benefit will be paid to the Beneficiary's estate. If the Participant and the Participant's Beneficiary die simultaneously, and the Participant's Beneficiary designation form does not address simultaneous death, the determination of the death beneficiary will be determined under any state simultaneous death laws, to the extent applicable. If no applicable state law applies, the death benefit will be paid to the any contingent beneficiaries named under the Participant's beneficiary designation. If there are no contingent beneficiaries, the death benefit will be paid to the Participant's default beneficiaries, as described in subsection (3).

(15) **Divorce from Spouse**. Unless designated otherwise under AA §9-5(c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded unless specifically provided otherwise under a divorce decree or QDRO, or unless the Participant enters into a new Beneficiary designation naming the prior Spouse as Beneficiary. In addition, the provisions under this subsection (6) will not apply if the Participant has entered into a Beneficiary designation that specifically overrides the provisions of this subsection (6). For periods prior to the date this Plan is executed by the Employer, this subsection (6) also applies to situations where the Participant and Spouse are legally separated.

8.09 **Distribution to Disabled Employees**. Unless elected otherwise under AA §9-4, no special distribution rules apply to Disabled Employees. However, the Employer may elect in AA §9-4 to permit a distribution at an earlier date for Disabled Employees.

8.10 **In-Service Distributions**. The Employer may elect under AA §10 to permit in-service distributions under the Plan. Except to the extent provided under subsection (a) below, if an in-service distribution is not specifically permitted under AA §10, a Participant may not receive a distribution from the Plan until termination of employment, death or disability. If the Plan permits a Participant to receive an in-service distribution, and such distribution is subject to the Qualified Joint and Survivor Annuity requirements under Section 9, such distribution may be made only if the Participant's Spouse (if the Participant is married at the time of distribution) consents to such distribution in accordance with the requirements under Section 9.04. If the Plan holds contribution sources that are no longer permitted, the in-service distribution options that applied with respect to such contribution sources under the prior plan document continue to apply under this Plan. The Employer may document any in-service distribution options for such prior contribution sources under AA §A-12 of the Profit Sharing/401(k) Plan Adoption Agreement or AA §A-8 of the Profit Sharing or Money Purchase Plan Adoption Agreement.

(a) **After-Tax Employee Contributions and Rollover Contributions**. Unless designated otherwise under AA §10-2, a Participant may withdraw at any time, upon written request, all or any portion of his/her Account Balance attributable to After-Tax Employee Contributions or Rollover Contributions. Any amounts transferred to the Plan pursuant to a Qualified Transfer also may be withdrawn at any time pursuant to a written request, as set forth under Section 14.05(d). No forfeiture will occur solely as a result of an Employee's withdrawal of After-Tax Employee Contributions. (See Section 14.05 for a discussion of the distribution rules applicable to transferred Plan assets.)

(b) **Employer Contributions and Matching Contributions**. The Employer may elect under AA §10 the extent to which in-service distributions will be permitted from Employer Contributions and Matching Contributions under the Plan. (See subsection (c) below for the in-service distribution rules applicable to Salary Deferrals, QNECs, QMACs and Safe Harbor/QACA Safe Harbor Contributions under the Profit Sharing/401(k) Plan.) If permitted under AA §10 of the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement, Employer Contributions may be withdrawn upon the occurrence of a specified event (such as attainment of a designated age or the occurrence of a Hardship, as defined in subsection (e) below). In addition, a Participant may withdraw his/her Employer and/or Matching Contributions upon the completion of a certain number of years, provided no distribution solely on account of years may be made with respect to Employer Contributions that have been accumulated in the Plan for less than 2 years, unless the Participant has been a Participant in the Plan for at least 5 years. (Sec Section 7.11 for special vesting rules that apply if a Participant takes an in-service distribution prior to becoming 100% vested in such contributions.)

For Plan Years beginning after January 1, 2007, if the Plan is a pension plan (e.g., a money purchase plan or if the Plan holds transferred assets from a money purchase plan), a Participant may not receive an in-service distribution of his/her vested Account Balance prior to the earlier of the attainment of Normal Retirement Age or age 62 (to the extent permitted under AA §10-1).

(c) **Salary Deferrals, QNECs, QMACs, and Safe Harbor/QACA Safe Harbor Contributions**. If the Employer has adopted the Profit Sharing/401(k) Plan Adoption Agreement, any Salary Deferrals, QNECs, QMACs, or Safe Harbor/QACA Safe Harbor Contributions (including any earnings on such amounts) generally may not be distributed prior to the Participant's severance from employment, death, or disability. However, the Employer may elect under AA §10 to permit an in-service distribution of such amounts upon attainment of a specified age (no earlier than age 59½) or upon a Hardship (as defined in subsection (e)). A Hardship distribution is not available with respect to QNECs, QMACs, or Safe Harbor/QACA Safe Harbor Contributions.

If Normal Retirement Age or Early Retirement Age is earlier than age 59½ and an in-service distribution is permitted upon attainment of Normal Retirement Age or Early Retirement Age from Salary Deferrals, QNECs, QMACs, or Safe Harbor/QACA Safe Harbor Contributions, the Normal Retirement Age and/or Early Retirement Age will be deemed to be age 59½ for purposes of determining eligibility to distribute Salary Deferrals, QNECs, QMACs, or Safe Harbor/QACA Safe Harbor Contributions.

(d) **Penalty-free withdrawals for individuals called to active duty**. Effective September 11, 2001, the distribution provisions applicable to Salary Deferrals include a Qualified Reservist Distribution, as defined in subsection (1) below. If a Participant takes a Qualified Reservist Distribution, such distributions will not be subject to the 10% penalty tax under Code §72(t). A Qualified Reservist Distribution is only available if permitted under AA §10-1.

(13) **Qualified Reservist Distribution**. For purposes of this subsection (d), a Qualified Reservist Distribution means any distribution to an individual if:

(i) such distribution is from amounts attributable to elective deferrals described in Code §402(g)(3)(A) or (C) or Code §501(c)(18)(D)(iii),

(ii) such individual was (by reason of being a member of a reserve component (as defined in §101 of Title 37 of the United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period, and

(iii) such distribution is made during the period beginning on the date of such order or call and ending at the close of the active duty period.

(14) **Active duty**. A Qualified Reservist Distribution will only be available for individuals who are ordered or called into active duty after September 11, 2001.

(e) **Hardship distribution**. The Employer may elect under AA §10-I of the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement to authorize an in-service distribution upon the occurrence of a Hardship event. The Employer may elect to apply the safe harbor Hardship rules under subsection (1) or the non-safe harbor Hardship provisions under subsection (2) below. A Hardship distribution is not available for QNECs, QMACs or Safe Harbor/QACA Safe Harbor Contributions.

(16) **Safe harbor Hardship distribution**. To qualify for a safe harbor Hardship, a Participant must demonstrate an immediate and heavy financial need, as described in subsection (i), and the distribution must be necessary to satisfy such need, as described in subsection (ii).

(i) **immediate and heavy financial need**. To be considered an immediate and heavy financial need, the Hardship distribution must be made to satisfy one of the following financial needs:

(A) to pay expenses incurred or necessary for medical care (as described in Code §213(d)) of the Participant, the Participant's Spouse or dependents (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(B) for the purchase (excluding mortgage payments) of a principal residence for the Participant;

(C) for payment of tuition and related educational fees (including room and board) for the next 12 months of post-secondary education for the Participant, the Participant's Spouse, children or dependents;

(D) to prevent the eviction of the Participant from, or a foreclosure on the mortgage of, the Participant's principal residence;

(E) to pay funeral or burial expenses for the Participant's deceased parent, Spouse, child or dependent;

(F) to pay expenses to repair damage to the Participant's principal residence that would qualify for a casualty loss deduction under Code §165 (determined without regard to whether the loss exceeds the 10% of adjusted gross income limit); or

(G) for any other event that the IRS recognizes as a safe harbor Hardship distribution event under ruling, notice or other guidance of general applicability.

The payment of funeral or burial expenses under subsection (E) and the payment of expenses to repair damage to a principal residence under subsection (F) only apply to Plan Years beginning on or after January 1, 2006. For purposes of determining eligibility of a Hardship distribution under this subsection (i), a dependent is determined under Code §152. However, for taxable years beginning on or after January 1, 2005, the determination of dependent for purposes of tuition and education fees under subsection (C) above will be made without regard to Code §152(b)(1), (b)(2), and (d)(1)(B) and the determination of dependent for purposes of funeral or burial expenses under subsection (E) above will be made without regard to Code §152(d)(1)(B).

A Participant must provide the Plan Administrator with a written request for a Hardship distribution. The Plan Administrator may require written documentation, as it deems necessary, to sufficiently document the existence of a proper Hardship event.

(ii) **Distribution necessary to satisfy need**. A distribution will be considered as necessary to satisfy an immediate and heavy financial need of the Participant if:

(A) The distribution is not in excess of the amount of the immediate and heavy financial need (including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution);

(B) The Participant has obtained all available distributions, other than Hardship distributions, and all nontaxable loans under the Plan and all plans maintained by the Employer; and

(C) The Participant is suspended from making Salary Deferrals (and After-Tax Employee Contributions) for at least 6 months after the receipt of the Hardship distribution.

(17) **Non-safe harbor Hardship distribution**. The Employer may elect in AA §10-1(e) of the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement to permit Participants to take a Hardship distribution of Employer Contributions without satisfying the requirements of subsection (1) above. A non-safe harbor Hardship distribution is not available for QNECs, QMACs, or Safe Harbor/QACA Safe Harbor Contributions.

(i) **Immediate and heavy financial need**. For purposes of determining whether a Hardship exists under this subsection (2), the same Hardship distribution events described in subsection (1)(i) will qualify as a Hardship distribution event under this subsection (2). The Employer may modify the permissible Hardship distribution events under AA §10-3(1) of the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement.

(ii) **Distribution necessary to satisfy need**. A Hardship distribution under this subsection (2) need not satisfy the requirements under subsection (1)(ii) above. Instead, all relevant facts and circumstances are considered to determine whether the Employee has other resources reasonably available to relieve or satisfy the need. For this purpose, resources include assets of the Employee's Spouse and minor children that are reasonably available to the Employee. In addition, the amount withdrawn for hardship may include amounts necessary to pay federal, state or local income taxes, or penalties reasonably anticipated to result from the distribution.

The Employer or Plan Administrator may rely upon the Employee's written representation that the need cannot be reasonably relieved through the following sources;

(A) Reimbursement or compensation by insurance;

(B) Liquidation of the Employee's assets;

(C) Cessation of Salary Deferrals or After-Tax Employee Contributions under the Plan;

(D) Other currently available distributions or nontaxable loans from the Plan or any other plan maintained by the Employer (or any other employer);

(E) Borrowing from commercial sources on reasonable commercial terms in an amount sufficient to satisfy the need.

The Employer or Plan Administrator may not rely upon the written representation under this subsection (ii) if it has actual knowledge to the contrary.

(18) **Amount available for Hardship distribution**. A Participant may receive a Hardship distribution of any portion of his/her vested Employer Contribution Account or Matching Contribution Account (including earnings thereon), as permitted under AA §10. A Participant may receive a Hardship distribution of Salary Deferrals provided such distribution, when added to other Hardship distributions from Salary Deferrals, does

not exceed the total Salary Deferrals the Participant has made to the Plan (increased by income allocable to such Salary Deferrals as of the later of December 31, 1988 or the end of the last Plan Year ending before July 1, 1989).

(19) **Availability to terminated Employees**. If a Hardship distribution is permitted under AA §10-1, a Participant may take such a Hardship distribution after termination of employment to the extent no other distribution is available from the Plan.

(20) **Application of Hardship distributions rules with respect to primary beneficiaries**. If elected under AA §10-3(e) of the Profit Sharing or Profit Sharing 401(k) Plan Adoption Agreement, if the Plan otherwise permits Hardship distributions based on the safe harbor hardship provisions under subsection (1), the existence of an immediate and heavy financial need under subsection (1)(i) may be determined with respect to a primary beneficiary under the Plan. For this purpose, a primary beneficiary is an individual who is named as a beneficiary under the Plan and has an unconditional right to all or a portion of a Participant's Account Balance upon the death of the Participant. Hardship distributions with respect to primary beneficiaries under this subsection (5) are limited to Hardship distributions on account of medical expenses, educational expenses and funeral expenses (as described in subsections (1)(i)(A), (1)(i)(C) and (1)(i)(E), above)). Ally Hardship distribution with respect to a primary beneficiary must satisfy all the other requirements applicable to Hardship distributions under subsection (e).

8.11 **Sources of Distribution**. Unless provided otherwise in separate administrative provisions adopted by the Plan Administrator, in applying the distribution provisions under this Section 8, distributions will be made on a pro rata basis from all Accounts from which a distribution is permitted. Alternatively, the Plan Administrator may permit Participants to direct the Plan Administrator as to which Account the distribution is to be made. Regardless of a Participant's direction as to the source of any distribution, the tax effect of such a distribution will be governed by Code §72 and the regulations thereunder.

(e) **Exception for Hardship withdrawals**. If the Plan permits a Hardship withdrawal from both Salary Deferrals (including Roth Deferrals) and Employer Contributions, a Hardship distribution will first be treated as having been made from a Participant's Employer Contribution Account and then from the Employer's Matching Contribution Account, to the extent such Hardship distribution is available with respect to such Accounts. Only when all available amounts have been exhausted under the Participant's Employer Contribution Account and/or Matching Contribution Account will a Hardship distribution be made from a Participant's Pre-Tax Salary Deferral Account and/or Roth Deferral Account. (See subsection (b) below for the ordering rules for distributions from the Pre-Tax Salary Deferral and Roth Deferral Accounts.) The Plan Administrator may modify the ordering rules under this subsection (a) under separate administrative procedures.

(f) **Roth Deferrals**. If a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, withdrawals and loans from such Accounts will be made in accordance with this subsection (b).

(8) **Distributions and withdrawals**. Unless designated otherwise under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement or separate administrative procedures, if a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, the Participant may designate the extent to which a distribution or withdrawal of Salary Deferrals will come from the Pre-Tax Salary Deferral Account or the Roth Deferral Account. Alternatively, the Employer may provide under AA §6A-5 (or under separate administrative procedures) that any distribution or withdrawal of Salary Deferrals will be made on a pro rata basis from the Pre-Tax Salary Deferral Account and the Roth Deferral Account. Alternatively, the Employer may designate any other order of distribution and withdrawals under AA §6A-5 or separate administrative procedures.

(9) **Distribution of Excess Deferrals, Excess Contributions or Excess Aggregate Contributions**. Unless designated otherwise under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement or separate administrative procedures, if a Participant has both a Pre-Tax Salary Deferral Account and a Roth Deferral Account, and the Plan is required to make a corrective distribution of Excess Deferrals or Excess Contributions to such Participant (in accordance with Section 5.02(b) or Section 6.01(b)(2)) or is required to make a distribution of Salary Deferrals as a correction of Excess Aggregate Contributions (in accordance with Section 6.02(b)(2)). the Participant may designate whether the Plan will make such corrective distribution of Excess Deferrals or Excess Contributions from the Pre-Tax Salary Deferral Account or the Roth Deferral Account. Alternatively, the Employer may elect under AA §6A-5 of the Profit Sharing/401(k) Plan Adoption Agreement (or under separate administrative procedures) that corrective distributions of Salary

Deferrals to correct Excess Deferrals, Excess Contributions, or Excess Aggregate Contributions will be made pro rata from the Pre-Tax Salary Deferral Account and Roth Deferral Account or first from the Pre-Tax Salary Deferral Account or first from the Roth Deferral Account.

Unless designated otherwise under separate administrative procedures, if a Participant is permitted to designate the extent to which a corrective distribution is made from the Pre-Tax Salary Deferral Account or the Roth Deferral Account, and the Participant fails to designate the appropriate Account by the date the corrective distribution is made from the Plan, such corrective distribution may be withdrawn equally from both the Pre-Tax Salary Deferral Account and the Roth Deferral Account or the Employer may withdraw such amounts first from either the Pre-Tax Salary Deferral Account or the Roth Deferral Account.

8.12 **Required Minimum Distributions**. Unless specified otherwise under Appendix A of the Adoption Agreement, the provisions of this Section apply to calendar years beginning on or after January 1, 2003. A Participant's entire interest under the Plan will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date (as defined in subsection (e)(5)). All distributions required under this Section 8.12 will be determined and made in accordance with the regulations under Code §401(a)(9) and the minimum distribution incidental benefit requirement of Code §401(a)(9)(G).

(f) **Period of distribution**. For purposes of applying the required minimum distribution rules under this Section 8.12, any distribution made in a form other than a lump sum must be made over one of the following periods (or a combination thereof):

(4) the life of the Participant;

(5) the life of the Participant and a Designated Beneficiary;

(6) a period certain not extending beyond the life expectancy of the Participant; or

(7) a period certain not extending beyond the joint and last survivor life expectancy of the Participant and a Designated Beneficiary.

(g) **Death of Participant before required distributions begin**. If the Participant dies before required distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) **Surviving Spouse is sole Designated Beneficiary**. Unless designated otherwise under AA §10-4, if the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the surviving Spouse may elect to take distributions under the 5-year rule (as described in subsection (f)(1) below) or under the life expectancy method. If the life expectancy method applies, distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

(2) **Surviving Spouse is not the sole Designated Beneficiary**. Unless designated otherwise under AA §10-4, if the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary may elect to take distributions under the 5-year rule (as described in subsection (f)(1) below) or under the life expectancy method. If the life expectancy method applies, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died. If the Designated Beneficiary does not elect to commence distributions by December 31 of the calendar year immediately following the calendar year in which the Participant dies, a complete distribution must be made by December 31 of the calendar year containing the fifth anniversary of the Participant's death. See subsection (f)(1) below.

(3) **No Designated Beneficiary**. If there is no Designated Beneficiary as of the date of the Participant's death who remains a Beneficiary as of September 30 of the year immediately following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(4) **Death of surviving Spouse**. If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to the surviving

Spouse begin, this subsection (b) (other than subsection (1)) will apply as if the surviving Spouse were the Participant.

For purposes of this subsection (b) and AA §10-4, unless subsection (4) applies, distributions are considered to begin on the Participant's Required Beginning Date. If subsection (4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under subsection (1) above. If distributions under an annuity purchased from an insurance company irrevocably commence to the participant before the Participant's Required Beginning Date (or to the Participant's surviving Spouse before the date distributions are required to begin to the surviving Spouse under subsection (1)), the date distributions are considered to begin is the date distributions actually commence.

(h) Required Minimum Distributions during Participant's lifetime.

(1) Amount of Required Minimum Distribution for each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:

(vi) the quotient obtained by dividing the Participant's Account Balance by the distribution period set forth in the Uniform Lifetime Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-2, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(vii) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's Spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, Q&A-3, using the Participant's and Spouse's attained ages as of the Participant's and Spouse's birthdays in the Distribution Calendar Year.

(2) Lifetime Required Minimum Distributions continue through year of Participant's death. Required Minimum Distributions will be determined under this subsection (c) beginning with the first Distribution Calendar Year and continuing up to, and including, the Distribution Calendar Year that includes the Participant's date of death.

(i) Required Minimum Distributions after Participant's death.

(1) Death on or after date required distributions begin.

(iii) Participant survived by Designated Beneficiary. If the Participant dies on or after the date required distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's Designated Beneficiary, determined as follows;

(A) The Participant's remaining life expectancy is calculated in accordance with the Single Life Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-1, using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, the remaining life expectancy of the surviving Spouse is calculated using the Single Life Table found in Treas. Reg. §1.401(a)(9)-9, Q&A-1, for each Distribution Calendar Year after the year of the Participant's death using the surviving Spouse's age as of the Spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving Spouse's death, the remaining life expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.

(C) If the Participant's surviving Spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining life expectancy is calculated under the Single Life Table using the age of the Designated Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(iv) **No Designated Beneficiary**. If the participant dies on or after the date required distributions begin and there is no Designated Beneficiary as of the Participant's date of death who remains a Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy under the Single Life Table calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) **Death before date required distributions begin**.

(viii) **Participant survived by Designated Beneficiary**. Unless designated otherwise under AA §10-4, if the Participant dies before the date required distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's Designated Beneficiary, determined as provided in subsection (1).

(ix) **No Designated Beneficiary**. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of the date of death of the Participant who remains a Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(x) **Death of surviving Spouse before distributions to surviving Spouse are required to begin**. If the Participant dies before the date distributions begin, the Participant's surviving Spouse is the Participant's sole Designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section (b)(1), this subsection (2) will apply as if the surviving Spouse were the Participant.

(j) **Definitions**.

(1) **Designated Beneficiary**. A Beneficiary designated by the Participant (or the Plan), whose life expectancy may be taken into account to calculate minimum distributions, pursuant to Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-4.

(2) **Distribution Calendar Year**. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to subsection (b). The Required Minimum Distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The Required Minimum Distribution for other Distribution Calendar Years, including the Required Minimum Distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

(3) **Life expectancy**. For purposes of determining a Participant's Required Minimum Distribution amount, life expectancy is computed using one of the following tables, as appropriate;

(i) Single Life Table,

(ii) Uniform Life Table, or

(iii) Joint and Last Survivor Table found in Treas. Reg. §1.401(a)(9)-9.

(4) **Account Balance**. For purposes of determining a Participant's Required Minimum Distribution, the Participant's Account Balance is determined based on the Account Balance as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year (the "valuation calendar year") increased by the amount of any contributions or forfeitures allocated to the Account Balance as of dates in the calendar year after the Valuation Date and decreased by distributions made in the calendar year after the Valuation

Date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

(5) **Required Beginning Date**. Unless designated otherwise under AA §10-4, a Participant's Required Beginning Date under the Plan is:

(iv) **For Five-Percent Owners**. April 1 that follows the end of the calendar year in which the Participant attains age 70½.

(v) **For Participants other than Five-Percent Owners**. April 1 that follows the end of the calendar year in which the later of the following two events occurs:

(H) the Participant attains age 70½ or

(I) the Participant terminates employment.

If a Participant is not a Five-Percent Owner for the Plan Year that ends with or within the calendar year in which the Participant attains age 70½, and the Participant has not retired by the end of such calendar year, his/her Required Beginning Date is April 1 that follows the end of the first subsequent calendar year in which the Participant becomes a Five-Percent Owner or retires.

A Participant may begin in-service distributions prior to his/her Required Beginning Date only to the extent authorized under Section 8.10 and AA §10. However, if this Plan were amended to add the Required Beginning Date rules under this subsection (5), a Participant who attained age 70½ prior to January 1, 1999 (or, if later, January 1 following the date the Plan is first amended to contain the Required Beginning Date rules under this subsection (5)) may receive in-service minimum distributions in accordance with the terms of the Plan in existence prior to such amendment.

(vi) **Alternative Required Beginning Date for Participants other than Five-Percent Owners**. The Employer may designate under AA §10-4 to determine the Required Beginning Date for Participants other than Five-Percent Owners without regard to the rule in subsection (ii) above. If so designated under AA §10-4, the Required Beginning Date for all Participants under the Plan will be April 1 of the calendar year following attainment of age 70½.

(vii) **Five-Percent Owner**. A Participant is a Five-Percent Owner for purposes of this Section if such Participant is a Five-Percent Owner (as defined in Section 1.69(a)) at any time during the Plan Year ending with or within the calendar year in which the Participant attains age 70½. Once distributions have begun to a Five-Percent Owner under this Section 8.12, they must continue to be distributed, even if the Participant ceases to be a Five-Percent Owner in a subsequent year.

(k) **Special Rules**.

(1) **Election to apply 5-year rule to required distributions after death**. If the Participant dies before distributions begin and there is a Designated Beneficiary, the Employer may elect under AA §10-4, instead of applying the provisions of subsections (b) and (d), to require the Participant's entire interest to be distributed to the Designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving Spouse is the Participant's sole Designated Beneficiary and the surviving Spouse dies after the Participant but before distributions to either the Participant or the surviving Spouse begin, this election will apply as if the surviving Spouse were the Participant.

(2) **Election to allow Participants or Beneficiaries to elect 5-year rule**. If a Participant or Designated Beneficiary is permitted under AA §10-4 to elect whether to apply the life expectancy rule under subsection (b) above or the five year rule under subsection (1), the election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under subsection (b) or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving Spouse(s) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with the 5-year rule under subsection (1) above.

(3) **Forms of Distribution**. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a lump sum on or before the Required Beginning Date, as of the first Distribution Calendar Year, distributions will be made in accordance with subsections (b) and (d). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code §401(a)(9) and the regulations.

(4) **Waiver of Required Minimum Distributions**. For calendar year 2009, the Required Minimum Distribution rules will not apply. In applying the provisions of this Section 8.12 for the 2009 Distribution Calendar Year,

(viii) the Required Beginning Date with respect to any individual shall be determined without regard to this subsection for purposes of applying this paragraph for Distribution Calendar Years after 2009, and

(ix) required distributions to a beneficiary upon the death of the Participant shall be determined without regard to calendar year 2009.

A Participant or beneficiary who would have been required to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year but for the enactment of Code §401(a)(9)(H) ("2009 RMD"), may elect whether or not to receive the 2009 RMD (or any portion of such distribution). A distribution of the 2009 RMD or a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancy) of the participant and the participant's designated beneficiary, or for a period of at least 10 years, will be treated as an Eligible Rollover Distribution. However, if all or any portion of a distribution during 2009 is treated as an Eligible Rollover Distribution but would not be so treated if the Required Minimum Distribution requirements under this Section 8.12 had applied during 2009, such distribution shall not be treated as an Eligible Rollover Distribution for purposes of Code §§401(a)(31), 402(1) or 3405(c). (See Notice 2009-82 for transitional rules that apply for purposes of applying the rollover rules to the distribution of 2009 RMDs.)

(5) **Treatment of trust beneficiaries as Designated Beneficiaries**. If a trust is properly named as a Beneficiary under the Plan, the beneficiaries of the trust will be treated as the Designated Beneficiaries of the Participant solely for purposes of determining the distribution period under this Section 8.12 with respect to the trust's interests in the Participant's vested Account Balance. The beneficiaries of a trust will be treated as Designated Beneficiaries for this purpose only if, during any period during which required minimum distributions are being determined by treating the beneficiaries of the trust as Designated Beneficiaries, the following requirements are met:

(i) the trust is a valid trust under state law, or would be but for the fact there is no corpus;

(ii) the trust is irrevocable or will, by its terms, become irrevocable upon the death of the Participant;

(iii) the beneficiaries of the trust who are beneficiaries with respect to the trust's interests in the Participant's vested Account Balance are identifiable from the trust instrument; and

(iv) the Plan Administrator receives the documentation described in subsection (6)(i) below.

If the foregoing requirements are satisfied and the Plan Administrator receives such additional information as it may request, the Plan Administrator may treat such beneficiaries of the trust as Designated Beneficiaries.

(6) **Special rules applicable to trust beneficiaries**.

(i) **Information that must be supplied to Plan Administrator**.

(A) **Required minimum distribution before death where Spouse is sole beneficiary**. If a Participant designates a trust as the beneficiary of his/her entire benefit and the Participant's Spouse is the sole beneficiary of the trust, the Participant must provide the information under (I) or (II) below to satisfy the information requirements under subsection (5)(iv) above.

(III) The Participant must provide to the Plan Administrator a copy of the trust instrument and agree that if the trust instrument is amended at any time in the future, the Participant will,

within a reasonable time, provide to the Plan Administrator a copy of each such amendment; or

(IV) The Participant must:

(a) provide to the Plan Administrator a list of all of the beneficiaries of the trust (including contingent and remaindermen beneficiaries with a description of the conditions on their entitlement sufficient to establish that the Spouse is the sole beneficiary) for purposes of Code §401(a)(9);

(b) certify that, to the best of the Participant's knowledge, the list under subsection (a) is correct and complete and that the requirements of subsection (5) above are satisfied;

(c) agree that, if the trust instrument is amended at any time in the future, the Participant will, within a reasonable time, provide to the Plan Administrator corrected certifications to the extent that the amendment changes any information previously certified; and

(d) agree to provide a copy of the trust instrument to the Plan Administrator upon demand.

(B) **Required minimum distribution after death**. In order to satisfy the documentation requirement of subsection (5)(iv) above for required minimum distributions after the death of the Participant (or Spouse in a case to which Treas. Reg. §.401(a)(9)-3, Q&A-5 applies), the trustee of the trust must satisfy the requirements of subsection (I) or (II) by October 31 of the calendar year immediately following the calendar year in which the Participant died.

(I) The trustee of the trust must:

(a) provide the Plan Administrator with a final list of all beneficiaries of the trust (including contingent and remaindermen beneficiaries with a description of the conditions on their entitlement) as of September 30 of the calendar year following the calendar year of the Participant's death;

(b) certify that, to the best of the trustee's knowledge, the list in subsection (a) is correct and complete and that the requirements of subsection (5) above are satisfied; and

(c) agree to provide a copy of the trust instrument to the Plan Administrator upon demand.

(II) The trustee of the trust must provide the Plan Administrator with a copy of the actual trust document for the trust that is named as a beneficiary of the Participant under the Plan as of the Participant's date of death.

(ii) **Relief for discrepancy**. If required minimum distributions are determined based on the information provided to the Plan Administrator in certifications or trust instruments described in subsection (i) above, the Plan will not fail to satisfy Code §401(a)(9) merely because the actual terms of the trust instrument are inconsistent with the information in those certifications or trust instruments previously provided to the Plan Administrator, provided the Plan Administrator reasonably relied on the information provided and the required minimum distributions for calendar years after the calendar year in which the discrepancy is discovered are determined based on the actual terms of the trust instrument.

(7) **Trust beneficiary qualifying for marital deduction**. If a Beneficiary is a trust (other than an estate marital trust) that is intended to qualify for the federal estate tax marital deduction under Code §2056 ("marital trust"), then:

(i) in no event will the annual amount distributed from the Plan to the marital trust be less than the greater of:

(A) all fiduciary accounting income with respect to such Beneficiary's interest in the Plan, as determined by the trustee of the marital trust, or

(B) the minimum distribution required under this Section 8.12;

(ii) the trustee of the marital trust (or the trustee's legal representative) shall be responsible for calculating the amount to be distributed under subsection (i) above and shall instruct the Plan Administrator in writing to distribute such amount to the marital trust;

(iii) the trustee of the marital trust may from time to time notify the Plan Administrator in writing to accelerate payment of all or any part of the portion of such beneficiary's interest that remains to be distributed, and may also notify the Plan Administrator to change the frequency of distributions (but not less often than annually); and

(iv) the trustee of the marital trust shall be responsible for characterizing the amounts so distributed from the Plan as income or principle under applicable state laws.

(l) **Transitional Rule**. Notwithstanding the other requirements of this Section 8.12, and subject to the Joint and Survivor Annuity Requirements under Section 9, distribution on behalf of any Employee, including a Five-Percent Owner, may be made in accordance with all of the following requirements (regardless of when such distribution commences):

(1) The distribution by the Plan is one that would not have disqualified the Plan under Code §401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.

(2) The distribution is in accordance with a method of distribution designated by the Participant whose interest in the Plan is being distributed or, if the Participant is deceased, by a Beneficiary of such Participant.

(3) Such designation was in writing, was signed by the Participant or the beneficiary, and was made before January 1, 1984.

(4) The Participant had accrued a benefit under the Plan as of December 31, 1983.

(5) The method of distribution designated by the Participant or the beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Participant's death, the beneficiaries of the Participant listed in order of priority.

A distribution upon death will not be covered by this transitional rule unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the Participant.

For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Participant, or the Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in subsections (1) - (5) above.

If a designation is revoked any subsequent distribution must satisfy the requirements of Code §401(a)(9) and the proposed regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy Code §401(a)(9) and the proposed regulations thereunder, but for the TEFRA §242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life). In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Treas. Reg. §1.401(a)(9)-8, Q&A-14 and Q&A-15 shall apply.

8.13 **Correction of Qualification Defects**. Nothing in this Section 8 precludes the Plan Administrator from making a distribution to a Participant to correct a qualification defect consistent with the correction procedures under the IRS' voluntary compliance programs. Thus, for example, if an Employee is permitted to enter the Plan prior to his/her proper Entry Date under Section 2.03(6) and the Plan Administrator determines that a corrective distribution is a proper

means of correcting the operational violation, nothing in this Section 8 would prevent the Plan from making such corrective distribution. Any such distribution must be made in accordance with the correction procedures applicable under the IRS' voluntary correction programs as described in Rev. Proc. 2013-12 (or successive guidance).

SECTION 9
JOINT AND SURVIVOR ANNUITY REQUIREMENTS

9.01 **Application of Joint and Survivor Annuity Rules**. The Qualified Joint and Survivor Annuity rules under this Section 9 will apply to any Participant who is credited with an Hour of Service with the Employer on or after August 23, 1984. (See Section 9.05 for special transitional rules that may apply.) The application of the Joint and Survivor Annuity rules will differ based on the type of Plan involved. Also see Rev. Rul. 2012-3 for rules for applying the Qualified Joint and Survivor Annuity rules to any deferred annuity contracts purchased under the Plan.

(o) **Money Purchase Plan**. If the Employer adopts the Money Purchase Plan Adoption Agreement, the Plan will be subject to the Joint and Survivor rules described under this Section 9.

(p) **Profit Sharing or Profit Sharing/401(k) Plan**. If the Employer adopts the Profit Sharing or Profit Sharing/401(k) Plan Adoption Agreement, the Employer may elect under AA §9-2(a) to apply the Joint and Survivor Annuity requirements under this Section 9 to all Participants under the Plan. If the Employer does not elect under AA §9-2(a) to apply the Joint and Survivor Annuity requirements to all Participants, such requirements will only apply to a distribution from the Plan if:

(8) the Participant elects to receive a distribution in the form of a life annuity; or

(9) the distribution is made from benefits that were directly or indirectly transferred from a plan that was subject to the Joint and Survivor Annuity requirements at the time of the transfer; or

(10) the distribution is made from benefits that are used to offset the benefits under another plan of the Employer that is subject to the Joint and Survivor Annuity requirements.

(q) **Exception to the Joint and Survivor Annuity Requirements**. If, as of the Annuity Starting Date, the Participant's vested Account Balance (for pre-death distributions) or the value of the QPSA death benefit (for post-death distributions) does not exceed $5.000, the Participant or surviving Spouse, as applicable, will receive a lump sum distribution pursuant to Section 8.07(a) or Section 8.08(b)(1), in lieu of any QJSA or QPSA benefits.

(r) **Administrative procedures**. The Plan Administrator may provide alternative procedures for applying the spousal consent requirements under this Section 9 provided such procedures are consistent with the requirements under this Section 9. For example, the Plan Administrator may require under separate administrative procedures to require spousal consent to Participant distributions or may in a separate loan procedure require spousal consent prior to granting a Participant loan, without subjecting the Plan to the Joint and Survivor Annuity requirements.

(s) **Accumulated deductible employee contributions**. A distribution from or under a separate Account under a money purchase plan which is attributable solely to accumulated deductible employee contributions, as defined in Code §72(o)(5)(B), is subject to the rules under subsection (b) above.

9.02 **Pre-Death Distribution Requirements**. If a pre-death distribution is subject to the Qualified Joint and Survivor Annuity requirements under this Section 9, the distribution will be paid in the form of a Qualified Joint and Survivor Annuity (QJSA), unless the Participant (and Spouse, if the Participant is married) elects to receive the distribution in an alternative form. Effective for distributions with an Annuity Starting Date in Plan Years beginning on or after January 1, 2008, in addition to the QJSA form of benefit, a Participant (and Spouse) may elect to receive distribution in the form of a Qualified Optional Survivor Annuity (QOSA).

In applying the provisions under this Section 9.02, a Participant (and Spouse) may only waive out of the QJSA pursuant to a Qualified Election (as defined in Section 9.04). Under the Qualified Election provisions under Section 9.04, the QOSA form of benefit is treated as a QJSA form of benefit for purposes of determining whether spousal consent is required with respect to a waiver of the QJSA in favor of the QOSA form of benefit. Thus, no spousal consent is required to waive out of the QJSA form of benefit in favor of an actuarially equivalent QOSA form of benefit.

(n) **Qualified Joint and Survivor Annuity (QJSA)**. A QJSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Participant's Spouse equal to 50% of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse. The Employer may elect under AA §9-2(a) to increase the percentage of the Spouse's survivor annuity to 100%, 75% or 66-2/3% (instead

of 50%). If the Participant is not married as of the Annuity Starting Date, the QJSA is an immediate annuity payable over the life of the Participant.

(o) **Qualified Optional Survivor Annuity (QOSA)**. A QOSA is an immediate annuity payable over the life of the Participant with a survivor annuity payable over the life of the Participant's Spouse that is equal to the applicable percentage of the amount of the annuity that is payable during the joint lives of the Participant and the Spouse and is the actuarial equivalent of a single life annuity for the life of the Participant. If the survivor annuity provided by the QJSA under the Plan is less than 75% of the annuity payable during the joint lives of the Participant and Spouse, the applicable percentage is 75%. If the survivor annuity provided by the QJSA under the Plan is greater than or equal to 75% of the annuity payable during the joint lives of the Participant and Spouse, the applicable percentage is 50%.

(p) **Notice requirements**.

(5) **Written explanation**. The Plan Administrator shall provide each Participant with a written explanation of:

(i) the terms and conditions of the QJSA;

(ii) the Participant's right to make and the effect of an election to waive the QJSA form of benefit;

(iii) the rights of the Participant's Spouse; and

(iv) the right to make, and the effect of, a revocation of a previous election to waive the QJSA.

The notice must be provided to each Participant under the Plan no less than 30 days and no more than 180 days prior to the Annuity Starting Date. The written explanation shall comply with the requirements of Treas. Reg. §1.417(a)(3)-1.

(6) **Waiver of 30-day period**. The Annuity Starting Date for a distribution in a form other than a QJSA may be less than 30 days after receipt of the written explanation described in the preceding paragraph provided;

(iv) the Participant has been provided with information that clearly indicates that the Participant has at least 30 days to consider whether to waive the QJSA and elect (with spousal consent) a form of distribution other than a QJSA;

(v) the Participant is permitted to revoke any affirmative distribution election at least until the Annuity Starting Date or, if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the QJSA is provided to the Participant; and

(vi) the Annuity Starting Date is after the date the written explanation was provided to the Participant.

For distributions on or after December 31, 1996, the Annuity Starting Date may be a date prior to the date the written explanation is provided to the Participant if the distribution does not commence until at least 30 days after such written explanation is provided, subject to the waiver of the 30-day period described above.

(q) **Annuity Starting Date**. The Annuity Starting Date is the date an Employee commences distributions from the Plan. If a Participant commences distribution with respect to a portion of his/her Account Balance, a separate Annuity Starting Date applies to any subsequent distribution. If distribution is made in the form of an annuity, the Annuity Starting Date is the first day of the first period for which annuity payments are made.

9.03 **Distributions After Death**. If the Joint and Survivor Annuity requirements apply with respect to a distribution on behalf of a married Participant who dies before the Annuity Starting Date (as defined in Section 9.02(d) above), the surviving Spouse of that Participant is entitled to receive such distribution in the form of a QPSA, unless the Participant and Spouse have waived the QPSA pursuant to a Qualified Election. Any portion of a Participant's vested Account Balance that is not payable to the surviving Spouse as a QPSA will be payable under the rules described in Section 8.08(b)(2)(ii)(B).

(k) **Qualified Preretirement Survivor Annuity (QPSA)**. A QPSA is an annuity payable over the life of the surviving Spouse that is purchased using 50% of the Participant's vested Account Balance (that is subject to the

Qualified Joint and Survivor Annuity requirements) as of the date of death. The Employer may elect under AA §9-2(b) to increase the amount used to purchase the QPSA to 100% (instead of 50%) of the Participant's vested Account Balance. To the extent that less than 100% of the Participant's vested Account Balance is paid to the surviving Spouse, any After-Tax Employee Contributions will be allocated to the surviving Spouse in the same proportion as the After-Tax Employee Contributions bear to the total vested Account Balance of the Participant. If elected under AA §9-5(b), a surviving Spouse will not be entitled to a QPSA if the Participant and surviving Spouse were not married throughout the one year period ending on the date of the Participant's death.

If a surviving Spouse is entitled to a QPSA distribution, the surviving Spouse may elect to receive such distribution at any time following the Participant's death (subject to the required minimum distribution rules under Section 8.12) and may elect to receive distribution in any form permitted under Section 8.02 of the Plan. A QPSA distribution will not commence to a surviving Spouse without the consent of the surviving Spouse prior to the date the Participant would have reached Normal Retirement Age (or age 62, if later). If the QPSA death benefit has been waived, in accordance with the procedures in Section 9.04(b), then the portion of the Participant's vested Account Balance that would have been payable as a QPSA death benefit in the absence of such a waiver is treated as a non-QPSA death benefit payable under Section 8.08(b)(2)(ii)(B).

The QPSA death benefit may be payable to a non-Spouse Beneficiary only if the Spouse consents to the Beneficiary designation, pursuant to the Qualified Election requirements under Section 9.04, or makes a valid disclaimer. The non-QPSA death benefit, if any, is payable to the person named in the Beneficiary designation, without regard to whether spousal consent is obtained for such designation. If a Spouse does not properly consent to a Beneficiary designation. the QPSA waiver is invalid, and the QPSA death benefit is still payable to the Spouse, but the Beneficiary designation remains valid with respect to any non-QPSA death benefit.

(l) **Notice requirements**. The Plan Administrator shall provide each Participant within the applicable period for such Participant a written explanation of the QPSA in such terms and in such manner as would be comparable to the explanation provided for the QJSA in Section 9.02(c) above. The applicable period for a Participant is whichever of the following periods ends last:

(4) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(5) a reasonable period ending after the individual becomes a Participant; or

(6) a reasonable period ending after the joint and survivor annuity requirements first apply to the Participant.

Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in the case of a Participant who separates from service before attaining age 35.

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (2) and (3) is the end of the two-year period beginning one year prior to the date the applicable event occurs, and ending one year after that date. In the case of a Participant who separates from service before the Plan Year in which age 35 is attained, notice shall be provided within the two-year period beginning one year prior to separation and ending one year after separation. If such a Participant thereafter returns to employment with the employer, the applicable period for such Participant shall be redetermined.

9.04 **Qualified Election**. A Participant (and the Participant's Spouse) may waive the QJSA or QPSA pursuant to a Qualified Election. A Qualified Election is a written election signed by both the Participant and the Participant's Spouse (if applicable) that specifically acknowledges the effect of the election. The Spouse's consent must be witnessed by a plan representative or notary public. Any consent by a Spouse under a Qualified Election (or a determination that the consent of a Spouse is not required) shall be effective only with respect to such Spouse. If the Qualified Election permits the Participant to change a payment form or Beneficiary designation without any further consent by the Spouse, the Qualified Election must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit, as applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A Participant or Spouse may revoke a prior waiver of the QPSA benefit at any time before the commencement of benefits without limit on the number of revocations. Spousal consent is not required for a Participant to revoke a prior QPSA waiver. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Section 9.02(c) or Section 9.03(6), as applicable.

(f) **QJSA**. In the case of a waiver of the QJSA, the election must designate an alternative form of benefit payment that may not be changed without spousal consent (unless the Spouse enters into a general consent agreement expressly permitting the Participant to change the form of payment without any further spousal consent). Only the Participant needs consent to the commencement of a distribution in the form of a QJSA.

(g) **QPSA**. In the case of a waiver of the QPSA, the election must be made on a timely basis and the election must designate a specific alternate Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (unless the Spouse enters into a general consent agreement expressly permitting the Participant to change the Beneficiary designation without any further spousal consent). To be timely, a Participant (and the Participant's Spouse) may waive the QPSA at any time during the period beginning on the first day of the Plan Year in which the Participant attains age 35 and ending on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which age 35 is attained, with respect to the Account Balance as of the date of separation, the election period begins on the date of separation. A Participant who has not yet attained age 35 as of the end of a Plan Year may make a special Qualified Election to waive, with spousal consent, the QPSA for the period beginning on the date of such election and ending on the first day of the Plan Year in which the Participant will attain age 35. Such election is not valid unless the Participant receives the proper notice required under Section 9.03(6). QPSA coverage is automatically reinstated as of the first day of the Plan Year in which the Participant attains age 35. Any new waiver on or after such date must satisfy all the requirements for a Qualified Election.

(h) **Identification of surviving Spouse**. If it is established to the satisfaction of the Plan Administrator that there is no Spouse or that the Spouse cannot be located, any waiver signed by the Participant is deemed to be a Qualified Election.

(8) **Definition of Spouse**. For this purpose, a Participant will be deemed to not have a Spouse if the Participant is legally separated or has been abandoned and the Participant has a court order to such effect. However, a former Spouse of the Participant will be treated as the Spouse or surviving Spouse and any current Spouse will not be treated as the Spouse or surviving Spouse to the extent provided under a QDRO. See Section 1.133 for the definition of Spouse under the Plan.

(9) **One-year marriage rule**. The Employer may elect under AA §9-5(b), for purposes of applying the provisions of this Section 9, that an individual will not be considered the surviving Spouse of the Participant if the Participant and the surviving Spouse have not been married for the entire one-year period ending on the date of the Participant's death.

9.05 **Transitional Rules**. Any living Participant not receiving benefits on August 23, 1984, who would otherwise not receive the benefits prescribed under this Section 9 must be given the opportunity to elect to have the preceding provisions of this Section 9 apply if such Participant is credited with at least one Hour of Service under this Plan or a predecessor plan in a Plan Year beginning on or after January 1, 1976, and such Participant had at least 10 years of vesting service when he or she separated from service. The Participant must be given the opportunity to elect to have this Section 9 apply during the period commencing on August 23, 1984, and ending on the date benefits would otherwise commence to such Participant. A Participant described in this paragraph who has not elected to have this Section 9 apply is subject to the rules in this Section 9.05 instead. Also, a Participant who does not qualify to elect to have this Section 9 apply because such Participant does not have at least 10 Years of Service for vesting purposes is subject to the rules of this Section 9.05.

Any living Participant not receiving benefits on August 23, 1984, who was credited with at least one Hour of Service under this Plan or a predecessor plan on or after September 2, 1974, and who is not otherwise credited with any service in a Plan Year beginning on or after January 1, 1976, must be given the opportunity to have his/her benefits paid in accordance with the following paragraph. The Participant must be given the opportunity to elect to have this Section 9.05 apply (other than the first paragraph of this Section) during the period commencing on August 23, 1984, and ending on the date benefits would otherwise commence to such Participant.

If, under either of the preceding two paragraphs, a Participant is subject to this Section 9.05, the following rules apply.

(f) **Automatic joint and survivor annuity**. If benefits in the form of a life annuity become payable to a married Participant who;

(5) begins to receive payments under the Plan on or after Normal Retirement Age;

(6) dies on or after Normal Retirement Age while still working for the Employer;

(7) begins to receive payments on or after the Qualified Early Retirement Age; or

(8) separates from service on or after attaining Normal Retirement Age (or the Qualified Early Retirement Age) and after satisfying the eligibility requirements for the payment of benefits under the plan and thereafter dies before beginning to receive such benefits;

then such benefits will be received under this plan in the form of a QJSA, unless the Participant has elected otherwise during the election period. For this purpose, the election period must begin at least 6 months before the participant attains Qualified Early Retirement Age and end not more than 90 days before the commencement of benefits. Any election hereunder will be in writing and may be changed by the Participant at any time.

(g) **Election of early survivor annuity**. A Participant who is employed after attaining the Qualified Early Retirement Age will be given the opportunity to elect, during the election period, to have a survivor annuity payable on death. If the Participant elects the survivor annuity, payments under such annuity must not be less than the payments that would have been made to the Spouse under the QJSA if the Participant had retired on the day before his or her death. Any election under this provision will be in writing and may be changed by the Participant at any time. For this purpose. the election period begins on the later of:

(10) the 90th day before the Participant attains the Qualified Early Retirement Age, or

(11) the date on which participation begins

and ends on the date the Participant terminates employment.

(h) **Qualified Early Retirement Age**. The Qualified Early Retirement Age is the latest of;

(15) the earliest date, under the plan, on which the Participant may elect to receive retirement benefits,

(16) the first day of the 120th month beginning before the Participant reaches Normal Retirement Age, or

(17) the date the Participant begins participation under the Plan.

SECTION 10
PLAN ACCOUNTING AND INVESTMENTS

10.01 **Participant Accounts**. The Plan Administrator will maintain a separate Account for each Participant to reflect the Participant's entire interest under the Plan. The Plan Administrator may maintain any (or all) of the following separate sub-Accounts;

- Pre-Tax Deferral Account
- Roth Deferral Account
- Employer Contribution Account
- Matching Contribution Account
- Qualified Nonelective Contribution (QNEC) Account
- Qualified Matching Contribution (QMAC) Account
- Safe Harbor Employer Contribution Account
- Safe Harbor Matching Contribution Account
- QACA Safe Harbor Employer Contribution Account
- QACA Safe Harbor Matching Contribution Account
- After-Tax Employee Contribution Account
- Rollover Contribution Account
- Roth Rollover Contribution Account
- In-Plan Roth Conversion Account
- Transfer Account.

The Plan Administrator may establish other Accounts, as it deems necessary, for the proper administration of the Plan.

10.02 **Valuation of Accounts**. A Participant's portion of the Trust assets is determined as of each Valuation Date under the Plan. The value of a Participant's Account consists of the fair market value of the Participant's share of the Trust assets. The Trustee must value Plan assets at least annually. The Trustee's determination of the value of Trust assets shall be final and conclusive.

(m) **Periodic valuation**. The Employer may elect under AA §11-1 or may elect operationally to value assets on a periodic basis. The Trustee and the Plan Administrator may adopt reasonable procedures for performing such valuations.

(n) **Daily valuation**. The Employer may elect under AA §11-1 or may elect operationally to value assets on a daily basis. The Plan Administrator may adopt reasonable procedures for performing such valuations. Unless otherwise set forth in the written procedures, a daily valued Plan will have its assets valued at the end of each business day during which the New York Stock Exchange is open. The Plan Administrator has authority to interpret the provisions of this Plan in the context of a daily valuation procedure. This includes, but is not limited to, the determination of the value of the Participant's Account for purposes of Participant loans, distribution and consent rights, and corrective distributions.

(o) **Interim valuations**. The Plan Administrator may request the Trustee to perform interim valuations, provided such valuations do not result in discrimination in favor of Highly Compensated Employees.

10.03 **Adjustments to Participant Accounts**. Unless the Plan Administrator adopts other reasonable administrative procedures, as of each Valuation Date under the Plan, each Participant's Account is adjusted in the following manner.

(i) **Distributions and forfeitures from a Participant's Account**. A Participant's Account will be reduced by any distributions, forfeitures and other reductions from the Account since the previous Valuation Date.

(j) **Life insurance premiums and dividends**. A Participant's Account will be reduced by the amount of any life insurance premium payments under the Plan made for the benefit of the Participant since the previous Valuation Date. The Account will be credited with any dividends or credits paid on any life insurance policy held by the Trust for the benefit of the Participant.

(k) **Contributions and forfeitures allocated to a Participant's Account**. A Participant's Account will be credited with any contribution, forfeiture or other additions allocated to the Participant since the previous Valuation Date.

(l) **Net income or loss**. A Participant's Account will be adjusted for any net income or loss in accordance with any reasonable procedures that the Plan Administrator may establish. Such procedures may be reflected in a funding agreement governing the applicable investments under the Plan. To the extent the Plan Administrator does not establish separate written procedures, net income or loss will be allocated to Participants' Accounts in accordance with the following provisions.

(10) **Net income or loss attributable to General Trust Account**. To the extent a Participant's Account is invested as part of a General Trust Account, such Account is adjusted for its allocable share of net income or loss experienced by the General Trust Account. The net income or loss of the General Trust Account is allocated to the Participant Accounts in the ratio that each Participant's Account bears to all Accounts, based on the value of each Participant's Account as of the prior Valuation Date, as adjusted in subsections (a) - (c) above. In determining Participant Account Balances as of the prior Valuation Date, the Employer may apply a weighted average method that credits each Participant's Account with a portion of the contributions made since the prior Valuation Date. The Plan's investment procedures may designate the specific type(s) of contributions eligible for a weighted allocation of net income or loss and may designate alternative methods for determining the weighted allocation. If the Employer elects to apply a weighted average method, such method will be applied uniformly to all Participant Accounts under the General Trust Account.

(11) **Net income or loss attributable to a Directed Account**. If the Participant or Beneficiary is entitled to direct the investment of all or part of his/her Account (see Section 10.07), the Account (or the portion of the Account which is subject to such direction) will be maintained as a Directed Account, which reflects the value of the directed investments as of any Valuation Date. The assets held in a Directed Account may be (but are not required to be) segregated from the other investments held in the Trust. Net income or loss attributable to the investments made by a Directed Account is allocated to such Account in a manner that reasonably reflects the investment experience of such Directed Account. Where a Directed Account reflects segregated investments, the manner of allocating net income or loss shall not result in a Participant (or Beneficiary) being entitled to distribution from the Directed Account that exceeds the value of such Account as of the date of distribution.

10.04 **Share or unit accounting**. The Plan's investment procedures may provide for share or unit accounting to reflect the value of Accounts, if such method is appropriate for the investments allocable to such Accounts.

10.05 **Suspense accounts**. The Plan's investment procedures also may provide for special valuation procedures for suspense accounts that are properly established under the Plan.

10.06 **Investments under the Plan**.

(h) **Investment options**. The Trustee or other person(s) responsible for the investment of Plan assets is authorized to invest Plan assets in any prudent investment consistent with the funding policy of the Plan and the requirements of ERISA. Investment options include, but are not limited to, the following:

- common and preferred stock or other equity securities (including stock bought and sold on margin);
- Qualifying Employer Securities and Qualifying Employer Real Property (to the extent permitted under subsection below);
- corporate bonds;
- open-end or closed-end mutual funds (including funds for which a Volume Submitter Sponsor, Trustee, or affiliate serves as investment advisor or other capacity);
- money market accounts;
- certificates of deposit;
- debentures;
- commercial paper;
- put and call options;
- limited partnerships;
- mortgages;
- U.S. Government obligations, including U.S. Treasury notes and bonds;
- real and personal property having a ready market;
- life insurance or annuity policies;
- commodities;

- savings accounts;
- notes; and
- securities issued by the Trustee and/or its affiliates, as permitted by law.

(i) **Common/collective trusts and collectibles**. Plan assets may also be invested in a common/collective trust fund, or in a group trust fund that satisfies the requirements of IRS Revenue Ruling 81-100 (as modified by Rev. Rul. 2004-67 and Rev. Rul. 2011-1). All of the terms and provisions of any such common/collective trust fund or group trust into which Plan assets are invested are incorporated by reference into the provisions of the Trust for this Plan. No portion of any voluntary, tax deductible Employee contributions being held under the Plan (or any eamings thereon) may be invested in life insurance contracts or, as with any Participant-directed investment, in tangible personal property characterized by the IRS as a collectible.

(j) **Limitations on the investment in Qualifying Employer Securities and Qualifying Employer Real Property**. The Trustee may invest in Qualifying Employer Securities and Qualifying Employer Real Property within certain limits. Any such investment shall only be made upon written direction of the Employer who shall be solely responsible for the propriety of such investment. Additional directives regarding the purchase, sale, retention or valuing of such securities may be addressed in a funding policy, statement of investment policy, or other separate procedures or documents governing the investment of Plan assets.

(11) **Profit Sharing Plan other than a 401(k) Plan**. In the case of a Profit Sharing Plan (without a 401(k) feature), no limit applies to the percentage of Plan assets invested in Qualifying Employer Securities and Qualifying Employer Real Property, except as provided in a funding policy, statement of investment policy, or other separate procedures or documents governing the investment of Plan assets.

(12) **401(k) Plan**. With respect to the portion of the Plan consisting of amounts attributable to Salary Deferrals (including Roth Deferrals), no more than 10% of the fair market value of Plan assets attributable to Salary Deferrals and Roth Deferrals may be invested in Qualifying Employer Securities and Qualifying Employer Real Property if the Employer, the Trustee, or a person other than the Participant requires any portion of the Salary Deferrals or Roth Deferrals and attributable earnings to be invested in Qualifying Employer Securities or Qualifying Employer Real Property.

(v) **Exceptions to Limitation**. The limitation in this subsection (2) shall not apply if any one of the conditions in subsections (A), (B) or (C) applies.

(A) Investment of Salary Deferrals or Roth Deferrals in Qualifying Employer Securities or Qualifying Real Property is solely at the discretion of the Participant.

(B) As of the last day of the preceding Plan Year, the fair market value of assets of all profit sharing plans and 401(k) plans of the Employer was not more than 10% of the fair market value of all assets under plans maintained by the Employer.

(C) The portion of a Participant's Salary Deferrals or Roth Deferrals required to be invested in Qualifying Employer Securities and Qualifying Employer Real Property for the Plan Year does not exceed 1% of such Participant's Plan Compensation.

(vi) **No application to other contributions**. The limitation in this subsection (2) has no application to Matching Contributions or Employer Contributions. Instead, the rules under subsection (1) above apply for such contributions.

(13) **Money purchase plan**. In the case of a money purchase plan, no more than 10% of the fair market value of Plan assets may be invested in Qualifying Employer Securities and Qualifying Employer Real Property.

(14) **Special rules applicable to Qualifying Employer Securities and Qualifying Employer Real Property**. The Employer may elect under AA §11-7 to limit the Accounts which can be used to invest in Qualifying Employer Securities or Qualifying Employer Real Property. In addition, the Employer may elect to apply different distribution options for Qualifying Employer Securities and/or Qualifying Employer Real Property under AA §11-7.

To the extent permitted by the Employer under this Section 10.06(c), and unless provided otherwise under AA §11-7, an Employee may direct the Employer to invest amounts in his/her Rollover Contribution Account

in Qualifying Employer Securities. If an Employee is permitted to invest his/her Rollover Contribution Account in Qualifying Employer Securities, any purchase or sale of Qualifying Employer Securities must be for adequate consideration (within the meaning of ERISA §3(18)). In addition, any investment in Qualifying Employer Securities must satisfy the nondiscrimination requirements under Code §401(a)(4) and the regulations thereunder and must not violate the prohibited transaction rules under ERISA §408(e).

(k) **Diversification requirements for Defined Contribution Plans invested in Employer securities**. For Plan Years beginning on or after January 1, 2007, the following rules apply with respect to Defined Contribution Plans that provide for the investment of Plan assets in publicly-traded Employer securities.

(7) **Employer Contributions invested in Employer securities**. If any portion of the Account of a Participant attributable to Employer Contributions (other than Salary Deferrals) is invested in Employer securities, if the Participant (including a beneficiary of such Participant) has completed at least 3 Years of Service for vesting purposes, such Participant may elect to direct the Plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of subsection (4).

(8) **Salary Deferrals and After-Tax Employee Contributions invested in Employer securities**. If any portion of the Account of a Participant attributable to Salary Deferrals or Employee contributions (under the Profit Sharing/401(k) Plan) is invested in Employer securities, such Participant may elect to direct the Plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of subsection (4).

(9) **Phase-in of diversification requirements**. To the extent Employer securities are acquired with Employer Contributions during a Plan Year beginning before January 1, 2007, the provisions under subsection (1) above shall only apply a percentage of such securities (applied separately for each class of securities), as determined below.

(v) **Phase-in percentage**. For purposes of applying the phase-in rules under this subsection (3), the phase-in rules apply to the following percentage of Employer securities based on the Plan Year for which these requirements apply.

Plan Year	Applicable Percentage
2007	33
2008	66
2009 and later	100

(vi) **Exception for certain Participants over age 55**. The phase-in rules under this subsection (3) will not apply to Participants who have attained age 55 and completed at least 3 Years of Service for vesting purposes before the first Plan Year beginning on or after January 1, 2006.

(10) **Investment options**. The requirements of this subsection (d) are met if the Plan offers not less than three (3) investment options, in addition to Employer securities, to which the Participant may direct the proceeds from the divestment of employer securities pursuant to this paragraph, each of which is diversified and has materially different risk and return characteristics. The Plan may provide reasonable limits on the time for divestment and reinvestment opportunities, provided such limits allow for at least quarterly divestment and reinvestment opportunities. Except as provided in regulations, the Plan may not impose restrictions or conditions on the investment of Employer securities which are not imposed on the investment of other Plan assets, other than restrictions or conditions imposed by reason of the application of securities laws or other guidance.

(11) **Exceptions for certain plans**. The diversification requirements under this subsection (d) do not apply to;

(vii) **One-participant plans**. A plan that on the first day of the Plan Year covered only one individual (or the individual and the individual's Spouse) and the individual owned 100 percent of the Employer (whether or not incorporated), or covered only one or more partners (or partners and their Spouses) and such plan;

(A) meets the minimum coverage requirements of Code §410(b) without being combined with any other plan of the Employer;

(B) does not provide benefits to anyone except the individual (and the individual's Spouse) or the partners (and their Spouses);

(C) does not cover any Related Employers (as defined in Section 1.120); and

(D) does not cover an Employer that uses the services of Leased Employees (within the meaning of Code §414(n)).

(viii) **Certain employee stock ownership plans**. An employee stock ownership plan ("ESOP") if; (i) there are no contributions to such plan (or allocable earnings) attributable to elective deferrals or matching contributions, and (ii) such plan is not aggregated (pursuant to Code §414(1)) with any other defined contribution plan or defined benefit plan maintained by the same Employer.

(12) **Certain plans treated as holding publicly-traded Employer securities**. Except as provided in regulations, a plan holding Employer securities which are not publicly traded Employer securities shall be treated as holding publicly-traded Employer securities if any Employer corporation, or any or any member of a controlled group of corporations which includes such Employer corporation, has issued a class of stock which is a publicly traded Employer security. This subsection (6) will not apply if no Employer corporation, or parent corporation of an Employer corporation (as defined in Code §424(e)), has issued any publicly-traded Employer security, and no Employer corporation, or parent corporation of an Employer corporation, has issued any special class of stock which grants particular rights to, or bears particular risks for, the holder or issuer with respect to any corporation described in this subsection (6) which has issued any publicly-traded Employer security. For purposes of this subsection (6), the term controlled group of corporations has the meaning given such term by Code §1563(a), except that 50% shall be substituted for 80% each place it appears.

10.07 **Participant-directed investments**. If the Plan (by election in AA §C-1 or under separate investment procedures) permits Participant direction of investments, each Participant shall have the exclusive right, in accordance with the provisions of the Plan, to direct the investment by the Trustee of all or a portion of the amounts allocated to the separate Accounts of the Participant under the Plan. All investment directions by Participants shall be timely furnished to the Trustee by the Plan Administrator, except to the extent such directions are transmitted electronically or otherwise by Participants directly to the Trustee or its delegate in accordance with rules and procedures established and approved by the Plan Administrator and communicated to the Trustee. In making any investment of Plan assets, the Trustee shall be fully entitled to rely on such directions furnished to it by the Plan Administrator or by Participants in accordance with the Plan Administrator's approved rules and procedures, and shall be under no duty to make any inquiry or investigation with respect thereto. Except as otherwise provided in this Plan, neither the Trustee, the Employer, nor any other fiduciary of the Plan will be liable to the Participant for any loss resulting from action taken at the direction of the Participant. (A reference to Participant under this Section 10.07 also applies to any Beneficiary or Alternate Payee eligible to direct investments under the Plan.)

(a) **Limits on participant investment direction**. The Employer may elect under AA §C- I or under separate investment procedures to limit Participant direction of investment to specific types of contributions or with respect to specific investment options. If Participant investment direction is limited to specific investment options, it shall be the sole and exclusive responsibility of the Employer to select the investment options, and the Trustee shall not be responsible for selecting or monitoring such investment options, unless the Trustee has otherwise agreed in writing. In no case may Participants direct that investments be made in collectibles, other than U.S. Government or State issued gold and silver coins. (See Section 10.03(d)(2) for rules regarding allocation of net income or loss to a Directed Account.)

(b) **Failure to direct investment**. If Participant direction of investments is permitted, the Employer will designate how accounts will be invested in the absence of proper affirmative direction from the Participant. The Employer may designate a default fund under the Plan in which the Trustee shall deposit contributions to the Trust on behalf of Participants who have been identified by the Plan Administrator as having not specified investment choices under the Plan. If the Trustee receives any contribution under the Plan that is not accompanied by instructions directing its investment, the Trustee shall immediately notify the Plan Administrator of that fact, and the Trustee

may, in its discretion, hold all or a portion of the contribution uninvested without liability for loss of income or appreciation pending receipt of proper investment directions.

(c) **Trustee to follow Participant direction**. To the extent the Plan allows Participant direction of investment, the Trustee is authorized to follow the Participant's written direction (or other form of direction deemed acceptable by the Trustee). A Directed Account will be established for the portion of the Participant's Account that is subject to Participant direction of investment. The Trustee may decline to follow a Participant's investment direction to the extent such direction would:

(9) result in a prohibited transaction;

(10) cause the assets of the Plan to be maintained outside the jurisdiction of the U.S. courts;

(11) jeopardize the Plan's tax qualification;

(12) be contrary to the Plan's governing documents;

(13) cause the assets to be invested in collectibles within the meaning of Code §408(m);

(14) generate unrelated business taxable income; or

(15) result (or could result) in a loss exceeding the value of the Participant's Account.

The Trustee will not be responsible for any loss or expense resulting from a failure to follow a Participant's direction in accordance with the requirements of this paragraph. Participant directions will be processed as soon as administratively practicable following receipt of such directions by the Trustee. The Trustee, Plan Administrator, or Employer will not be liable for a delay in the processing of a Participant direction that is caused by a legitimate business reason (including, but not limited to, a failure of computer systems or programs, failure in the means of data transmission, the failure to timely receive values or prices, or other unforeseen problems outside of the control of the Trustee, Plan Administrator, or Employer).

(d) **Disclosure requirements**. To the extent the Plan allows Participant direction of investment, each Participant or beneficiary that has the right to direct the investment of Plan assets must receive the disclosures required under DOL Reg. §2550.404a-5 on a regular and periodic basis. The Plan Administrator will not be liable for the completeness and accuracy of information used to satisfy these disclosure requirements when the Plan Administrator reasonably and in good faith relies on information received from or provided by a Plan service provider or the issuer of a designated investment alternative. For purposes of this subsection (d), a designated investment alternative is an investment alternative designated by the Plan into which Participants and beneficiaries may direct the investment of Plan assets held in their individual Accounts. The term designated investment alternative shall not include brokerage windows, self-directed brokerage accounts, or similar plan arrangements that enable Participants and beneficiaries to select investments beyond those designated by the Plan.

(e) **ERISA §404(c) protection**. If the Plan (by Employer election under AA §C-1 (b) or pursuant to the Plan's investment procedures) is intended to comply with ERISA §404(c), the Participant investment direction program adopted by the Plan Administrator should comply with applicable Department of Labor regulations. Compliance with ERISA §404(c) is not required for plan qualification purposes. The following information is provided solely as guidance to assist the Plan Administrator in meeting the requirements of ERISA §404(c). Failure to meet any of the following safe harbor requirements does not impose any liability on the Plan Administrator (or any other fiduciary under the Plan) for investment decisions made by Participants, nor does it mean that the Plan does not comply with ERISA §404(c). Nothing in this Plan shall impose any greater duties upon the Trustee with respect to the implementation of ERISA §404(c) than those duties expressly provided for in procedures adopted by the Employer and agreed to by the Trustee.

(18) **Disclosure requirements**. The Plan Administrator (or other Plan fiduciary who has agreed to perform this activity) shall provide, or shall cause a person designated to act on his behalf to provide, the following information to Participants;

(iii) **Mandatory disclosures**. To satisfy the requirements of ERISA §404(c), the Participants must receive certain mandatory disclosures, including:

(D) an explanation that the Plan is intended to be an ERISA §404(e) plan and that the fiduciaries of the Plan may be relieved of liability for any losses which are the direct and necessary result of investment instructions given by the Participant or beneficiary;

(E) the information required pursuant to subsection (d) above; and

(F) if Participants or beneficiaries are able to directly or indirectly acquire or sell any Employer securities, a description of the procedures established to provide for the confidentiality of information relating to the purchase, holding and sale of such Employer securities, and the exercise of voting, tender and similar rights, by Participants and beneficiaries, and the name, address and phone number of the Plan fiduciary responsible for monitoring compliance with such procedures.

(19) **Diversified investment options**. The Plan must provide at least three diversified investment options that offer a broad range of investment opportunity. Each of the investment opportunities must have materially different risk and return characteristics. The procedure may allow investment under a segregated brokerage account.

(20) **Frequency of investment instructions**. Participants must have the opportunity to give investment instructions as frequently as is appropriate to the volatility of the investment. For each investment option, the frequency can be no less than quarterly.

10.08 **Investment in Life Insurance**. A group or individual life insurance policy purchased by the Plan may be issued on the life of a Participant, a Participant's Spouse, a Participant's child or children, a family member of the Participant, or any other individual with an insurable interest. If this Plan is a money purchase plan, a life insurance policy may only be issued on the life of the Participant. A life insurance policy includes any type of policy, including a second-to-die policy, provided that the holding of a particular type of policy is not prohibited under rules applicable to qualified plans.

Any premiums on life insurance held for the benefit of a Participant will be charged against such Participant's vested Account Balance. Unless directed otherwise, the Plan Administrator will reduce each of the Participant's Accounts under the Plan equally to pay premiums on life insurance held for such Participant's benefit. Any premiums paid for life insurance policies must satisfy the incidental life insurance rules under subsection (a).

(f) **Incidental Life Insurance Rules**. Any life insurance purchased under the Plan must meet the following requirements:

(7) **Ordinary life insurance policies**. The aggregate premiums paid for ordinary life insurance policies (i.e., policies with both nondecreasing death benefits and nonincreasing premiums) for the benefit of a Participant must be at any time less than 50% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures that have been allocated to the Account of such Participant.

(8) **Life insurance policies other than ordinary life**. The aggregate premiums paid for term, universal or other life insurance policies (other than ordinary life insurance policies) for the benefit of a Participant shall not at any time exceed 25% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures that have been allocated to the Account of such Participant.

(9) **Combination of ordinary and other life insurance policies**. The sum of one-half (%) of the aggregate premiums paid for ordinary life insurance policies plus all the aggregate premiums paid for any other life insurance policies for the benefit of a Participant shall not at any time exceed 25% of the aggregate amount of Employer Contributions (including Salary Deferrals) and forfeitures which have been allocated to the Account of such Participant.

(10) **Exception for certain Profit Sharing and 401(k) Plans**. If the Plan is a Profit Sharing Plan or a Profit Sharing/401(k) Plan, the limitations in this Section do not apply to the extent life insurance premiums are paid only with Employer Contributions and forfeitures that have been accumulated in the Participant's Account for at least two years or are paid with respect to a Participant who has been a Participant for at least five years. For purposes of applying this special limitation, Employer Contributions do not include any Salary Deferrals, QMACs, QNECs or Safe-Harbor Contributions under a 401(k) plan.

(11) **Exception for After-Tax Employee Contributions and Rollover Contributions**. The Plan Administrator also may invest, with the Participant's consent, any portion of the Participant's After-Tax Employee Contribution Account or Rollover Contribution Account in a group or individual life insurance policy for the benefit of such Participant, without regard to the incidental life insurance rules under this Section.

(g) **Ownership of Life Insurance Policies**. The Trustee is the owner of any life insurance policies purchased under the Plan. Any life insurance policy purchased under the Plan must designate the Trustee as owner and beneficiary under the policy. The Trustee will pay all proceeds of any life insurance policies to the Beneficiary of the Participant for whom such policy is held in accordance with the distribution provisions under Section 8 and the Joint and Survivor Annuity requirements under Section 9. In no event shall the Trustee retain any part of the proceeds from any life insurance policies for the benefit of the Plan.

(h) **Evidence of Insurability**. Prior to purchasing a life insurance policy, the Plan Administrator may require the individual whose life is being insured to provide evidence of insurability, such as a physical examination, as may be required by the Insurer.

(i) **Distribution of Insurance Policies**. Life insurance policies under the Plan, which are held on behalf of a Participant, must be distributed to the Participant or converted to cash upon the later of the Participant's Annuity Starting Date (as defined in Section 1.11) or termination of employment. Any life insurance policies that are held on behalf of a terminated Participant must continue to satisfy the incidental life insurance rules under subsection (a). If a life insurance policy is purchased on behalf of an individual other than the Participant, and such individual dies, the Participant may withdraw any or all life insurance proceeds from the Plan, to the extent such proceeds exceed the cash value of the life insurance policy determined immediately before the death of the insured individual.

(j) **Discontinuance of Insurance Policies**. Investments in life insurance may be discontinued at any time, either at the direction of the Trustee or other fiduciary responsible for making investment decisions. If the Plan provides for Participant direction of investments, life insurance as an investment option may be eliminated at any time by the Plan Administrator. Where life insurance investment options are being discontinued, the Plan Administrator, in its sole discretion, may offer the sale of the insurance policies to the Participant, or to another person, provided that the prohibited transaction exemption requirements prescribed by the Department of Labor are satisfied.

(k) **Protection of Insurer**. An Insurer (as defined in Section 1.73) that issues a life insurance policy under the terms of this Section 10.08, shall not be responsible for the validity of this Plan and shall be protected and held harmless for any actions taken or not taken by the Trustee or any actions taken in accordance with written directions from the Trustee or the Employer (or any duly authorized representatives of the Trustee or Employer). An insurer shall have no obligation to determine the propriety of any premium payments or to guarantee the proper application of any payments made by the insurance company to the Trustee. The insurer is not and shall not be considered a party to this Plan and is not a fiduciary with respect to the Plan solely as a result of the issuance of life insurance policies under this Section 10.08.

(l) **No Responsibility for Act of Insurer**. Neither the Employer, the Plan Administrator nor the Trustee shall be responsible for the validity of the provisions under a life insurance policy issued under this Section 10.08 or for the failure or refusal by the Insurer to provide benefits under such policy. The Employer, the Plan Administrator and the Trustee are also not responsible for any action or failure to act by the Insurer or any other person which results in the delay of a payment under the life insurance policy or which renders the policy invalid or unenforceable in whole or in part.

SECTION 11
PLAN ADMINISTRATION AND OPERATION

11.01 **Plan Administrator**. The Employer is the Plan Administrator, unless the Employer designates in writing an alternative Plan Administrator. The Plan Administrator has the responsibilities described in this Section 11.

11.02 **Designation of Alternative Plan Administrator**. The Employer may designate another person or persons as the Plan Administrator by name, by reference to the person or group of persons holding a particular position, by reference to a procedure under which the Plan Administrator is designated, or by reference to a person or group of persons charged with the specific responsibilities of Plan Administrator.

(m) **Acceptance of responsibility by designated Plan Administrator**. If the Employer designates an alternative Plan Administrator, the designated Plan Administrator must accept its responsibilities in writing. The Employer and the designated Plan Administrator jointly will determine the time period for which the alternative Plan Administrator will serve.

(n) **Multiple alternative Plan Administrators**. If the Employer designated more than one person as an alternative Plan Administrator, such Plan Administrators shall act by majority vote, unless the group delegates particular Plan Administrator duties to a specific person.

(o) **Resignation or removal of designated Plan Administrator**. A designated Plan Administrator may resign by delivering a written notice of resignation to the Employer. The Employer may remove a designated Plan Administrator by delivering a written notice of removal. If a designated Plan Administrator resigns or is removed, and no new alternative Plan Administrator is designated, the Employer is the Plan Administrator.

(p) **Employer responsibilities**. If the Employer designates an alternative Plan Administrator, the Employer will provide in a timely manner all appropriate information necessary for the Plan Administrator to perform its duties. This information includes, but is not limited to, Participant compensation data, Employee employment, service and termination information, and other information the Plan Administrator may require. The Plan Administrator may rely on the accuracy of any information and data provided by the Employer.

(q) **Indemnification of Plan Administrator**. The Employer will indemnify, defend and hold harmless the Plan Administrator (including the individual members of any administrative committee appointed by the Employer to handle administrative functions of the Plan or any Employees who have administrative responsibility for the Plan) with respect to any liability, loss, damage or expense resulting from any act or omission (except willful misconduct or gross negligence) in their official capacities in the administration of this Trust or Plan, including attorney, accountant and advisory fees and all other expenses reasonably incurred in their defense. The indemnification provisions of this Section do not relieve any person from any liability under ERISA for breach of a fiduciary duty. Furthermore, the Employer may execute a written agreement further delineating the indemnification agreement of this Section, provided the agreement is consistent with and does not violate ERISA.

11.03 **Named Fiduciary**. The Plan Administrator is the Named Fiduciary for the Plan, unless the Plan Administrator specifically names another person or persons as Named Fiduciary and the designated person accepts its responsibilities as Named Fiduciary in writing. The Plan must always have at least one Named Fiduciary.

11.04 **Duties, Powers and Responsibilities of the Plan Administrator**. The Plan Administrator will administer the Plan for the exclusive benefit of the Plan Participants and Beneficiaries, and in accordance with the terms of the Plan. If the terms of the Plan are unclear, the Plan Administrator may interpret the Plan, provided such interpretation is consistent with the rules of ERISA and Code §401 and is performed in a uniform and nondiscriminatory manner. This right to interpret the Plan is an express grant of discretionary authority to resolve ambiguities in the Plan document and to make discretionary decisions regarding the interpretation of the Plan's terms, including who is eligible to participate under the Plan, and the benefit rights of a Participant or Beneficiary. Unless an interpretation or decision is determined to be arbitrary and capricious, the Plan Administrator will not be held liable for any interpretation of the Plan terms or decision regarding the application of a Plan provision.

(c) **Delegation of duties, powers and responsibilities**. The Plan Administrator may delegate its duties, powers or responsibilities to one or more persons. Such delegation must be in writing and accepted by the person or persons receiving the delegation. The Employer must agree to such delegation by an alternative Plan Administrator.

(d) **Specific Plan Administrator responsibilities**. The Plan Administrator has the general responsibility to control and manage the operation of the Plan. This responsibility includes, but is not limited to, the following:

(15) To interpret and enforce the provisions of the Plan, including those related to Plan eligibility, vesting and benefits;

(16) To communicate with the Trustee and other responsible persons with respect to the crediting of Plan contributions, the disbursement of Plan distributions and other relevant matters;

(17) To develop separate procedures (if necessary) consistent with the terms of the Plan to assist in the administration of the Plan, including the adoption of a separate or modified loan policy (see Section 13), procedures for direction of investment by Participants (see Section 10.07), procedures for determining whether domestic relations orders are QDROs (see Section 11.06), and procedures for the determination of investment earnings to be allocated to Participants' Accounts (see Section 10.03(d));

(18) To maintain all records necessary for tax and other administration purposes;

(19) To furnish and to file all appropriate notices, reports and other information to Participants, Beneficiaries, the Employer, the Trustee and government agencies (as necessary):

(20) To provide information relating to Plan Participants and Beneficiaries;

(21) To retain the services of other persons, including investment managers, attorneys, consultants, advisers and others, to assist in the administration of the Plan;

(22) To review and decide on claims for benefits under the Plan;

(23) To correct any defect or error in the operation of the Plan;

(24) To establish a funding policy and method for the Plan for purposes of ensuring the Plan is satisfying its financial objectives and is able to meet its liquidity needs; and

(25) To suspend contributions, including Salary Deferrals and/or After-Tax Employee Contributions, on behalf of any or all Highly Compensated Employees, if the Plan Administrator reasonably believes that such contributions will cause the Plan to discriminate in favor of Highly Compensated Employees. See Sections 6.01(c) and 6.02(c).

11.05 **Plan Administration Expenses**.

(l) **Reasonable Plan administration expenses**. All reasonable expenses related to plan administration will be paid from Plan assets, except to the extent the expenses are paid (or reimbursed) by the Employer. For this purpose, Plan expenses include, but are not limited to, all reasonable costs, charges and expenses incurred by the Trustee in connection with the administration of the Trust (including such reasonable compensation to the Trustee as may be agreed upon from time to time between the Employer or Plan Administrator and the Trustee and any fees for legal services rendered to the Trustee). If liquid assets of the Trust are insufficient to cover the fees of the Trustee or the Plan Administrator, then Trust assets shall be liquidated to the extent necessary for such fees. In the event any part of the Trust becomes subject to tax, all taxes incurred will be paid from the Trust.

(m) **Plan expense allocation**. The Plan Administrator will allocate plan expenses among the accounts of Plan Participants. The Plan Administrator has authority to allocate these expenses either proportionally based on the value of the Account Balances or pro rata based on the number of Participants in the Plan. The Plan Administrator will determine the proper method for allocating expenses in accordance with such reasonable nondiscriminatory rules as the Plan Administrator deems appropriate under the circumstances. Unless the Plan Administrator decides otherwise, the following expenses will be allocated to the Participant's Account relative to which the expense is incurred; distribution expenses, including those relating to lump sums, installments, QDROs, hardship, in-service and required minimum distributions; loan expenses; participant direction expenses, including brokerage fees; and benefit calculations.

(n) **Expenses related to administration of former Employee or surviving Spouse**. If the Plan is making distributions to a former Employee or surviving Spouse, the Plan may charge reasonable Plan administrative expenses to the Account of that former Employee or surviving Spouse, but only if the administrative expenses are on a pro rata basis. Under the pro rata basis, the expenses are based on the amount in each account of a former Employee or surviving Spouse receiving benefits from the Plan. The Plan Administrator may use another reasonable basis for charging the expenses, provided it complies with the requirements of Title I of ERISA. In any event, the allocation of plan expenses must meet the nondiscrimination rules of Code §401(a)(4).)

(o) **ERISA Spending Account**. The Employer may maintain an ERISA Spending Account to hold certain miscellaneous amounts that are remitted to the Plan. Any amounts allocated to the ERISA Spending Account will be applied to pay reasonable Plan expenses no later than the end of the Plan Year following the Plan Year in which such amounts were allocated to the ERISA Spending Account and, unless elected otherwise under AA §11-9, any remaining amounts held in the ERISA Spending Account will be allocated to Participants as an allocation of earnings for the Plan Year. Such excess amounts held under the ERISA Spending Account may be allocated in a reasonable manner. For example, such excess amounts may be allocated to all Participants under the Plan as a uniform percentage of Plan Compensation or pro rata on the basis of Account Balances.

11.06 **Qualified Domestic Relations Orders (QDROs)**.

(f) **In general**. The Plan Administrator must develop written procedures for determining whether a domestic relations order is a QDRO and for administering distributions under a QDRO. For this purpose, the Plan Administrator may use the default QDRO procedures set forth in subsection (h) below or may develop separate QDRO procedures.

(g) **Definitions related to Qualified Domestic Relations Orders (QDROs)**.

(12) **QDRO**. A QDRO is a domestic relations order that creates or recognizes the existence of an Alternate Payee's right to receive, or assigns to an Alternate Payee the right to receive, all or a portion of the benefits payable with respect to a Participant under the Plan. (Sec Code §414(p).) The QDRO must contain certain information and meet other requirements described in this Section 11.06.

(13) **Domestic relations order**. A domestic relations order is a judgment, decree, or order (including the approval of a property settlement) that is made pursuant to state domestic relations law (including community property law).

(14) **Alternate Payee**. An Alternate Payee must be a Spouse, former Spouse, child, or other dependent of a Participant.

(h) **Recognition as a QDRO**. To be a QDRO, an order must be a domestic relations order (as defined in subsection (b)(2) above) that relates to the provision of child support, alimony payments, or marital property rights for the benefit of an Alternate Payee. The Plan Administrator is not required to determine whether the court or agency issuing the domestic relations order had jurisdiction to issue an order, whether state law is correctly applied in the order, whether service was properly made on the parties, or whether an individual identified in an order as an Alternate Payee is a proper Alternate Payee under state law.

Effective April 6, 2007, a domestic relations order otherwise meeting the requirements to be a QDRO shall not fail to be treated as a QDRO solely because;

(12) the order is issued after, or revises, another domestic relations order or QDRO; or

(13) of the time at which the order is issued, including orders issued after the death of the Participant.

Any QDRO described in this Section 11.06 shall be subject to the same requirements and protections which apply to QDROs under Code §414(p)(7).

(i) **Contents of QDRO**. A QDRO must contain the following information:

(15) the name and last known mailing address of the Participant and each Alternate Payee;

(16) the name of each plan to which the order applies;

(17) the dollar amount or percentage (or the method of determining the amount or percentage) of the benefit to be paid to the Alternate Payee; and

(18) the number of payments or time period to which the order applies.

(j) **Impermissible QDRO provisions**.

(13) The order must not require the Plan to provide an Alternate Payee or Participant with any type or form of benefit, or any option, not otherwise provided under the Plan;

(14) The order must not require the Plan to provide for increased benefits (determined on the basis of actuarial value);

(15) The order must not require the Plan to pay benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another order previously determined to be a QDRO; and

(16) The order must not require the Plan to pay benefits to an Alternate Payee in the form of a Qualified Joint and Survivor Annuity for the lives of the Alternate Payee and his or her subsequent Spouse.

(k) **Immediate distribution to Alternate Payee**. Even if a Participant is not eligible to receive an immediate distribution from the Plan, an Alternate Payee may receive a QDRO benefit immediately in a lump sum, provided such distribution is consistent with the QDRO provisions.

(l) **Fee for QDRO determination**. The Plan Administrator may condition the making of a QDRO determination on the payment of a fee by a Participant or an Alternate Payee (either directly or as a charge against the Participant's Account).

(m) **Default QDRO procedure**. If the Plan Administrator chooses this default QDRO procedure or if the Plan Administrator does not establish a separate QDRO procedure, this subsection (h) will apply as the procedure the Plan Administrator will use to determine whether a domestic relations order is a QDRO. This default QDRO procedure incorporates the requirements set forth below.

(6) **Access to information**. The Plan Administrator will provide access to Plan and Participant benefit information sufficient for a prospective Alternate Payee to prepare a QDRO. Such information might include the summary plan description, other relevant plan documents, and a statement of the Participant's benefit entitlements. The disclosure of this information is conditioned on the prospective Alternate Payee providing to the Plan Administrator information sufficient to reasonably establish that the disclosure request is being made in connection with a domestic relations order.

(7) **Notifications to Participant and Alternate Payee**. The Plan Administrator will promptly notify the affected Participant and each Alternate Payee named in the domestic relations order of the receipt of the order. The Plan Administrator will send the notification to the address included in the domestic relations order. Along with the notification, the Plan Administrator will provide a copy of the Plan's procedures for determining whether a domestic relations order is a QDRO.

(8) **Alternate Payee representative**. The prospective Alternate Payee may designate a representative to receive copies of notices and Plan information that are sent to the Alternate Payee with respect to the domestic relations order.

(9) **Evaluation of domestic relations order**. Within a reasonable period of time, the Plan Administrator will evaluate the domestic relations order to determine whether it is a QDRO. A reasonable period will depend on the specific circumstances. The domestic relations order must contain the information described in subsection (d). If the order is only deficient in a minor respect, the Plan Administrator may supplement in formation in the order from information within the Plan Administrator's control or through communication with the prospective Alternate Payee.

(iii) **Separate accounting**. Upon receipt of a domestic relations order, the Plan Administrator will separately account for and preserve the amounts that would be payable to an Alternate Payee until a determination is made with respect to the status of the order. During the period in which the status of the order is being determined, the Plan Administrator will take whatever steps are necessary to ensure that amounts that would be payable to the Alternate Payee, if the order were a QDRO, are not distributed to the Participant or any other person. The separate accounting requirement may be satisfied, at the Plan Administrator's discretion, by a segregation of the assets that are subject to separate accounting.

(iv) **Separate accounting until the end of 18 month period**. The Plan Administrator will continue to separately account for amounts that are payable under the QDRO until the end of an 18-month period. The 18-month period will begin on the first date following the Plan's receipt of the order upon which a payment would be required to be made to an Alternate Payee under the order. If, within the 18-month period, the Plan Administrator determines that the order is a QDRO. the Plan Administrator must pay the Alternate Payee in accordance with the terms of the QDRO. If, however, the Plan Administrator determines within the 18-month period that the order is not a QDRO, or, if the status of the order is not resolved by the end of the 18-month period, the Plan Administrator may pay out the amounts otherwise payable under the order to the person or persons who would have been entitled to such amounts if there had been no order. If the order is later determined to be a QDRO, the order will apply only prospectively; that is, the Alternate Payee will be entitled only to amounts payable under the order after the subsequent determination.

(v) **Preliminary review**. The Plan Administrator will perform a preliminary review of the domestic relations order to determine if it is a QDRO. If this preliminary review indicates the order is deficient in some manner, the Plan Administrator will allow the parties to attempt to correct any deficiency before issuing a final decision on the domestic relations order. The ability to correct is limited to a reasonable period of time.

(vi) **Notification of determination**. The Plan Administrator will notify in writing the Participant and each Alternate Payee of the Plan Administrator's decision as to whether a domestic relations order is a QDRO. In the case of a determination that an order is not a QDRO, the written notice will contain the following information:

(E) references to the Plan provisions on which the Plan Administrator based its decision;

(F) an explanation of any time limits that apply to rights available to the parties under the Plan (such as the duration of any protective actions the Plan Administrator will take); and

(G) a description of any additional material, information, or modifications necessary for the order to be a QDRO and an explanation of why such material, information, or modifications are necessary.

(vii) **Treatment of Alternate Payee**. If an order is accepted as a QDRO, the Plan Administrator will act in accordance with the terms of the QDRO as if it were a part of the Plan. Except as designated otherwise under this subsection (v), an Alternate Payee will be considered a Beneficiary under the Plan and be afforded the same rights as a Beneficiary. The Plan Administrator will provide any appropriate disclosure information relating to the Plan to the Alternate Payee. In determining the rights of an Alternate Payee, unless designated otherwise under AA §C-4, the following rules apply:

(A) **Loans**. An Alternate Payee is not permitted to take a loan from the Plan.

(B) **Death benefits**. If an Alternate Payee dies prior to receiving the entire amount designated under the QDRO, such benefits will be paid in accordance with Section 8.08, treating the Alternate Payee as the Beneficiary. If the Alternate Payee dies without a designated Beneficiary, the benefits will be paid to the Alternate Payee's estate. Any death benefit will be paid in a single sum as soon as administratively feasible after the Alternate Payee's death.

(C) **Direction of investments**. An Alternate Payee has the right to direct the investment of the portion of the Participant's benefit that is segregated for the Alternate Payee's benefit pursuant to a QDRO in the same manner as the Participant.

(D) **Voting rights**. An Alternate Payee has the right to exercise any voting rights in the same manner as the Participant under Section 12.04.

11.07 **Claims Procedure**. The Plan Administrator shall establish a procedure for benefit claims consistent with the requirements of ERISA Reg. §2560.503-1. Unless provided otherwise in a separate claims procedure, the provisions of this Section 11.07 will apply for purposes of reviewing benefit claims. To the extent any of the time periods specified in this Section I 1.07 are amended by law or Department of Labor regulations, the time frames specified herein shall automatically be changed in accordance with such law or regulation.

Upon receipt of a written claim for Plan benefits, the Plan Administrator is authorized to conduct an examination of the relevant facts to determine the merits of a Participant's or Beneficiary's claim. The Plan Administrator will review the claim and provide written notification of its decision in accordance with the guidelines under this Section 11.07.

(m) **Plan Administrator's decision**. The Plan Administrator must provide a claimant with written notification of the Plan Administrator's decision relating to a claim within a reasonable period of time (not more than 90 days (45 days for claims involving disability benefits) after the claim was filed. If special circumstances require an extension to process the claim, the Plan Administrator may have an additional period of up to 90 days (30 days for claims involving disability benefits) provided the Plan Administrator provides the claimant with written notice of the extension prior to the termination of the initial 90-day period (45-day period for disability benefits). The notice of extension must indicate the special circumstances requiring an extension of time and the date by which the plan expects to render the benefit determination. (For claims involving disability benefits, the 30-day extension period may be extended an additional 30 days if the Plan Administrator determines that a decision cannot be rendered within that extension period. The Plan Administrator must provide the claimant with an additional extension notice prior to the expiration of the first 30-day extension period.

If the claim is denied, the notification must set forth the reasons for the denial, specific reference to pertinent Plan provisions on which the denial is based, a description of any additional information necessary for the claimant to perfect the claim, and the steps the claimant must take to submit the claim for review.

(n) **Review procedure**. A claimant will be provided a reasonable opportunity to have a full and fair review of a denied claim. A claimant may submit a written request for review of the claim for benefits within sixty (60) days after receiving the written notification of the Plan Administrator's decision with respect to the claim. A claimant may submit written comments, documents, records, and other information relating to the claim for benefits. In addition, a claimant may be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. The Plan Administrator will review the claimant's request, taking into account all comments, documents, records, and other information submitted by the claimant relating to the claim.

(o) **Decision following review**. The Plan Administrator will provide a written decision upon review of a denied claim within a reasonable period of time after the claimant requests a review of the claim. The Plan Administrator must respond in writing within 60 days (45 days if the claim involves disability benefits) of the date the claimant submitted the review application, unless special circumstances exist (such as the need for a hearing). If special circumstances require an extension of the notification period, the Plan Administrator may extend the above period for an additional 60 days (45 days if the claim involves disability benefits), provided the Plan Administrator notifies the claimant of the extension with an explanation of the special circumstances requiring the extension and the date by which the Plan Administrator expects to render a decision.

If the claim for benefits is denied upon review, the Plan Administrator will provide the claimant a written notice setting forth:

(1) the specific reason(s) for denial of the claim;

(2) the specific Plan provisions upon which the denial is based;

(3) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and

(4) a statement of the claimant's right to bring a civil action under ERISA §502(a).

(p) **Final review**. If the Plan Administrator makes a final written determination denying a Participant's or Beneficiary's benefit claim, the Participant or Beneficiary may commence legal or equitable action with respect to the denied claim upon completion of the claims procedures under this Section 11.07. Any legal or equitable action must be commenced no later than the earlier of:

(1) 180 days following the date of the final determination or

(2) three years following the proof of loss.

If a claimant fails to commence legal or equitable action with respect to the denied claim within the above timeframe, the claimant will be deemed to have accepted the Plan Administrator's final decision with respect to the claim for benefits.

11.08 **Operational Rules for Short Plan Years**. The following operational rules apply if the Plan has a Short Plan Year. A Short Plan Year is any Plan Year that is less than a 12-month period, either because of the amendment of the Plan Year, or because the Effective Date of a new Plan is less than 12 months prior to the end of the first Plan Year.

(a) If the Plan is amended to create a Short Plan Year, and an Eligibility Computation Period or Vesting Computation Period is based on the Plan Year, the applicable computation period begins on the first day of the Short Plan Year, but such period ends on the day which is 12 months from the first day of such Short Plan Year. Thus, the computation period that begins on the first day of the Short Plan Year overlaps with the computation period that starts on the first day of the next Plan Year. This rule applies only to an Employee who has at least one Hour of Service during the Short Plan Year.

If a Plan has an initial Short Plan Year, the rule in the above paragraph applies only for purposes of determining an Employee's Vesting Computation Period and only if the Employer elects under AA §8-3(b) to exclude service earned prior to the adoption of the Plan. For eligibility and vesting (where service prior to the adoption of the Plan is not ignored), if the Eligibility Computation Period or Vesting Computation Period is based on the Plan Year, the applicable Computation Period will be determined on the basis of the Plan's normal Plan Year, without regard to the initial short Plan Year.

(b) If Employer Contributions are allocated for a Short Plan Year, any allocation condition under AA §6-5 or AA §6B-7 (under the Profit Sharing/401(k) Plan Adoption Agreement) that requires a Participant to complete a specified number of Hours of Service to receive an allocation of such Employer Contributions will not be prorated as a result of such Short Plan Year unless otherwise specified under the special rules in AA §6-5 or AA §6B-7, as applicable.

(c) If the permitted disparity method is used to allocate any Employer Contributions made for a Short Plan Year, the integration Level will be prorated to reflect the number of months (or partial months) included in the Short Plan Year.

(d) The Compensation Limit, as defined in Section 1.25, will be prorated to reflect the number of months (or partial months) included in the Short Plan Year unless the compensation used for such Short Plan Year is a period of 12 months. (See Section 6.04(1)(1) for special rules that apply for the first year of a Safe Harbor 401(k) Plan.)

In all other respects, the Plan shall be operated for the Short Plan Year in the same manner as for a 12-month Plan Year, unless the context requires otherwise. If the terms of the Plan are ambiguous with respect to the operation of the Plan for a Short Plan Year, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

11.09 **Special Distribution and Loan Rules for Participants Affected by Hurricanes Katrina, Rita, And Wilma**.

(m) **In general**. This Section 11.09 sets forth the provisions of Section 1400Q of the Gulf Opportunity Zone Act of 2005 relating to distributions and loans made to Participants residing in areas affected by Hurricanes Katrina, Rita and Wilma. The provisions of this Section 11.09 will apply only to the extent a distribution or loan has been made to a qualified individual pursuant to the provisions of this Section 11.09. If the Plan does not operationally apply the rules under this Section 11.09, such provisions do not apply to the Plan. To the extent this Section 11.09 applies to the Plan, the provisions of this Section 11.09 supersede any inconsistent provisions of the Plan or loan program.

(n) **Tax-favored withdrawals of Qualified Hurricane Distributions**.

(3) **Eligibility for Qualified Hurricane Distribution**. A Qualified Individual may take a Qualified Hurricane Distribution without regard to any distribution restrictions otherwise applicable under the Plan. A Qualified Hurricane Distribution is not subject to the early distribution penalty under Code §72(t).

(iii) **Definition of Qualified Hurricane Distribution**. A Qualified Hurricane Distribution is a distribution to a qualified individual as described in Code §1400Q(a)(4)(A).

(iv) **Limit on amount of Qualified Hurricane Distributions**. The aggregate amount of Qualified Hurricane Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group which includes the Employer) may not exceed the excess (if any) of $100,000, over the aggregate amounts treated as Qualified Hurricane Distributions received by such individual for all prior taxable years.

(4) **Income inclusion spread over 3-year period**. Unless a qualified individual elects not to have this paragraph apply for any taxable year, a Qualified Hurricane Distribution is not required to be included in gross income for the taxable year of distribution but shall be included in gross income ratably over the 3-taxable year period beginning with the taxable year of the distribution.

(5) **Repayment of Qualified Hurricane Distribution**. A Participant who received a Qualified Hurricane Distribution from the Plan or another eligible retirement plan (as defined in Code §402(c)(8)(B)) may, at any time during the 3-year period beginning on the day after the receipt of such distribution, make one or more rollover contributions to the Plan in an aggregate amount that does not exceed the amount of such Qualified Hurricane Distribution. This subsection (3) only applies if the Plan permits rollover contributions.

(o) **Recontributions of qualified hardship distributions**. A Participant who received a qualified hardship distribution (as described in Code §1400Q(b)(2)), may make one or more rollover contributions to the Plan during the applicable period (as described in Code §1400Q(b)(3)), in an aggregate amount not to exceed the amount of such qualified hardship distribution. This subsection (c) only applies if the Plan permits rollover contributions.

(p) **Special loan rules**.

(1) **Increased Participant loan limits**. Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the maximum amount of a Participant loan for a qualified individual (as defined in Code §1400Q(c)(3)) during the applicable period (described in Code §1400Q(c)(4)), the loan limits under Section 13.03 of the Plan shall be applied by substituting "$100,000" for "$50,000" under Section 13.03(a) and "the Participant's vested Account Balance" for "one-half (½) of the Participant's vested Account Balance" under Section 13.03(b).

(2) **Delayed loan repayment date**. If a qualified individual has an outstanding Participant loan on or after the Qualified Beginning Date described below, and the due date for repayment of such loan occurs during the period beginning on the qualified beginning date (as defined in Code §1400Q(c)(4)) and ending on December 31, 2006:

(ix) the due date for repayment of the Participant loan shall be delayed for 1 year;

(x) any subsequent repayments with respect to such loan shall be appropriately adjusted to reflect the delay in the due date under subsection (i) and any interest accruing during such delay; and

(xi) in determining the 5-year period and the term of the loan under Section 13.07 of the Plan, the 1-year delay period described in subsection (i) shall be disregarded.

11.10 **Requirements Under Emergency Economic Stabilization Act of 2008 (EESA)**. This Section 11.10 sets forth the provisions under the Emergency Economic Stabilization Act of 2008 (EESA) relating to Qualified Disaster Recovery Assistance Distributions made to Participants residing in a federally declared Midwestern disaster area between May 20, 2008 and August 1, 2008. The provisions of this Section 11.10 will apply only to the extent a distribution or loan has been made to a Qualified individual pursuant to the provisions of this Section 11.10. If the Plan does not operationally apply the rules under this Section 11.10, such provisions do not apply to the Plan. To the extent this

Section 11.10 applies to the Plan, the provisions of this Amendment supersede any inconsistent provisions of the Plan or loan program.

(a) **Tax-favored withdrawals of Qualified Disaster Recovery Assistance Distributions**.

(21) **Eligibility for Qualified Disaster Recovery Assistance Distributions**. A Qualified Individual may take a Qualified Disaster Recovery Assistance Distribution without regard to any distribution restrictions otherwise applicable under the Plan. A Qualified Disaster Recovery Assistance Distribution is not subject to the early distribution penalty under Code §72(t).

(i) **Definition of Qualified Disaster Recovery Assistance Distributions**. A Qualified Disaster Recovery Assistance Distribution is a hardship distribution, in-service distribution or a loan that is made to a Qualified Individual on or after a presidentially-declared disaster date (the applicable disaster date), and before January 1. 2010.

(ii) **Definition of Qualified Individual**. A Qualified Individual is an individual whose principal residence on the applicable disaster date was located in a Midwestern Disaster Area and who suffered an economic loss due to severe storms, flooding or tornadoes.

(iii) **Limit on amount of Qualified Disaster Recovery Assistance Distributions**. The aggregate amount of Qualified Disaster Recovery Assistance Distributions received by an individual for any taxable year (from all plans maintained by the Employer and any member of a controlled group which includes the Employer) may not exceed the excess (if any) of $100,000, over the aggregate amounts treated as Qualified Disaster Recovery Assistance Distributions received by such individual for all prior taxable years.

(22) **Income inclusion spread over 3-year period**. Unless a Qualified individual elects not to have this paragraph apply for any taxable year, a Qualified Disaster Recovery Assistance Distribution is not required to be included in gross income for the taxable year of distribution but shall be included in gross income ratably over the 3-taxable year period beginning with the taxable year of the distribution.

(23) **Repayment of Qualified Disaster Recovery Assistance Distributions**. A Participant who received a Qualified Disaster Recovery Assistance Distribution from the Plan or another eligible retirement plan (as defined in Code §402(c)(8)(B)) may, at any time during the 3-year period beginning on the day after the receipt of such distribution, make one or more rollover contributions to the Plan in an aggregate amount that does not exceed the amount of such Qualified Disaster Recovery Assistance Distribution. This subsection (3) only applies if the Plan permits rollover contributions.

(b) **Recontributions of Qualified Hardship Distributions**. A Participant who received a qualified hardship distribution to purchase a home in the Midwest disaster area within six months of the applicable disaster date and the home was not purchased due to the disaster, may recontribute such distributions to the Plan (or an IRA) no later than March 3, 2009. This subsection (b) only applies if the Plan permits rollover contributions.

(c) **Special loan rules**.

(15) **Increased Participant loan limits**. Notwithstanding the Participant loan limitations under the Plan, for purposes of determining the maximum amount of a Participant loan for a Qualified individual (as defined in subsection (a)(1)(ii) above) during the period from October 3, 2008 through December 31, 2009, the loan limits under Section 13.03 of the Plan shall be applied by substituting “$100,000” for “$50,000” under Section 13.03(a) and “the Participant’s vested Account Balance” for “one-half (½) of the Participant’s vested Account Balance” under Section 13.03(b).

(16) **Delayed loan repayment date**. If a Qualified Individual has an outstanding Participant loan on or after the applicable disaster date and before January 1, 2010:

(iv) the due date for repayment of the Participant loan shall be delayed for 1 year;

(v) any subsequent repayments with respect to such loan shall be appropriately adjusted to reflect the delay in the due date under subsection (i) and any interest accruing during such delay; and

(vi) in determining the 5-year period and the term of the loan under Section 13.07, the 1-year delay period described in subsection (i) shall be disregarded.

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Section 12
TRUST PROVISIONS

12.01 **Establishment of Trust**. in conjunction with the establishment of this Plan, the Employer and the Trustee agree to establish and maintain a domestic Trust in the United States consisting of such sums as shall from time to time be paid to the Trustee under the Plan and such earnings, income and appreciation as may accrue thereon. The Trustee shall carry out the duties and responsibilities herein specified, but shall be under no duty to determine whether the amount of any contribution by the Employer or any Participant is in accordance with the terms of the Plan.

The Trust shall be held, invested, reinvested and administered by the Trustee in accordance with the terms of the Plan and this Agreement solely in the interest of Participants and their Beneficiaries and for the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan. Except as provided in Section 15.02, no assets of the Plan shall inure to the benefit of the Employer.

12.02 **Types of Trustees**. The Trustee identified in the Trustee Declaration page under the Adoption Agreement shall act either as a Directed Trustee or as a Discretionary Trustee, as designated on the Trustee Declaration page.

(i) **Directed Trustee**. A Directed Trustee is subject to the direction of the Plan Administrator, the Employer, a properly appointed investment manager, a Named Fiduciary, or Plan Participant. A Directed Trustee does not have any discretionary authority with respect to the investment of Plan assets. In addition, a Directed Trustee is not responsible for the propriety of any directed investment made pursuant to this Section and shall not be required to consult or advise the Employer regarding the investment quality of any directed investment held under the Plan.

(21) **Delegation of powers**. The Directed Trustee shall be advised in writing regarding the retention of investment powers by the Employer or the appointment of an investment manager or other Named Fiduciary with power to direct the investment of Plan assets. Any such delegation of investment powers will remain in force until such delegation is revoked or amended in writing. The Employer is deemed to have retained investment powers under this subsection to the extent the Employer directs the investment of Participant Accounts for which affirmative investment direction has not been received.

(22) **Direction of Trustee**. The Employer is a Named Fiduciary for investment purposes if the Employer directs investments pursuant to this subsection. Any investment direction shall be made in writing by the Employer, investment manager, or Named Fiduciary, as applicable. A Directed Trustee must act solely in accordance with the direction of the Plan Administrator, the Employer, any employees or agents of the Employer, a properly appointed investment manager or other fiduciary of the Plan, a Named Fiduciary, or Plan Participants. (See Section 10.07 for a discussion of the Trustee's responsibilities with regard to Participant directed investments.)

(23) **Restriction on Trustee**. The Employer may direct the Directed Trustee to invest in any media in which the Trustee may invest, as described in Section 12.03(b). However, the Employer may not borrow from the Trust or pledge any of the assets of the Trust as security for a loan to itself; buy property or assets from or sell property or assets to the Trust; charge any fee for services rendered to the Trust; or receive any services from the Trust on a preferential basis.

(j) **Discretionary Trustee**. A Discretionary Trustee has exclusive authority and discretion with respect to the investment, management or control of Plan assets. Notwithstanding a Trustee's designation as a Discretionary Trustee, a Trustee's discretion is limited, and the Trustee shall be considered a Directed Trustee, to the extent the Trustee is subject to the direction of the Plan Administrator, the Employer, a properly appointed investment manager, or a Named Fiduciary under an agreement between the Plan Administrator and the Trustee. A Trustee also is considered a Directed Trustee to the extent the Trustee is subject to investment direction of Plan Participants. (See Section 10.07 for a discussion of the Trustee's responsibilities with regard to Participant-directed investments.)

12.03 **Responsibilities of the Trustee**. In addition to the powers, rights and responsibilities enumerated under this Section, the Trustee has all powers necessary to carry out its duties in a prudent manner. The Trustee's powers, rights and responsibilities may be modified, supplemented or limited by a separate trust agreement, investment policy, funding agreement, or other binding document entered into between the Trustee and the Plan Administrator or Employer. Such binding document must designate the Trustee's responsibilities with respect to the Plan. A separate trust agreement, investment policy, funding agreement, or other binding document must be consistent with the terms of this Plan and must comply with all qualification requirements under the Code and regulations. To the extent the exercise of any

power, right or responsibility is subject to discretion, such exercise by a Directed Trustee must be made at the direction of the Plan Administrator, the Employer, an investment manager, a Named Fiduciary, or Plan Participant.

(e) **Responsibilities regarding administration of Trust**.

(16) The Trustee, the Employer and the Plan Administrator shall each discharge their assigned duties and responsibilities under this Agreement and the Plan solely in the interest of Participants and their Beneficiaries in the following manner;

(vii) for the exclusive purpose of providing benefits to Participants and their Beneficiaries and defraying reasonable expenses of administering the Plan;

(viii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims:

(ix) by diversifying the available investments under the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(x) in accordance with the provisions of the Plan insofar as they are consistent with the provisions of ERISA.

(17) The Trustee will receive all contributions, earnings and other amounts made to and under the terms of the Plan. The Trustee is not obligated in any manner to ensure that such amounts are correct in amount or that such amounts comply with the terms of the Plan, the Code or ERISA. The Trustee is not liable for the manner in which such amounts are deposited or the allocation between Participant's Accounts, to the extent the Trustee follows the written direction of the Plan Administrator or Employer.

(18) The Trustee will make distributions from the Trust in accordance with the written directions of the Plan Administrator or other authorized representative. To the extent the Trustee follows such written direction, the Trustee is not obligated in any manner to ensure a distribution complies with the terms of the Plan, that a Participant or Beneficiary is entitled to such a distribution, or that the amount distributed is proper under the terms of the Plan. If there is a dispute as to a payment from the Trust, the Trustee may decline to make payment of such amounts until the proper payment of such amounts is determined by a court of competent jurisdiction, or the Trustee has been indemnified to its satisfaction.

(19) The Trustee may employ agents, attorneys, accountants and other third parties to provide counsel on behalf of the Plan, where the Trustee deems advisable. The Trustee may reimburse such persons from the Trust for reasonable expenses and compensation incurred as a result of such employment. The Trustee shall not be liable for the actions of such persons, provided the Trustee acted prudently in the employment and retention of such persons. In addition, the Trustee will not be liable for any actions taken as a result of good faith reliance on the advice of such persons.

(20) The Trustee shall keep full and accurate accounts of all receipts, investments, disbursements and other transactions hereunder, including such specific records as may be agreed upon in writing between the Employer and the Trustee. All such accounts, books and records shall be open to inspection and audit at all reasonable times by any authorized representative of the Trustee or the Plan Administrator. A Participant may examine only those individual account records pertaining directly to him.

(21) Except as provided in Section 15.02, at no time prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries under the Plan shall any part of the corpus or income of the Fund be used for, or diverted to, purposes other than for the exclusive benefit of Participants or their Beneficiaries, or for defraying reasonable expenses of administering the Plan.

(f) **Responsibilities regarding investment of Plan assets**.

(12) The Trustee shall be responsible for holding the assets of the Trust in accordance with the provisions of this Plan.

(13) The Trustee may invest and reinvest, manage and control the Plan assets in a manner that is consistent with the Plan's funding policy and investment objectives of the Plan. The Trustee may invest in any investment, as authorized under this subsection (b), which the Trustee deems advisable and prudent, subject to the proper written direction of the Plan Administrator, the Employer, a properly appointed investment manager, a Named Fiduciary or a Plan Participant. The Trustee is not liable for the investment of Plan assets to the extent the Trustee is following the proper direction of the Plan Administrator, the Employer, a Participant, an investment manager, or other person or persons duly appointed by the Employer to provide investment direction. In addition, the Trustee does not guarantee the Trust in any manner against investment loss or depreciation in asset value, or guarantee the adequacy of the Trust to meet and discharge any or all liabilities of the Plan.

(14) The Trustee may hold any securities or other property in the name of the Trustee or in the name of the Trustee's nominee, and may hold any investments in bearer form, provided the books and records of the Trustee at all times show such investment to be part of the Trust. If securities are held on behalf of the Plan in the name of the Trustee's nominee, such securities must be held by;

(x) A bank or trust company that is subject to supervision by the United States or a State, or a nominee of such bank or trust company;

(xi) A broker or dealer registered under the Securities Exchange Act of 1934, or a nominee of such broker or dealer; or

(xii) A clearing agency as defined in section 3(a)(23) of the Securities Exchange Act of 1934, or its nominee.

(15) The Trustee may retain such portion of the Plan assets in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon.

(16) The Trustee may collect and receive any and all moneys and other property due the Plan and to settle, compromise, or submit to arbitration any claims, debts, or damages with respect to the Plan, and to commence or defend on behalf of the Plan any lawsuit, or other legal or administrative proceedings.

(17) The Trustee may pay expenses out of Plan assets as necessary to administer the Trust and as authorized under the Plan.

(18) The Trustee may borrow or raise money on behalf of the Plan in such amount, and upon such terms and conditions, as the Trustee deems advisable. The Trustee may issue a promissory note as Trustee to secure the repayment of such amounts and may pledge all, or any part, of the Trust as security.

(19) The Trustee is authorized to execute, acknowledge and deliver all documents of transfer and conveyance, receipts. releases, and any other instruments that the Trustee deems necessary or appropriate to carry out its powers, rights and duties hereunder.

(20) The Trustee, upon the written direction of the Plan Administrator, is authorized to enter into a transfer agreement with the Trustee of another qualified retirement plan and to accept a transfer of assets from such retirement plan on behalf of any Employee of the Employer. The Trustee is also authorized, upon the written direction of the Plan Administrator, to transfer some or all of a Participant's vested Account Balance to another qualified retirement plan on behalf of such Participant. A transfer agreement entered into by the Trustee does not affect the Plan's status as a Volume Submitter Plan.

(21) If the Employer maintains more than one Plan, the assets of such Plans may be commingled for investment purposes. The Trustee must separately account for the assets of each Plan. A commingling of assets does not cause the Trusts maintained with respect to the Employer's Plans to be treated as a single Trust, except as provided in a separate document authorized in the first paragraph of this Section 12.03.

(22) If the Trustee is a bank or similar financial institution, the Trustee is authorized to invest in any type of deposit of the Trustee (including its own money market fund) at a reasonable rate of interest.

(23) The Trustee is authorized to invest Plan assets in a common/collective trust fund, or in a group trust fund that satisfies the requirements of IRS Revenue Ruling 81-100, as clarified by Revenue Ruling 2004-67. All of the

terms and provisions of any such common/collective trust fund or group trust into which Plan assets are invested are incorporated by reference into the provisions of the Trust for this Plan. The assets in a group trust may be pooled with the assets of a custodial account under Code §403(b)(7), a retirement income account under Code §403(b)(9), and Code §401(a)(24) governmental plans without affecting the tax status of the group trust, subject to the requirements under Rev. Rul. 2011-1 (as modified by Notice 2012-6).

(24) The Trustee must be bonded as required by applicable law. The bonding requirements shall not apply to a bank, insurance company, or similar financial institution that satisfies the requirements of §412(a)(2) of ERISA.

12.04 **Voting and Other Rights Related to Employer Stock**. Unless designated otherwise in a separate investment directive agreed to by the Employer and Trustee, each Participant or Beneficiary of a deceased Participant (referred to herein collectively as Participant) shall have the right to direct the Trustee as to the manner of voting and the exercise of all other rights which a shareholder of record has with respect to shares (and fractional shares) of Employer Stock which have been allocated to the Participant's separate account including, but not limited to, the right to sell or retain shares in a public or private tender offer. All shares (and fractional shares) of Employer Stock for which the Trustee has not received timely Participant directions shall be voted or exercised by the Trustee in the same proportion as the shares (and fractional shares) of Employer Stock for which the Trustee received timely Participant directions, except in the case where to do so would be inconsistent with the provisions of Title I of ERISA. All reasonable efforts shall be made to inform each Participant that shares of Employer Stock for which the Trustee does not receive Participant direction shall be voted pro rata in proportion to the shares for which the Trustee has received Participant direction.

Notwithstanding anything to the contrary, in the event of a tender offer for Employer Stock, the Trustee shall interpret a Participant's silence as a direction not to tender the shares of Employer Stock allocated to the Participant's separate account and, therefore, the Trustee shall not tender any shares (or fractional shares) of Employer Stock for which it does not receive timely directions to tender such shares (or fractional shares) from Participants, except in the case where to do so would be inconsistent with the provisions of Title I of ERISA. Furthermore, tender offer materials provided to Participants shall specifically inform Participants that the Trustee shall interpret a Participant's silence as a direction not to tender the Participant's shares of Employer Stock.

Information relating to the purchase, holding and sale of securities and the exercise of voting, tender and other similar rights with respect to Employer Stock by Participants and Beneficiaries shall be maintained in accordance with procedures that are designed to safeguard the confidentiality of such information, except to the extent necessary to comply with Federal laws or State laws not preempted by ERISA. The Trustee shall be the fiduciary who is responsible for ensuring that such procedures are sufficient to safeguard the confidentiality of the information described above, and that such procedures are followed.

12.05 **Responsibilities of the Employer**. The Employer will provide to the Trustee written notification of the appointment of any person or persons as Plan Administrator, investment manager, or other Plan fiduciary, and the names, titles and authorities of any individuals who are authorized to act on behalf of such persons. The Trustee shall be entitled to rely upon such information until it receives written notice of a change in such appointments or authorizations.

The Employer may authorize the Trustee to enter into a merger agreement with the Trustee of another plan to effect such merger or consolidation. A merger agreement entered into by the Trustee is not part of this Plan and does not affect the assets transferred to this Plan from another plan.

12.06 **Effect of Plan Amendment**. Any amendment that affects the rights, duties or responsibilities of the Trustee or Plan Administrator may only be made with the Trustee's or Plan Administrator's written consent. Any amendment to the Plan must be in writing and a copy of the resolution (or similar instrument) setting forth such amendment (with the applicable effective date of such amendment) must be delivered to the Trustee.

12.07 **More than One Trustee**. If the Plan has more than one person acting as Trustee, the Trustees may allocate the Trustee responsibilities by mutual agreement. The Trustees may agree to make decisions by a majority vote or may permit any one of the Trustees to make any decision, undertake any action or execute any documents affecting this Trust without the approval of the remaining Trustees. The Trustees may agree to the allocation of responsibilities in a separate trust agreement or other binding document.

12.08 **Annual Valuation**. The Plan assets will be valued at least on an annual basis. The Employer may designate more frequent Valuation Dates under AA §11-1. Notwithstanding any election under AA §11-1, the Trustee and Plan

Administrator may agree to value the Trust on a more frequent basis, and/or to perform an interim valuation of the Trust.

12.09 **Reporting to Plan Administrator and Employer**. Within 120 days after the end of each Plan Year or within 120 days after its removal or resignation, the Trustee shall file with the Plan Administrator a written account of the administration of the Trust showing all transactions effected by the Trustee from the last preceding accounting to the end of such Plan Year or date of removal or resignation. The accounting will include a statement of cash receipts, disbursements and other transactions effected by the Trustee since the date of its last accounting, and such further information as the Trustee and/or Employer deems appropriate. Upon approval of such accounting by the Plan Administrator, neither the Employer nor the Plan Administrator shall be entitled to any further accounting by the Trustee. The Plan Administrator may approve such accounting by written notice of approval delivered to the Trustee or by failure to express objection to such accounting in writing delivered to the Trustee within 90 days from the date on which the accounting is delivered to the Plan Administrator. The Trustee shall have sixty (60) days following its receipt of a written disapproval from the Employer to provide the Employer with a written explanation of the terms in question. If the Employer again disapproves of the accounting, the Trustee may file its accounting with a court of competent jurisdiction for audit and adjudication.

12.10 **Reasonable Compensation**. The Trustee shall be paid reasonable compensation in an amount agreed upon by the Plan Administrator and Trustee. The Trustee also will be reimbursed for any reasonable expenses or fees incurred in its function as Trustee. An individual Trustee who is already receiving full-time pay as an Employee of the Employer may not receive any additional compensation for services as Trustee. The Plan will pay the reasonable compensation and expenses incurred by the Trustee, unless the Employer pays such compensation and expenses. Any compensation or expense paid directly by the Employer to the Trustee is not an Employer Contribution to the Plan.

12.11 **Resignation and Removal of Trustee**. The Trustee may resign at any time by delivering to the Employer a written notice of resignation at least thirty (30) days prior to the effective date of such resignation, unless the Employer consents in writing to a shorter notice period. The Employer and Trustee may agree to a longer notification period prior to the resignation of the Trustee. The Employer may remove the Trustee at any time, with or without cause, by delivering written notice to the Trustee at least 30 days prior to the effective date of such removal. The Employer may remove the Trustee upon a shorter written notice period if the Employer reasonably determines such shorter period is necessary to protect Plan assets or to ensure the Plan is being operated for the exclusive benefit of Participants and their Beneficiaries. Upon the resignation, removal, death or incapacity of a Trustee, the Employer may appoint a successor Trustee which, upon accepting such appointment, will have all the powers, rights and duties conferred upon the preceding Trustee. In the event there is a period of time following the effective date of a Trustee's removal or resignation before a successor Trustee is appointed, the Employer is deemed to be the Trustee. During such period, the Trust continues to be in existence and legally enforceable, and the assets of the Plan shall continue to be protected by the provisions of the Trust. See Section 14.03(c) for rules regarding the replacement of a Trustee upon merger, liquidation or dissolution of the Employer.

12.12 **Indemnification of Trustee**. Except to the extent that it is judicially determined that the Trustee has acted with gross negligence or willful misconduct. the Employer shall indemnify the Trustee (whether or not the Trustee has resigned or been removed) against any liabilities, losses, damages, and expenses, including attorney, accountant, and other advisory fees, incurred as a result of;

(a) any action of the Trustee taken in good faith in accordance with any information, instruction, direction, or opinion given to the Trustee by the Employer, the Plan Administrator, investment manager, Named Fiduciary or legal counsel of the Employer, or any person or entity appointed by any of them and authorized to give any information, instruction, direction, or opinion to the Trustee;

(b) the failure of the Employer, the Plan Administrator, investment manager, Named Fiduciary or any person or entity appointed by any of them to make timely disclosure to the Trustee of information which any of them or any appointee knows or should know if it acted in a reasonably prudent manner; or

(c) any breach of fiduciary duty by the Employer, the Plan Administrator, investment manager, Named Fiduciary or any person or entity appointed by any of them, other than such a breach which is caused by any failure of the Trustee to perform its duties under this Trust.

Pursuant to DOL Field Assistance Bulletin 2008-01, the Trustee may be held responsible for the collection of Employer Contributions, Matching Contributions, Salary Deferrals or other contributions that are required under the terms of the Plan and are not contributed to the Plan on a timely basis. Such responsibility will not apply to the extent the Trustee is

a Directed Trustee with respect to such contributions pursuant to ERISA §403(a)(1) or to the extent the authority to collect contributions is delegated to an investment manager pursuant to ERISA §403(a)(2). If no Trustee or investment manager has the responsibility to collect delinquent contributions, the Named Fiduciary with authority to hire the Trustee may be liable for plan losses due to a failure to collect contributions. A Trustee (including a Directed Trustee) may have an obligation under ERISA §§404 and 405(a) to take appropriate steps to remedy a situation where the Trustee knows that no party has assumed responsibility for the collection and monitoring of contributions and that delinquent contributions are going uncollected. In determining how to discharge this duty to collect contributions, the Trustee may weigh the value of Plan assets involved, the likelihood of a successful recovery, and the expenses expected to be incurred. Among other factors, the trustee may take into account the Employer's solvency in deciding whether to expend Plan assets to pursue a claim. See FAB 2008-01 for a description of the actions that may be required to remedy a breach of fiduciary duty resulting from the failure to collect delinquent contributions.

12.13 **Liability of Trustee**. The duties and obligations of the Trustee shall be limited to those expressly imposed upon it by this Plan document and Trust or as subsequently agreed upon by the parties. Responsibility for administrative duties required under the Plan or applicable law not expressly imposed upon or agreed to by the Trustee shall rest solely with the Plan Administrator and the Employer.

The Employer agrees that the Trustee shall have no liability with regard to the investment or management of illiquid Plan assets transferred from a prior Trustee, and shall have no responsibility for investments made before the transfer of Plan assets to it, or for the viability or prudence of any investment made by a prior Trustee, including those represented by assets now transferred to the custody of the Trustee, or for any dealings whatsoever with respect to Plan assets before the transfer of such assets to the Trustee. The Employer shall indemnify and hold the Trustee harmless for any and all claims, actions or causes of action for loss or damage, or any liability whatsoever relating to the assets of the Plan transferred to the Trustee by any prior Trustee of the Plan, including any liability arising out of or related to any act or event, including prohibited transactions, occurring prior to the date the Trustee accepts such assets, including all claims, actions, causes of action, loss, damage, or any liability whatsoever arising out of or related to that act or event, although that claim, action, cause of action, loss, damage, or liability may not be asserted, may not have accrued, or may not have been made known until after the date the Trustee accepts the Plan assets. Such indemnification shall extend to all applicable periods, including periods for which the Plan is retroactively restated to comply with any tax law or regulation.

12.14 **Appointment of Custodian**. The Plan Administrator may appoint a Custodian to hold all or any portion of the Plan assets. A Custodian has the powers, rights and responsibilities similar to those of a Directed Trustee. The Custodian will be protected from any liability with respect to actions taken pursuant to the direction of the Trustee, Plan Administrator, the Employer, an investment manager, a Named Fiduciary or other third party with authority to provide direction to the Custodian. The Custodian may designate its acceptance of the responsibilities and obligations described under this Plan document by executing the Trustee Declaration Page. The Employer also may enter into a separate agreement with the Custodian. Such separate agreement must be consistent with the responsibilities and obligations set forth in this Plan document. If there is no Custodian that will be executing the Trustee Declaration, the provisions of the Trustee Declaration addressing the Custodian (i.e., the Custodian signature provisions) may be removed from the Trustee Declaration Page.

12.15 **Modification of Trust Provisions**. The Employer may amend the administrative trust or custodial provisions under this Plan (such as provisions relating to investments and the duties of trustees), provided the amended provisions are not in conflict with any other provision of the Plan and do not cause the plan to fail to qualify under Code §401(a). The Employer may document any amendment modifying the trust or custodial provisions under this Plan or other overriding language in an Addendum to the Adoption Agreement.

12.16 **Custodial Accounts, Annuity Contracts and Insurance Contracts**. As provided under Code §401(f), a custodial account, an annuity contract or a contract issued by an Insurer is treated as a qualified trust under the Plan if (i) the custodial account or contract would, except for the fact that it is not a trust, constitute a qualified trust under Code §401(a) and (ii) in the case of a custodial account the assets thereof are held by a bank (as defined in Code §408(n)) or another person who demonstrates to the IRS that the manner in which the assets are held are consistent with the requirements of Code §401(a).

No insurance contract will be purchased under the Plan unless such contract or a separate definite written agreement between the Employer and the insurer provides that: (1) no value under contracts providing benefits under the Plan or credits determined by the insurer (on account of dividends, earnings, or other experience rating credits, or surrender or cancellation credits) with respect to such contracts may be paid or returned to the Employer or diverted to or used for

other than the exclusive benefit of the Participants or their Beneficiaries. However, any contribution made by the Employer because of a mistake of fact must be returned to the Employer within one year of the contribution.

If this Plan is funded by individual contracts that provide a Participant's benefit under the plan, such individual contracts shall constitute the Participant's Account Balance. If this Plan is funded by group contracts, under the group annuity or group insurance contract, premiums or other consideration received by the insurance company must be allocated to Participants' accounts under the Plan.

SECTION 13
PARTICIPANT LOANS

13.01 **Availability of Participant Loans**. The Employer may elect under Appendix B of the Adoption Agreement to permit Participants to take loans from their vested Account Balance under the Plan. Participant loans may be treated as a segregated investment on behalf of each individual Participant for whom the loan is made or may be treated as a general investment of the Plan. If the Employer elects to permit loans under the Plan, the Employer may elect to use the default loan policy under this Section 13, as modified under Appendix B of the Adoption Agreement, or an outside loan policy for purposes of administering Participant loans under the Plan. If a separate written loan policy is adopted, the terms of such separate loan policy will control over the terms of this Plan with respect to the administration of any Participant loans. Any separate written loan policy must satisfy the requirements under Code §72(p) and the regulations thereunder.

Unless designated otherwise under AA §B-3, Participant loans under this Section 13 are available to Participants and Beneficiaries who are parties in interest (as defined in ERISA §3(14)). Unless modified in a separate loan policy, any reference to Participant under this Section is a reference to a Participant or Beneficiary who is a party in interest.

To receive a Participant loan, a Participant must sign a promissory note along with a pledge or assignment of the portion of the Account Balance used for security on the loan. The loan will be evidenced by a legally enforceable agreement which specifies the amount and term of the loan, and the repayment schedule.

13.02 **Must be Available in Reasonably Equivalent Manner**. Participant loans must be made available to Participants in a reasonably equivalent manner. Participant loans will not be made available to Highly Compensated Employees in an amount greater than the amount made available to other Employees. The Employer may elect under AA §B-8 to limit the availability of Participant loans to specified events. For example, the availability of Participant loans may be limited to the occurrence of a hardship event as described in Section 8.10(e)(1)(i).

13.03 **Loan Limitations**. A Participant loan may not be made to the extent such loan (when added to the outstanding balance of all other loans made to the Participant) exceeds the lesser of;

(a) $50,000 (reduced by the excess, if any, of the Participant's highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan is made, over the Participant's outstanding balance of loans from the Plan as of the date such loan is made) or

(b) one-half (½) of the Participant's vested Account Balance, determined as of the Valuation Date coinciding with or immediately preceding such loan, adjusted for any contributions or distributions made since such Valuation Date.

If so elected under AA §B-4, a Participant may take a loan equal to the greater of $10,000 or 50% of the Participant's vested Account Balance. However, if a Participant takes a loan in excess of 50% of the Participant's vested Account Balance, such loan is still subject to the adequate security requirements under Section 13.06.

In applying the limitations under this Section 13.03, all plans maintained by the Employer are aggregated and treated as a single plan. In addition, any assignment or pledge of any portion of the Participant's interest in the Plan and any loan, pledge, or assignment with respect to any insurance contract purchased under the Plan will be treated as loan under this Section.

13.04 **Limit on Amount and Number of Loans**. Unless elected otherwise under AA §B-5 and/or AA §B-6, or under a separate written loan policy, a Participant may not receive a Participant loan of less than $1,000 nor may a Participant have more than one Participant loan outstanding at any time.

(n) **Loan renegotiation**. Unless designated otherwise under AA §B-14, a Participant may be permitted to renegotiate a loan without violating the one outstanding loan requirement to the extent such renegotiated loan is a new loan (i.e., the renegotiated loan separately satisfies the reasonable interest rate requirement under Section 13.05, the adequate security requirement under Section 13.06, and the periodic repayment requirement under Section 13.07) and the renegotiated loan does not exceed the limitations under Section 13.03 above, treating both the replaced loan and the renegotiated loan as outstanding at the same time. However, if the term of the renegotiated loan does not end later than the original term of the replaced loan, the replaced loan may be ignored in applying the limitations under Section 13.03 above. The availability of renegotiations may be restricted provided the ability to renegotiate a Participant loan is available on a non-discriminatory basis.

(o) **Participant must be creditworthy**. The Plan Administrator may refuse to make a loan to any Participant who is determined to be not creditworthy. For this purpose, a Participant is not creditworthy if, based on the facts and circumstances, it is reasonable to believe that the Participant will not repay the loan. A Participant who has defaulted on a previous loan from the Plan and has not repaid such loan (with accrued interest) at the time of any subsequent loan will be treated as not creditworthy until such time as the Participant repays the defaulted loan (with accrued interest).

See Section 13.10(6) for rules that apply if a Participant receives a subsequent loan while a prior defaulted loan is still outstanding.

13.05 **Reasonable Rate of interest**. All Participant loans will be charged a reasonable rate of interest. For this purpose, the interest rate charged on a Participant loan must be commensurate with the interest rates charged by persons in the business of lending money for loans under similar circumstances. Alternative methods for determining a reasonable rate of interest may be identified under AA §B-7 or under a separate written loan policy. The interest rate assumptions must be periodically reviewed to ensure the interest rate charged on Participant loans is reasonable.

If a Participant is in military service while he/she has an outstanding Participant loan, the applicable interest charged on such loan during the period while the Participant is in military service will not exceed 6% per year provided the Participant provides written notice and a copy of his/her call-up or extension orders to the Plan Administrator within 180 days following the Participant's termination or release from military service. For this purpose, military service is as defined in the Soldier's and Sailor's Civil Relief Act of 1940 as modified by the Servicemembers Civil Relief Act of 2003. The Participant may voluntarily waive this 6% interest limitation and the Plan Administrator may petition the court to retain the original interest rate if the ability to repay is not affected by the Participant's activation to military duty.

13.06 **Adequate Security**. All Participant loans must be adequately secured. The Participant's vested Account Balance shall be used as security for a Participant loan provided the outstanding balance of all Participant loans made to such Participant does not exceed 50% of the Participants vested Account Balance, determined immediately after the origination of each loan, and if applicable, the spousal consent requirements described in Section 13.08 have been satisfied. The Plan Administrator (with the consent of the Trustee) may require a Participant to provide additional collateral to receive a Participant loan if the Plan Administrator determines such additional collateral is required to protect the interests of Plan Participants. A separate loan policy or written modifications to this loan policy may prescribe alternative rules for obtaining adequate security. However, the 50% rule in this paragraph may not be replaced with a greater percentage.

13.07 **Periodic Repayment**. A Participant loan must provide for level amortization with payments to be made not less frequently than quarterly. A Participant loan must be payable within a period not exceeding five (5) years from the date the Participant receives the loan from the Plan, unless the loan is for the purchase of the Participant's principal residence, in which case the loan may be payable within ten (10) years or such longer period that is commensurate with the repayment period permitted by commercial lenders for similar loans. Loan repayments must be made through payroll withholding, except to the extent the Plan Administrator determines payroll withholding is not practical given the level of a Participant's wages, the frequency with which the Participant is paid, or other circumstances.

(q) **Leave of absence**. A Participant with an outstanding Participant loan may suspend loan payments to the Plan for up to 12 months for any period during which the Participant's pay is insufficient to fully repay the required loan payments. Upon the Participant's return to employment (or after the end of the 12-month period, if earlier), the Participant's outstanding loan will be reamortized over the remaining period of such loan to make up for the missed payments. The reamortized loan may extend beyond the original loan term so long as the loan is paid in full by whichever of the following dates comes first;

(1) the date which is five (5) years from the original date of the loan (or the end of the suspension, if sooner), or

(2) the original loan repayment deadline (or the end of the suspension period, if later) plus the length of the suspension period.

(r) **Military leave**. A Participant with an outstanding Participant loan also may suspend loan payments for any period such Participant is on military leave, in accordance with Code §414(u)(4). Upon the Participant's return from military leave (or the expiration of five years from the date the Participant began his/her military leave, if earlier), loan payments will recommence under the amortization schedule in effect prior to the Participant's military leave, without regard to the five-year maximum loan repayment period. Alternatively, the loan may be reamortized to

require a different level of loan payment, as long as the amount and frequency of such payments are not less than the amount and frequency under the amortization schedule in effect prior to the Participant's military leave.

13.08 **Spousal Consent**. If this Plan is subject to the Joint and Survivor Annuity requirements under Section 9, a Participant may not use his/her Account Balance as security for a Participant loan unless the Participant's Spouse, if any, consents to the use of such Account Balance as security for the loan. The spousal consent must be made within the 180-day period ending on the date the Participant's Account Balance is to be used as security for the loan. Spousal consent is not required, however, if the value of the Participant's total Account Balance does not exceed $5,000. If the Plan is not subject to the Joint and Survivor Annuity requirements under Section 9, a Spouse's consent is not required to use a Participant's Account Balance as security for a Participant loan, regardless of the value of the Participant's Account Balance.

Any spousal consent required under this Section must be in writing, must acknowledge the effect of the loan, and must be witnessed by a plan representative or notary public. Any such consent to use the Participant's Account Balance as security for a Participant loan is binding with respect to the consenting Spouse and with respect to any subsequent Spouse as it applies to such loan. A new spousal consent will be required if the Account Balance is subsequently used as security for a renegotiation, extension, renewal, or other revision of the loan. A new spousal consent also will be required only if any portion of the Participant's Account Balance will be used as security for a subsequent Participant loan.

13.09 **Designation of Accounts**. A Participant loan will be treated as a segregated investment on behalf of the individual Participant for whom the loan is made or may be treated as a general investment of the Plan. Unless designated otherwise under AA §B-15 of the Profit Sharing/401(k) Plan Adoption Agreement or under a separate loan procedure, loan amounts may be taken from any available contribution source under the Plan. The Plan Administrator may determine the contribution sources from which a loan is taken or may follow directions of the Participant. Each payment of principal and interest paid by a Participant on his/her Participant loan shall be credited to the same Participant Accounts and investment funds within such Accounts from which the loan was taken.

13.10 **Procedures for Loan Default**. A Participant will be considered to be in default with respect to a loan if any scheduled repayment with respect to such loan is not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due. The Employer may apply a shorter cure period under AA §B-10.

(a) **Offset of defaulted loan**. If a Participant defaults on a Participant loan, the Plan may not offset the Participant's Account Balance until the Participant is otherwise entitled to an immediate distribution of the portion of the Account Balance which will be offset and such amount being offset is available as security on the loan, pursuant to Section 13.06. For this purpose, a loan default is treated as an immediate distribution event to the extent the law does not prohibit an actual distribution of the type of contributions which would be offset as a result of the loan default (determined without regard to the consent requirements under Sections 8.04 and 9.04, so long as spousal consent was properly obtained at the time of the loan, if required under Section 13.08). The Participant may repay the outstanding balance of a defaulted loan (including accrued interest through the date of repayment) at any time.

Pending the offset of a Participant's Account Balance following a defaulted loan, the following rules apply to the amount in default.

(17) Interest continues to accrue on the amount in default until the time of the loan offset or, if earlier, the date the loan repayments are made current or the amount is satisfied with other collateral.

(18) A subsequent offset of the amount in default is not reported as a taxable distribution, except to the extent the taxable portion of the default amount was not previously reported by the Plan as a taxable distribution.

(19) The post-default accrued interest included in the loan offset is not reported as a taxable distribution at the time of the offset.

(b) **Subsequent loan following defaulted loan**. If a loan is defaulted and has not been repaid or distributed (e.g., by plan loan offset), any subsequent loan must satisfy the following conditions:

(14) There must be an arrangement between the Plan, Participant or beneficiary and the Employer, enforceable under applicable law, under which repayments will be made by payroll withholding. For this purpose, an arrangement will not fail to be enforceable merely because a party has the right to revoke the arrangement prospectively.

(15) The Plan receives adequate security from the Participant or beneficiary that is in addition to the Participant's or beneficiary's accrued benefit under the Plan.

If a subsequent loan is made to a Participant or beneficiary that satisfies the conditions in this subsection (b) and before repayment of the subsequent loan, the conditions in this subsection are no longer satisfied (e.g., the loan recipient revokes consent to payroll withholding), the second loan will be treated as a deemed distribution under Code §72(p).

A separate loan policy or written modifications to this loan policy may modify the procedures for determining a loan default.

13.11 **Termination of Employment**.

(a) **Offset of outstanding loan**. Unless elected otherwise under AA §B-12, a Participant loan becomes due and payable in full immediately upon the Participant's termination of employment. Upon a Participant's termination, the Participant may repay the entire outstanding balance of the loan (including any accrued interest) within a reasonable period following termination of employment. If the Participant does not repay the entire outstanding loan balance, the Participant's vested Account Balance will be reduced by the remaining outstanding balance of the loan (without regard to the consent requirements under Sections 8.04 and 9.04, so long as spousal consent was properly obtained at the time of the loan, if required under Section 13.08), to the extent such Account Balance is available as security on the loan, pursuant to Section 13.06, and the remaining vested Account Balance will be distributed in accordance with the distribution provisions under Section 8. If the outstanding loan balance of a deceased Participant is not repaid, the outstanding loan balance shall be treated as a distribution to the Participant and shall reduce the death benefit amount payable to the Beneficiary under Section 8.08. This subsection (a) does not apply to the extent the terminated Participant is a party in interest as defined in ERISA §3(14).

(b) **Direct Rollover**. Unless elected otherwise under AA §B-13, upon termination of employment, a Participant may request a Direct Rollover of the loan note (provided the distribution is an Eligible Rollover Distribution as defined in Section 8.05(a)(1)) to another qualified plan which agrees to accept a Direct Rollover of the loan note. A Participant may not engage in a Direct Rollover of a loan to the extent the Participant has already received a deemed distribution with respect to such loan. (See the rules regarding deemed distributions upon a loan default under Section 13.10.)

13.12 **Mergers, Transfers or Direct Rollovers from another Plan/Change in Loan Record Keeper**. Any Participant loan transferred into the Plan as the result of a merger, consolidation, or plan to plan transfer, or rolled over to the Plan from another plan, shall be administered in accordance with the provisions of the note reflecting such loan, and shall remain outstanding until repaid in accordance with its terms, except that the Participant may be permitted to renegotiate the terms of the loan to the extent necessary to ensure the administration of such loan continues to satisfy the requirements of Code §72(p) and the regulations thereunder. In addition, if there is a change in the person or persons to whom the record keeping of Participant loans has been delegated, a loan shall continue to be administered in accordance with the provisions of the note reflecting such loan, and shall remain outstanding until repaid in accordance with its terms, except that the Participant may be permitted to renegotiate the terms of a loan to the extent necessary to ensure the administration of the loan after the change in the loan record keeper continues to satisfy the requirements of Code §72(p) and the regulations thereunder, regardless of any contrary election under AA §B-14.

13.13 **Amendment of Plan to Eliminate Participant Loans**. The Plan may be amended at any time to eliminate Participant loans on a prospective basis. However, the elimination of a Participant loan feature may not result in the acceleration of payment of any existing Participant loans, unless the terms of the Participant loan permit such acceleration.

SECTION 14
PLAN AMENDMENTS, TERMINATION, MERGERS AND TRANSFERS

14.01 **Plan Amendments**.

(g) **Amendment by the Volume Submitter practitioner**. The Volume Submitter practitioner may amend the Plan on behalf of all adopting Employers, including those Employers who adopt the Plan prior to or after the amendment, for changes in the Code, regulations, revenue rulings, and other statements published by the Internal Revenue Service, including model, sample or other required good faith amendments (but only if their adoption will not cause such Plan to be individually designed), and for corrections of prior approved plans. These amendments will be applied to all Employers who have adopted the Plan.

However, for purposes of reliance on an advisory or determination letter, the Volume Submitter practitioner will no longer have the authority to amend the Plan on behalf of any adopting Employer as of either:

(24) the date the Employer amends the Plan to incorporate a type of plan that is not permitted under the Volume Submitter program, as described in section 6.03 of Rev. Proc. 2011-49, or

(25) the date the IRS notifies the Employer, in accordance with section 24.03 of Rev. Proc. 2011-49, that the Plan is an individually designed plan due to the nature and extent of Employer amendments to the Plan.

If the Employer is required to obtain a determination letter for any reason in order to maintain reliance on the Favorable IRS Letter, the Volume Submitter practitioner's authority to amend the plan on behalf of the adopting Employer is conditioned on the Plan receiving a favorable determination letter.

The Volume Submitter practitioner will maintain, or have maintained on its behalf, a record of the Employers that have adopted the Plan, and the Volume Submitter practitioner will make reasonable and diligent efforts to ensure that adopting Employers have actually received and are aware of all Plan amendments and that such Employers adopt new documents when necessary.

(h) **Amendment by the Employer**. The Employer shall have the right at any time to amend the Adoption Agreement in the following manner without affecting the Plan's status as a Volume Submitter Plan. (The ability to amend the Plan as authorized under this subsection (b) applies only to the Employer that executes the Employer Signature Page of the Adoption Agreement. Any amendment to the Plan by the Employer under this subsection (b) also applies to any other Employer that participates under the Plan as a Participating Employer.)

(24) The Employer may change any optional selections under the Adoption Agreement.

(25) The Employer may add overriding language to the Adoption Agreement when such language is necessary to satisfy Code §415 or Code §416 because of the required aggregation of multiple plans.

(26) The Employer may change the administrative selections under Appendix C of the Adoption Agreement by replacing the appropriate page(s) within the Adoption Agreement. Such amendment does not require reexecution of the Employer Signature Page of the Adoption Agreement.

(27) The Employer may amend administrative provisions of the trust or custodial document, including the name of the Plan, Employer, Trustee or Custodian, Plan Administrator and other fiduciaries, the trust year, and the name of any pooled trust in which the Plan's trust will participate.

(28) The Employer may add certain sample or model amendments published by the IRS which specifically provide that their adoption will not cause the Plan to be treated as an individually designed plan.

(29) The Employer may add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan.

(30) The Employer may adopt any amendments that it deems necessary to satisfy the requirements for resolving qualification failures under the IRS' compliance resolution programs.

(31) The Employer may adopt an amendment to cure a coverage or nondiscrimination testing failure, as permitted under applicable Treasury regulations.

The Employer may amend the Plan at any time for any other reason, including a waiver of the minimum funding requirement under Code §412(d). If such amendment is not deemed to be significant, the Plan will not lose its status as a Volume Submitter Plan. However, if the Employer modifies the language of the Plan or Adoption Agreement (other than the completion of optional selections (e.g., Describe lines), the Employer will not be able to rely on the Favorable IRS Letter issued with respect to the Plan and will need to submit the Plan to the IRS for a favorable determination letter to retain reliance. If an amendment to the Plan is deemed significant, such amendment could cause the Plan to lose its status as a Volume Submitter Plan and become an individually designed plan.

(i) **Method of amendment**. An amendment to the Plan may be adopted as a modification to the Adoption Agreement and/or Basic Plan Document or as a separate snap-on amendment. An amendment to the Plan may be adopted as part of a properly executed board resolution. Any such resolution must be executed by the board of directors or a duly authorized officer of the Employer (if the Employer is a corporation or other similarly organized business entity), by a general partner or member of the Employer (if the Employer is a partnership or limited liability company), or by a sole proprietor (if the Employer is a sole proprietorship).

(j) **Reduction of accrued benefit**. No amendment to the plan shall be effective to the extent that it has the effect of reducing a Participant's accrued benefit. Notwithstanding the preceding sentence, a Participant's Account Balance may be reduced to the extent permitted under statute (e.g., Code §412(d)(2)), regulations (e.g., Treas. Reg. §§1.411(d)-3 and 1.411(d)-4), or other IRS guidance of general applicability. For purposes of this section, a plan amendment includes any changes to the terms of a plan, including changes resulting from a merger, consolidation, or transfer (as defined in Code §414(1)) or a Plan termination. Allocations of Employer Contributions and forfeitures will not be discontinued or decreased because of the Participant's attainment of any age.

The rules of this subsection (d) apply to a Plan amendment that decreases a Participant's benefit, or otherwise places greater restrictions or conditions on a Participant's right to protected benefits, even if the amendment merely adds a restriction or condition that is permitted under the vesting rules in Code §411. However, such an amendment does not violate this subsection (d) to the extent it applies with respect to benefits that accrue after the applicable amendment date. An amendment that satisfies the applicable requirements under DOL Reg. §2530.203-2(c) relating to Vesting Computation Periods does not fail to satisfy the requirements of this subsection (d) merely because the amendment changes the Plan's Vesting Computation Period.

If the adoption of this Plan will result in the elimination of a protected benefit, the Employer may preserve such protected benefit by identifying the protected benefit under AA §11-11. Failure to identify protected benefits under the Adoption Agreement will not override the requirement that such protected benefits be preserved under this Plan. The availability of each optional form of benefit under the Plan must not be subject to Employer discretion.

If the Plan is a Profit Sharing Plan or a Profit Sharing/401(k) Plan, the Employer may eliminate or restrict the ability of a Participant to receive payment of his/her Account Balance under a particular form of benefit for distributions with annuity starting dates after the date the amendment is adopted if, after the amendment is effective with respect to the Participant, the Participant has the ability to elect to receive distribution in the form of a lump sum that is otherwise identical to the optional form of benefit being eliminated or restricted. For this purpose, a lump sum distribution form is otherwise identical only if the lump sum distribution form is identical in all respects to the eliminated or restricted optional form of benefit (or would be identical except that it provides greater rights to the participant) except with respect to the timing of payments after commencement.

To the extent the Plan permits Participants to receive an in-kind distribution of marketable securities (other than Employer securities), the Plan Administrator may require Employees to receive distributions in the form of cash. In addition, the Plan may be amended to limit in-kind distributions to investments held in the participant's Account at the time of the amendment and for which the plan, prior to the amendment, allowed in-kind distribution. Any such amendment may limit the availability of in-kind distributions to investments that are actually held in a Participant's Account at the time of distribution. Thus, the Plan would not have to continue to allow Participants to request an in-kind distribution after the Participant's Account no longer holds such investment (either by election of the Participant or because the plan no longer offers that investment option).

(k) **Amendment of vesting schedule**. If the Plan's vesting schedule is amended or the Plan is amended in any way that directly or indirectly affects the computation of a Participant's nonforfeitable percentage, in the case of an Employee who is a Participant as of the later of the date such amendment or change is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's account balance

will not be less than the percentage computed under the Plan without regard to such amendment or change. With respect to benefits accrued as of the later of the adoption or effective date of the amendment, the vested percentage of each Participant will be the greater of the vested percentage under the old vesting schedule or the vested percentage under the new vesting schedule.

(l) **Effective date of Plan Amendments**. If the Plan is restated or amended, such restatement or amendment is generally effective as of the Effective Date of the restatement or amendment (as designated on the Employer Signature Page with respect to such amendment), except where the context indicates a reference to an earlier Effective Date. The Employer may designate special effective dates for individual provisions under the Plan where provided in the Adoption Agreement or under Appendix A of the Adoption Agreement.

(17) **Retroactive Effective Date**. If the Plan is amended retroactively (e.g., to add language required to comply with IRS guidance or law), the provisions of this Plan generally override the provisions of any prior Plan. However, if the provisions of this Plan are different from the provisions of the Employer's prior plan and, after the retroactive Effective Date of this Plan, the Employer operated in compliance with the provisions of the prior plan, the provisions of such prior plan are incorporated into this Plan for purposes of determining whether the Employer operated the Plan in compliance with its terms, provided operation in compliance with the terms of the prior plan do not violate any qualification requirements under the Code, regulations, or other IRS guidance.

(18) **Retroactive effect of PPA, HEART and WRERA provisions**. This Plan is designed to comply with the Code, regulations, and general guidance applicable to qualified retirement plans, including the provisions of the Pension Protection Act of 2006 (PPA), the Heroes Earnings Assistance And Relief Tax Act Of 2008 (HEART Act), and the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA). If this Plan is being restated or amended to comply with the provisions of PPA, HEART and/or WRERA, the Plan contains special effective dates that apply with respect to such provisions. If the Plan is being restated within the remedial amendment period for retroactive compliance with the PPA, HEART and WRERA provisions, the special effective dates for such provisions (as described below) will apply, even if such special effective dates precede the Effective Date of the restatement designated on the Employer Signature Page of the Adoption Agreement. Thus, if the Plan is being restated or amended to comply with PPA, HEART and/or WRERA, and the Effective Date of this restatement or amendment is later than the special effective date applicable to any of the PPA, HEART or WRERA provisions described below, such special effective dates will apply and any prior plan being replaced by this Plan will be considered to have been timely amended for the PPA, HEART and WRERA provisions.

The following provisions contain special effective dates for purposes of complying with the requirements of PPA. HEART and WRERA;

(i) **Vesting schedules for Employer Contributions**. The faster vesting schedules applicable to Employer Contributions, as described in Section 7.02, are effective for Plan Years beginning on or after January 1, 2007.

(ii) **Hardship distributions**. Section 8.10(e)(5) of the Plan allows Hardship distributions to be determined with respect to primary beneficiaries. The Employer may elect to apply this provision under AA §10-3(e).

(iii) **Direct rollovers by non-Spouse beneficiaries**. The provisions allowing for direct rollovers by non-Spouse beneficiaries as described in Section 8.05(c), are effective for distributions made on or after January 1, 2007.

(iv) **Direct rollover of non-taxable amounts**. Effective for taxable years beginning on or after January 1, 2007, Section 8.05(d) expands the definition of Eligible Rollover Distribution to include the portion of a distribution that is not includible in gross income.

(v) **Rollovers to Roth IRA**. For distributions occurring on or after January 1, 2008, Section 8.05(e) permits Participants or beneficiaries to rollover a qualified Eligible Rollover Distribution to a Roth IRA.

(vi) **Distribution notice periods**. Effective for Plan Years beginning on or after January 1, 2007, the period for providing the Code §402(f) rollover notice under Section 8.05(b), the period for providing

the consent notice under Section 9.02(c) and the period for providing the notice regarding the right to defer receipt of a distribution under Section 8.04(c) is increased to 180 days.

(vii) **Content of notice of a Participant's right to defer receipt of a distribution**. Effective for Plan Years beginning on or after January 1, 2007, Section 8.04(c) requires the notice relating to a Participant's right to defer receipt of a distribution must include a description of the consequences of a Participant's decision not to defer the receipt of a distribution.

(viii) **Qualified Domestic Relations Orders (QDROs)**. Section 11.06(c) of the Plan expands the definition of a QDRO effective April 6, 2007 to include modified orders and orders issued after the Participant's death.

(ix) **Diversification requirements for Defined Contribution Plans invested in Employer Securities**. Section 10.06(d) contains diversification rules for Defined Contribution Plans that provide for the investment of Plan assets in publicly-traded Employer securities. These provisions are effective for Plan Years beginning on or after January 1, 2007.

(x) **In-service distributions from pension plans**. AA §10-1 permits a pension plan (e.g., a money purchase plan or a plan that holds transferred assets from a money purchase plan), to make an in-service distribution upon attainment of age 62. This provision is effective for Plan Years beginning on or after January 1, 2007.

(xi) **Penalty-free withdrawals for individuals called to active duty**. Effective September 11, 2001, Section 8.10(d) expands the distribution provisions applicable to elective deferrals to include a Qualified Reservist Distribution.

(xii) **Qualified Optional Survivor Annuity (QOSA)**. For distributions made in Plan Years beginning on or after January 1, 2008, Section 9.02 allows a Participant (and Spouse) to elect to receive distribution in the form of a QOSA.

(xiii) **Benefit accruals for Participants on Qualified Military Service**. Section 15.06 of the Plan sets forth the HEART Act provisions addressing Participants on qualified military leave. These provisions are effective for Plan Years beginning on or after January 1, 2007.

(xiv) **Differential Pay**. Effective for years beginning on or after January 1, 2009, Section 1.141(e) of the Plan permits the Employer to include Differential Pay as Total Compensation under the Plan.

(xv) **Waiver of Required Minimum Distributions**. Section 8.12(f)(4) allows for the waiver of the Required Minimum Distribution rules for calendar year 2009 as prescribed under WRERA.

(xvi) **Final 415 regulations**. Sections 1.141 and 5.03 contain the provisions required by the final 415 regulations, effective for Limitation Years beginning on or after July 1, 2007.

(19) **Merged plans**. Except for retroactive application of the provisions under this subsection (f), if one or more qualified retirement plans have been merged into this Plan, the provisions of the merging plan(s) will remain in full force and effect until the Effective Date of the plan merger(s), unless provided otherwise under Appendix A of the Adoption Agreement.

14.02 **Amendment to Correct Coverage or Nondiscrimination Violation**.

(p) **Amendment within correction period under Treas. Reg. §1.401(a)(4)-11(g)**. If the Plan fails the minimum coverage test under Code §410(b) or the nondiscrimination requirements under Code §401(a)(4) for any Plan Year, the Employer may amend the Plan to correct the coverage or nondiscrimination violation within 9½ months after the end of the Plan Year, as permitted under Treas. Reg. §1.401(a)(4)-11(g). Any such amendment will not be subject to the general amendment timing requirements under Rev. Proc. 2007-44. Any such amendment may be adopted as a modification of the Adoption Agreement or as a snap-on amendment as described under Section 14.01(c) and will not affect the Volume Submitter status of the Plan, provided the amendment does not violate any of the requirements applicable to Volume Submitter plans under Rev. Proc. 2011-49.

(q) **Fail-Safe Coverage Provision**. If the Employer has elected to apply a last day of the Plan Year allocation condition and/or an Hours of Service allocation condition, the Employer may elect under AA §11-6 to apply the Fail-Safe Coverage Provision described in this subsection (b). Under the Fail-Safe Coverage Provision, if the Plan fails to satisfy the ratio percentage coverage requirements under Code §410(b) for a Plan Year due to the application of a last day of the Plan Year allocation condition and/or an Hours of Service allocation condition, such allocation condition(s) will be automatically eliminated for the Plan Year for certain Employees, under the process described in subsections (2)(i) through (2)(ii) below, until enough Employees are benefiting under the Plan so that the ratio percentage test of Treasury Regulation §1.410(b)-2(b)(2) is satisfied.

(5) **Application of Fail-Safe Coverage Provision**. If the Employer elects to have the Fail-Safe Coverage Provision apply, such provision automatically applies for any Plan Year for which the Plan does not satisfy the ratio percentage coverage test under Code §410(b). (Except as provided in the following paragraph, the Plan may not use the average benefits test to comply with the minimum coverage requirements if the Fail-Safe Coverage Provision is elected.) The Plan satisfies the ratio percentage test if the percentage of the Nonhighly Compensated Employees under the Plan is at least 70% of the percentage of the Highly Compensated Employees who benefit under the Plan. An Employee is benefiting for this purpose only if he/she actually receives an allocation of Employer Contributions or forfeitures or, if testing coverage of a 401(m) arrangement (i.e., a Plan that provides for Matching Contributions and/or After-Tax Employee Contributions), the Employee would receive an allocation of Matching Contributions by making the necessary contributions or the Employee is eligible to make After-Tax Employee Contributions. To determine the percentage of Nonhighly Compensated Employees or Highly Compensated Employees who are benefiting, the following Employees are excluded for purposes of applying the ratio percentage test:

(xii) Employees who have not satisfied the Plan's minimum age and service conditions under Section 2.03;

(xiii) Nonresident Alien Employees;

(xiv) Union Employees; and

(xv) Employees who terminate employment during the Plan Year with less than 501 Hours of Service and do not benefit under the Plan.

(6) **Fail-Safe Coverage test**. Under the Fail-Safe Coverage Provision, certain Employees who are not benefiting for the Plan Year as a result of a last day of the Plan Year allocation condition or an Hours of Service allocation condition will participate under the Plan based on whether such Employees are Category 1 Employees or Category 2 Employees. If after applying the Fail-Safe Coverage Provision, the Plan does not satisfy the ratio percentage coverage test, the Fail-Safe Coverage Provision does not apply, and the Plan may use any other available method (including the average benefit test) to satisfy the minimum coverage requirements under Code §410(b).

(viii) **Category 1 Employees –Nonhighly Compensated Employees who are still employed by the Employer on the last day of the Plan Year but who failed to satisfy the Plan's Hours of Service condition**. The Hours of Service allocation condition will first be eliminated for Category 1 Employees (who did not receive an allocation under the Plan due to the Hours of Service allocation condition) beginning with the Category 1 Employee(s) credited with the most Hours of Service for the Plan Year and continuing with the Category I Employee(s) with the next most Hours of Service until the ratio percentage test is satisfied. If two or more Category 1 Employees have the same number of Hours of Service, the allocation condition will be eliminated for those Category 1 Employees starting with the Category 1 Employee(s) with the lowest Plan Compensation. If the Plan still fails to satisfy the ratio percentage test after all Category 1 Employees receive an allocation, the Plan proceeds to Category 2 Employees.

(ix) **Category 2 Employees – Nonhighly Compensated Employees who terminated employment during the Plan Year with more than 500 Hours of Service**. The last day of the Plan Year allocation condition will then be eliminated for Category 2 Employees (who did not receive an allocation under the Plan due to the last day of the Plan Year allocation condition) beginning with the Category 2 Employees) who terminated employment closest to the last day of the Plan Year and continuing with the Category 2 Employee(s) with a termination of employment date that is next closest to the last day of the Plan Year until the ratio percentage test is satisfied. If two or more Category 2 Employees terminate employment

on the same day, the allocation condition will be eliminated for those Category 2 Employees starting with the Category 2 Employee(s) with the lowest Plan Compensation.

(7) **Special rule for Top Heavy Plans**. In applying the Fail-Safe Coverage Provision under this Section 14.02, if the Plan is a Top-Heavy Plan, the Employer may first eliminate the Hours of Service allocation condition for all Non-Key Employees who are Nonhighly Compensated Employees, prior to applying the Fail-Safe Coverage Provisions described above.

14.03 **Plan Termination**. The Employer may terminate this Plan at any time by delivering to the Trustee and Plan Administrator written notice of such termination.

(p) **Full and immediate vesting**. Upon a full or partial termination of the Plan (or in the case of a Profit Sharing Plan, the complete discontinuance of contributions), all amounts credited to an affected Participant's Account become 100% vested, regardless of the Participant's vested percentage determined under Section 7.02. The Plan Administrator has discretion to determine whether a partial termination has occurred.

(q) **Distribution upon Plan termination**. Upon the termination of the Plan, the Plan Administrator shall direct the distribution of Plan assets to Participants in accordance with the provisions under Section 8. For purposes of applying the provisions of this subsection (b), distribution may be delayed until the Employer receives a favorable determination letter from the IRS as to the qualified status of the Plan upon termination, provided the determination letter request is made within a reasonable period following the termination of the Plan. Until all Plan assets have been distributed from the Plan, the Employer must amend the Plan in order to comply with current laws and regulations and may take any other actions necessary to retain the qualified status of the Plan.

(6) **General distribution procedures**. Upon termination of the Plan, distribution shall be made to Participants with vested Account Balances of $5,000 or less in lump sum as soon as administratively feasible following the Plan termination, regardless of any contrary election under AA §9. No consent is necessary for a distribution of a vested Account Balance of $5,000 or less. Subject to the provisions of this subsection (b), for Participants with vested Account Balances in excess of $5,000, distribution will be made through the purchase of deferred annuity contracts which protect all protected benefits under the Plan (as defined in Code §411(d)(6)), unless a Participant elects to receive an immediate distribution in any form of payment permitted under the Plan. If an immediate distribution is elected in a form other than a lump sum, the distribution will be satisfied through the purchase of an immediate annuity contract. Distributions will be made as soon as administratively feasible following the Plan termination, regardless of any contrary election under AA §9.

(7) **Special rule for certain Profit Sharing Plans**. If this Plan is a Profit Sharing Plan or Profit Sharing/401(k) Plan, distribution will be made to all Participants in the form of a lump sum, without consent, as soon as administratively feasible following the termination of the Plan, without regard to the value of the Participants' vested Account Balance. This special rule applies only if the Plan does not provide for an annuity option under AA §9-1 and the Employer (or any Related Employer) does not maintain another Defined Contribution Plan (other than an ESOP defined in Code §4975(e)(8)) at any time between the termination of the Plan and the distribution. If the Employer (or Related Employer) maintains another Defined Contribution Plan (other than an ESOP), then the Participant's Account Balance will be transferred, without the Participant's consent, to the other plan, if the Participant does not consent to an immediate distribution (to the extent consent is required under this subsection (b)).

(8) **Special rules for 401(k) Plans**. If this Plan is a Profit Sharing/401(k) Plan, a distribution of Salary Deferrals, QMACs, QNECs, and Safe Harbor/QACA Safe Harbor Contributions may be distributed in a lump sum upon Plan termination only if the Employer does not maintain another Defined Contribution Plan (other than an ESOP (as defined in Code §4975(e)(7) or §409(a)), a SEP (as defined in Code §408(k)), a SIMPLE IRA (as defined in Code §408(p)), a plan or contract described in Code §403(b) or a plan described in Code §457(b) or (1)), at any time during the period beginning on the date of termination and ending 12 months after the final distribution of all Plan assets. This subsection (3) will not apply to restrict distribution upon termination of the Plan if at all times during the 24-month period beginning 12 months before the Plan termination, fewer than 2% of the Participants under the Profit Sharing/401(k) Plan are eligible under the other Defined Contribution Plan. This subsection (3) also will not apply to the extent a Participant may take a distribution under another permissible distribution event.

(9) **Missing Participants**. Upon termination of the Plan, if any Participant cannot be located after a reasonable diligent search (as defined in Section 7.12(c)(1)), the Plan Administrator may make a direct rollover to an

IRA selected by the Plan Administrator. For this purpose, the Plan Administrator will adopt procedures similar to the procedures required under Section 8.06 for making Automatic Rollovers in applying the provisions under this subsection (4). An Automatic Rollover under this subsection (4) may be made on behalf of any missing Participant, regardless of the value of his/her vested Account Balance under the Plan.

(r) **Termination upon merger, liquidation or dissolution of the Employer**. The Plan shall terminate upon the liquidation or dissolution of the Employer or the death of the Employer (if the Employer is a sole proprietor) provided however, that in any such event, arrangements may be made for the Plan to be continued by any successor to the Employer. If the Plan Administrator or Trustee is still in existence, the Trustee or Plan Administrator may engage in any actions necessary to complete the termination of the Plan. If there is no person serving as Trustee or Plan Administrator, another person or entity may be designated to carry out the termination of the Plan. Such person or entity may be selected in writing by a majority of Participants whose Accounts under the Plan have not been fully distributed. In the case of a sole proprietor, the executor of the estate of such sole proprietor may serve as Plan Administrator for purposes of completing the termination of the Plan, unless an alternative person is designated by a majority of the Participants under the Plan. If no person or entity is designated to terminate the Plan, a qualified termination administrator (QTA) (or other entity permitted by the IRS or DOL) may terminate the Plan in accordance with rules promulgated by the IRS and DOL.

(s) **Partial Termination**. In determining whether a Plan has experienced a partial termination as described under Code §411(d)(3), the Plan Administrator will apply the principals set forth under IRS Revenue Ruling 2007-43.

14.04 **Merger or Consolidation**. In the event the Plan is merged or consolidated with another plan, each Participant must be entitled to a benefit immediately after such merger or consolidation that is at least equal to the benefit the Participant was entitled to immediately before such merger or consolidation (had the Plan terminated).

If the Employer amends the Plan from one type of Defined Contribution Plan (e.g., a Money Purchase Plan) into another type of Defined Contribution Plan (e.g., a Profit Sharing Plan) will not result in a partial termination or any other event that would require full vesting of some or all Plan Participants.

14.05 **Transfer of Assets**. The Plan may accept a transfer of assets from another qualified retirement plan on behalf of any Employee, even if such Employee is not eligible to receive other contributions under the Plan. If a transfer of assets is made on behalf of an Employee prior to the Employee's becoming a Participant, the Employee shall be treated as a Participant for all purposes with respect to such transferred amount. Any assets transferred to this Plan from another plan must be accompanied by written instructions designating the name of each Employee for whose benefit such amounts are being transferred, the current value of such assets, and the sources from which such amounts are derived. The Plan Administrator will deposit any transferred assets in the appropriate Participant's Transfer Account. The Transfer Account will contain any sub-Accounts necessary to separately track the sources of the transferred assets. Each sub-Account will be treated in the same manner as the corresponding Plan Account.

The Plan Administrator may refuse to accept a transfer of assets if the Plan Administrator reasonably believes the transfer (1) is not being made from a proper qualified plan; (2) could jeopardize the tax-exempt status of the Plan; or (3) could create adverse tax consequences for the Plan or the Employer. Prior to accepting a transfer of assets, the Plan Administrator may require evidence documenting that the transfer of assets meets the requirements of this Section. The Trustee will have no responsibility to determine whether the transfer of assets meets the requirements of this Section; to verify the correctness of the amount and type of assets being transferred to the Plan; or to perform a due diligence review with respect to such transfer.

(g) **Protected benefits**. Except in the case of a Qualified Transfer (as defined in subsection (d) below), a transfer of assets is initiated at the Plan level and does not require Participant or spousal consent. If the Plan Administrator directs the Trustee to accept a transfer of assets to this Plan, the Participant on whose behalf the transfer is made retains all protected benefits (as defined in Code §411(d)(6)) that applied to such transferred assets under the transferor plan.

(h) **Application of QJSA requirements**. Except in the case of a Qualified Transfer (as defined in subsection (d)), if the Plan accepts a transfer of assets from another plan which is subject to the Qualified Joint and Survivor Annuity requirements (as described in Section 9), the amounts transferred to this Plan continue to be subject to the QJSA requirements. If this Plan is not otherwise subject to the QJSA requirements (as determined under AA §9-2), the QJSA requirements apply only to the extent the transferred amounts were subject to the Qualified Joint and Survivor Annuity requirements under the transferor plan. The Employer must maintain such amounts in a separate Transfer Account under this Plan in order to apply the QJSA rules to such transferred amounts. The Employer

may override this default rule by checking AA §9-2(a) of the Profit Sharing Plan or Profit Sharing/401(k) Plan Adoption Agreement thereby subjecting the entire Plan to the QJSA requirements.

(i) **Transfers from a Defined Benefit Plan, Money Purchase Plan or 401(k) Plan**.

(3) **Transfer from Defined Benefit Plan**. The Plan will not accept a transfer of assets from a Defined Benefit Plan unless such transfer qualifies as a Qualified Transfer (as defined in subsection (d) below) or the assets transferred from the Defined Benefit Plan are in the form of paid-up annuity contracts which protect all of the Participant's protected benefits (as defined under Code §411(d)(6)) under the Defined Benefit Plan.

However, the Plan may accept a transfer of assets from a Defined Benefit Plan maintained by the Employer in order to comply with the qualified replacement plan requirements under Code §4980(d) (relating to the excise tax on reversions from a qualified plan). A transfer made pursuant to Code §4980(d) will be allocated as Employer Contributions either in the Plan Year in which the transfer occurs, or over a period of Plan Years (not exceeding the maximum period permitted under Code §4980(d)), as provided in the applicable transfer agreement. To the extent a transfer described in this paragraph is not totally allocable in the Plan Year in which the transfer occurs, the portion which is not allocable will be credited to a suspense account until allocated in accordance with the transfer agreement.

(4) **Transfer from or conversion of Money Purchase Plan**. If this Plan is a Profit Sharing Plan or a 401(k) Plan and the Plan accepts a transfer or conversion of assets from a money purchase plan (other than as a Qualified Transfer as defined in subsection (d) below), the amounts transferred or converted (and any gains attributable to such amounts) continue to be subject to the distribution restrictions applicable to money purchase plan assets under the transferor plan. Such amounts may not be distributed for reasons other than death, disability, attainment of Normal Retirement Age, attainment of age 62, or termination of employment, regardless of any distribution provisions under this Plan that would otherwise permit a distribution prior to such events.

(5) **401(k) Plan**. If the Plan accepts a transfer of Salary Deferrals, QMACs, QNECs, or Safe Harbor/QACA Safe Harbor Contributions from a 401(k) plan, such amounts retain their character under this Plan and such amounts (including any allocable gains or losses) remain subject to the distribution restrictions applicable to such amounts under the Code. If the Plan accepts a transfer of Roth Deferrals, the Plan must continue to apply the Roth Deferral rules (as described in Section 3.03(e)) to such transferred Roth Deferrals.

(j) **Qualified Transfer**. The Plan may eliminate certain protected benefits (as provided under subsection (3) below) related to plan assets that are received in a Qualified Transfer from another plan. A Qualified Transfer is a plan-to-plan transfer of a Participant's benefits that meets the requirements under subsection (1) or (2) below.

(3) **Elective transfer**. A plan-to-plan transfer of a Participant's benefits from another qualified plan is a Qualified Transfer if such transfer satisfies the following requirements.

(v) The Participant must have the right to receive an immediate distribution of his/her benefits under the transferor plan at the time of the Qualified Transfer. For transfers that occur on or after January 1, 2002, the Participant must not be eligible at the time of the Qualified Transfer to take an immediate distribution of his/her entire benefit in a form that would be entirely eligible for a Direct Rollover.

(vi) The Participant on whose behalf benefits are being transferred must make a voluntary, fully informed election to transfer his/her benefits to this Plan.

(vii) The Participant must be provided an opportunity to retain the protected benefits under the transferor plan. This requirement is satisfied if the Participant is given the option to receive an annuity that protects all protected benefits under the transferor plan or the option of leaving his/her benefits in the transferor plan.

(viii) The Participant's Spouse must consent to the Qualified Transfer if the transferor plan is subject to the Joint and Survivor Annuity requirements under Section 9. The Spouse's consent must satisfy the requirements for a Qualified Election under Section 9.04.

(ix) The amount transferred (along with any contemporaneous Direct Rollover) must not be less than the value of the Participant's vested benefit under the transferor plan.

(x) The Participant must be fully vested in the transferred benefit.

(4) **Transfer upon specified events**. A plan-to-plan transfer of a Participant's entire benefit (other than amounts the Plan accepts as a Direct Rollover) from another Defined Contribution Plan that is made in connection with an asset or stock acquisition, merger, or other similar transaction involving a change in the Employer or is made in connection with a Participant's change in employment status that causes the Participant to become ineligible for additional allocations under the transferor plan, is a Qualified Transfer if such transfer satisfies the following requirements;

(vii) The Participant need not be eligible for an immediate distribution of his/her benefits under the transferor plan.

(viii) The Participant on whose behalf benefits are being transferred must make a voluntary, fully informed election to transfer his/her benefits to this Plan.

(ix) The Participant must be provided an opportunity to retain the protected benefits under the transferor plan. This requirement is satisfied if the Participant is given the option to receive an annuity that protects all protected benefits under the transferor plan or the option of leaving his/her benefits in the transferor plan.

(x) The benefits must be transferred between plans of the same type. To satisfy this requirement, the transfer must satisfy the following requirements:

(G) To accept a Qualified Transfer under this subsection (2) from a money purchase plan, this Plan also must be a money purchase plan.

(H) To accept a Qualified Transfer under this subsection (2) from a 401(k) plan, this Plan also must be a 401(k) plan.

(I) To accept a Qualified Transfer under this subsection (2) from a profit sharing plan, this Plan may be any type of Defined Contribution Plan.

(5) **Treatment of Qualified Transfer**.

(v) **Rollover Contribution Account**. If the Plan Administrator directs the Trustee to accept on behalf of a Participant a transfer of assets that qualifies as a Qualified Transfer under subsection (1), the Plan Administrator will treat such amounts as a Rollover Contribution and will deposit such amounts in the Participant's Rollover Contribution Account. A Qualified Transfer may include benefits derived from After-Tax Employee Contributions.

(vi) **Elimination of protected benefits**. If the Plan accepts a Qualified Transfer under subsection (1), the Plan does not have to protect any protected benefits (defined under Code §411(d)(6)) derived from the transferor plan. However, if the Plan accepts a Qualified Transfer that meets the requirements for a transfer under subsection (2) above, the Plan must continue to protect the QJSA benefit if the transferor plan is subject to the QJSA requirements.

(k) **Trustee's right to refuse transfer**. If the assets to be transferred to the Plan under this Section 14.05 are not susceptible to proper valuation and identification or are of such a nature that their valuation is incompatible with other Plan assets, the Trustee may refuse to accept the transfer of all or any specific asset, or may condition acceptance of the assets on the sale or disposition of any specific asset.

(l) **Transfer of Plan to unrelated Employer**. The Employer may not transfer sponsorship of the Plan to an unrelated employer if the transfer is not in connection with a transfer of business assets or operations from the Employer to the unrelated employer.

SECTION 15
MISCELLANEOUS

15.01 **Exclusive Benefit**. Plan assets will not be used for, or diverted to, a purpose other than the exclusive benefit of Participants or their Beneficiaries.

No amendment may authorize or permit any portion of the assets held under the Plan to be used for or diverted to a purpose other than the exclusive benefit of Participants or their Beneficiaries, except to the extent such assets are used to pay taxes or administrative expenses of the Plan. An amendment also may not cause or permit any portion of the assets held under the Plan to revert to or become property of the Employer.

15.02 **Return of Employer Contributions**. Upon written request by the Employer, the Trustee must return any Employer Contributions provided that the circumstances and the time frames described below are satisfied. The Trustee may request the Employer to provide additional information to ensure the amounts may be properly returned. Any amounts returned shall not include earnings, but must be reduced by any losses.

(t) **Mistake of fact**. Any Employer Contributions made because of a mistake of fact must be returned to the Employer within one year of the contribution.

(u) **Disallowance of deduction**. Employer Contributions to the Trust are made with the understanding that they are deductible. In the event the deduction of an Employer Contribution is disallowed by the IRS, such contribution (to the extent disallowed) must be returned to the Employer within one year of the disallowance of the deduction.

(v) **Failure to initially qualify**. Employer Contributions to the Plan are made with the understanding, in the case of a new Plan, that the Plan satisfies the qualification requirements of Code §401(a) as of the Plan's Effective Date. In the event that the Internal Revenue Service determines that the Plan is not initially qualified under the Code, any Employer Contributions (and allocable earnings) made incident to that initial qualification must be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for the qualification is made by the time prescribed by law for filing the employer's return for the taxable year in which the plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

15.03 **Alienation or Assignment**. Except as permitted under applicable statute or regulation, a Participant or Beneficiary may not assign, alienate, transfer or sell any right or claim to a benefit or distribution from the Plan, and any attempt to assign, alienate, transfer or sell such a right or claim shall be void, except as permitted by statute or regulation. Any such right or claim under the Plan shall not be subject to attachment, execution, garnishment, sequestration, or other legal or equitable process. This prohibition against alienation or assignment also applies to the creation, assignment, or recognition of a right to a benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is determined to be a QDRO pursuant to Section 11.06, or any domestic relations order entered before January 1, 1985.

This Section 15.03 shall not preclude the following:

(a) The enforcement of a Federal tax levy made pursuant to Code §6331.

(b) The collection by the United States on a judgment resulting from an unpaid tax assessment.

(c) Any arrangement for the recovery by the plan of overpayments of benefits previously made to a participant.

This Section 15.03 shall not apply to an offset of a Participant's benefits as a result of a judgment of conviction for a crime involving the Plan, under a civil judgment brought in connection with a violation (or alleged violation) of ERISA, or pursuant to a settlement agreement as defined in Code §401(a)(13)(C).

15.04 **Offset of benefits**. A Participant's benefits under the Plan may be offset for an amount the Participant is required to pay because of:

(a) a judgment resulting from conviction for a crime involving such plan,

(b) a civil judgment involving ERISA fiduciary rules, or

(c) a settlement agreement with DOL or PBGC.

The judgment, order, decree or settlement must expressly provide for offset against the Participant's benefit. Where the QJSA rules apply to the Participant's benefit, the QJSA rules are satisfied even though the offset occurs, but only if the Spouse consents in writing to the offset or an election to waive the survivor rights are in effect, or the Spouse is ordered or required by the judgment, order, decree, or settlement to pay an amount to the plan in connection with an ERISA fiduciary violation, or the judgment, order, decree or settlement retains the Spouse's right to receive the survivor annuity. This exception applies to judgments, orders, and decrees issued, and settlement agreements entered into, on or after August 5, 1997.

15.05 **Participants' Rights**. The adoption of this Plan by the Employer does not give any Participant, Beneficiary, or Employee a right to continued employment with the Employer and does not affect the Employer's right to discharge an Employee or Participant at any time. This Plan also does not create any legal or equitable rights in favor of any Participant, Beneficiary, or Employee against the Employer, Plan Administrator or Trustee. Unless the context indicates otherwise, any amendment to this Plan is not applicable to determine the benefits accrued (and the extent to which such benefits are vested) by a Participant or former Employee whose employment terminated before the effective date of such amendment, except where application of such amendment to the terminated Participant or former Employee is required by statute, regulation or other guidance of general applicability. Where the provisions of the Plan are ambiguous as to the application of an amendment to a terminated Participant or former Employee, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

15.06 **Military Service**. To the extent required under Code §414(u), an Employee who returns to employment with the Employer following a period of qualified military service will receive any contributions, benefits and service credit required under Code §414(u), provided the Employee satisfies all applicable requirements under the Code and regulations. In determining the amount of contributions under Code §414(u), Plan Compensation will be deemed to be the compensation the Employee would have received during the period while in military service based on the rate of pay the Employee would have received from the Employer but for the absence due to military leave. If the compensation the Employee would have received during the leave is not reasonably certain, Plan Compensation will be equal to the Employee's average compensation from the Employer during the twelve (12) month period immediately preceding the military leave or, if shorter, the Employee's actual period of employment with the Employer.

(d) **Death benefits under qualified military service**. In the case of a Participant who dies while performing qualified military service (as defined in Code §414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as though the Participant resumed and then terminated employment on account of death. This provision is effective with respect to deaths occurring on or after January 1. 2007.

(e) **Benefit accruals**. If elected under AA §11-10, for benefit accrual purposes, the Plan will treat an individual who dies or becomes disabled (as defined under the terms of the Plan) while performing qualified military service (as defined in Code §414(u)) with respect to the Employer, as if the individual has resumed employment in accordance with the individual's reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability. This provision is effective with respect to deaths and disabilities occurring on or after January 1, 2007.

(19) This subsection (b) shall apply only if all individuals performing qualified military service with respect to the Employer maintaining the plan who die or became disabled as a result of performing qualified military service prior to reemployment by the employer are credited with service and benefits on reasonably equivalent terms.

(20) The amount of employee contributions and the amount of elective deferrals of an individual treated as reemployed under this subsection (b) shall be determined on the basis of the individual's average actual employee contributions or elective deferrals for the lesser of:

(i) the 12-month period of service with the Employer immediately prior to qualified military service, or

(ii) if service with the Employer is less than such 12-month period, the actual length of continuous service with the Employer.

(f) **Plan distributions**. Notwithstanding the provisions of Section 1.141(e) regarding the treatment of Differential Pay, an individual shall be treated as having been severed from employment during any period the individual is

performing service in the Uniformed Services for purposes of receiving a Plan distribution under Code §401(k)(2)(B)(i)(I). If an individual elects to receive a distribution while on military leave, the individual may not make Salary Deferrals or Employee After-Tax Employee Contributions under the Plan during the 6-month period beginning on the date of the distribution.

(g) **Make-Up Contributions**. A Participant who is reemployed following a qualified military leave shall have the right to make up any Salary Deferrals or After-Tax Employee Contributions to which he/she would have been entitled but for the fact the Participant was on qualified military leave. The Employer will also make any Employer Contributions and Matching Contributions the Participant would have earned during the period of qualified military leave had the Participant remained employed during such period. The Employer will only be required to make Matching Contributions if the reemployed Participant makes up the underlying contributions that were eligible for the Matching Contributions.

In determining the amount of Make-Up Contributions a Participant may make under this subsection (d), a Participant will be treated as earning Plan Compensation during the period the Participant was on qualified military leave equal to;

(6) the rate of pay the Participant would have received from the Employer during such period had the Participant not been on qualified military leave, or

(7) if the Plan Compensation the Participant would have received during such period was not reasonably certain, the Participant's average Plan Compensation during the 12-month period immediately preceding the qualified military leave (or the entire period of employment, if shorter).

If the Employer is required under this subsection (d) to make Employer Contributions for a reemployed Participant, the Employer must make such Employer Contributions not later than 90 days after the date of reemployment or the date the Employer Contributions are otherwise due for the year in which the military service was performed. For Salary Deferrals and After-Tax Employee Contributions, a Participant who is reemployed following a qualified military leave may make up such contributions during the period beginning on the date of reemployment and ending on the earlier of the date that is three times the length of the military service period or 5 years from the date of reemployment. Any required Matching Contributions must be made in the same manner as other Matching Contribution under the Plan following the Participant's contribution of the amounts eligible for the Matching Contributions.

Any make up contributions under this subsection (d) are subject to the Code §415 Limitation under Section 5.03 and the Elective Deferral Dollar Limitation under Section 5.02 for the year for which the make-up contribution would have been made had the Participant not been on qualified military leave.

15.07 **Annuity Contract**. Any annuity contract distributed under the Plan must be nontransferable. In addition, the terms of any annuity contract purchased and distributed to a Participant or to a Participant's Spouse must comply with all requirements under this Plan.

15.08 **Use of IRS Compliance Programs**. Nothing in this Plan document should be construed to limit the availability of the IRS' voluntary compliance programs. An Employer may take whatever corrective actions are permitted under the IRS voluntary compliance programs, as is deemed appropriate by the Plan Administrator or Employer. For example, the Employer may make a corrective contribution, including a QNEC or QMAC, or may make corrective distributions from the Plan, to the extent authorized under the IRS' voluntary compliance programs. If the Employer's Plan fails to attain or retain qualification, such Plan will no longer participate in this Volume Submitter Plan and will be considered an individually designed plan.

15.09 **Governing Law**. The provisions of this Plan shall be construed, administered, and enforced in accordance with the provisions of applicable Federal Law and, to the extent applicable, the laws of the state in which the Trustee has its principal place of business. The foregoing provisions of this Section shall not preclude the Employer and the Trustee from agreeing to a different state law with respect to the construction, administration and enforcement of the Plan.

15.10 **Waiver of Notice**. Any person entitled to a notice under the Plan may waive the right to receive such notice, to the extent such a waiver is not prohibited by law, regulation or other pronouncement.

15.11 **Use of Electronic Media**. The Employer, Plan Administrator, Trustee and any other designated individual responsible for providing applicable notices or disclosures under the Plan, and any Participant or beneficiary making an election

under the Plan may use telephonic or electronic media to satisfy any notice requirements required by this Plan. Any use of electronic medium under the Plan must comply with the requirements outlined in Treas. Reg. §1.401(a)-21 or other general guidance concerning the use of telephonic or electronic media. The Plan Administrator also may use telephonic or electronic media to conduct plan transactions such as enrolling participants, making (and changing) salary reduction elections, electing (and changing) investment allocations, applying for Plan loans, and other transactions, to the extent permissible under regulations (or other generally applicable guidance).

15.12 **Severability of Provisions**. In the event that any provision of this Plan shall be held to be illegal, invalid or unenforceable for any reason, the remaining provisions under the Plan shall be construed as if the illegal, invalid or unenforceable provisions had never been included in the Plan.

15.13 **Binding Effect**. The Plan, and all actions and decisions made thereunder, shall be binding upon all applicable parties, and their heirs, executors, administrators, successors and assigns.

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SECTION 16
PARTICIPATING EMPLOYERS

16.01 **Participation by Participating Employers**. An Employer (other than the Employer that executes the Employer Signature Page of the Adoption Agreement) may elect to participate under this Plan by executing a Participating Employer Adoption Page under the Adoption Agreement. A Participating Employer (including a Related Employer defined in Section 1.120) may not contribute to this Plan unless it executes the Participating Employer Adoption Page. If an unrelated Employer executes a Participating Employer Adoption Page, the Plan will be a Multiple Employer Plan (see Section 16.07 for special rules applicable to Multiple Employer Plans).

16.02 **Participating Employer Adoption Page**.

(q) **Application of Plan provisions**. By executing a Participating Employer Adoption Page, a Participating Employer adopts all the provisions of the Plan, including the elective choices made by the signatory Employer under the Adoption Agreement. The Participating Employer may elect under the Participating Employer Adoption Page to modify the elective provisions under the Adoption Agreement as they apply to the Participating Employer.

(r) **Plan amendments**. In addition, unless provided otherwise under the Participating Employer Adoption Page, a Participating Employer is bound by any amendments made to the Plan in accordanSce with Section 14.01.

(s) **Trustee designation**. The Participating Employer agrees to use the same Trustee as is designated on the Trustee Declaration under the Agreement, except as provided in a separate trust agreement.

16.03 **Compensation of Related Employers**. In applying the provisions of this Plan, Total Compensation (as defined in Section 1.141) includes amounts earned with a Related Employer, regardless of whether such Related Employer executes a Participating Employer Adoption Page. The Employer may elect under AA §5-3(h) to exclude amounts earned with a Related Employer that does not execute a Participating Employer Adoption Page for purposes of determining an Employee's Plan Compensation.

16.04 **Allocation of Contributions and Forfeitures**. Unless selected otherwise under the Participating Employer Adoption Page, any contributions made by a Participating Employer (and any forfeitures relating to such contributions) will be allocated to all Participants employed by the Employer and Participating Employers in accordance with the provisions under this Plan. A Participating Employer may elect under the Participating Employer Adoption Page to allocate its contributions (and forfeitures relating to such contributions) only to the Participants employed by the Participating Employer making such contributions. If so elected, Employees of the Participating Employer will not share in an allocation of contributions (or forfeitures relating to such contributions) made by any other Participating Employer (except in such individual's capacity as an Employee of that other Participating Employer). Thus, for example, a Participating Employer may make a different discretionary contribution and allocate such contribution only to its Employees. Where contributions are allocated only to the Employees of a contributing Participating Employer, a separate accounting must be maintained of Employees' Account Balances attributable to the contributions of a particular Participating Employer. This separate accounting is necessary only for contributions that are not 100% vested, so that the allocation of forfeitures attributable to such contributions can be allocated for the benefit of the appropriate Employees. An election to allocate contributions and forfeitures only to the Participants employed by the Participating Employer making such contributions will preclude the Plan from satisfying the nondiscrimination safe harbor rules under Treas. Reg. §1.401(a)(4)-2 and may require additional nondiscrimination testing. (See Section 16.07 for special coverage and nondiscrimination testing requirements applicable to Multiple Employer Plans.)

16.05 **Discontinuance of Participation by a Participating Employer**. A Participating Employer may discontinue its participation under the Plan at any time. To document a Participating Employer's cessation of participation, the following procedures should be followed:

(a) the Participating Employer should adopt a resolution that formally terminates active participation in the Plan as of a specified date,

(b) the Employer that has executed the Employer Signature Page of the Adoption Agreement should reexecute such page, indicating an amendment by page substitution through the deletion of the Participating Employer Adoption Page executed by the withdrawing Participating Employer, and

(c) the withdrawing Participating Employer should provide any notices to its Employees that are required by law.

Discontinuance of participation means that no further benefits accrue after the effective date of such discontinuance with respect to employment with the withdrawing Participating Employer. The portion of the Plan attributable to the withdrawing Participating Employer may continue as a separate plan. under which benefits may continue to accrue, through the adoption by the Participating Employer of a successor plan (which may be created through the execution of a separate Adoption Agreement by the Participating Employer) or by spin-off of the portion of the Plan attributable to such Participating Employer followed by a merger or transfer into another existing plan, as specified in a merger or transfer agreement.

16.06 **Operational Rules for Related Employer Groups**. If an Employer has one or more Related Employers, the Employer and such Related Employer(s) constitute a Related Employer group. In such case, the following rules apply to the operation of the Plan.

(a) If the term Employer is used in the context of administrative functions necessary to the operation, establishment, maintenance, or termination of the Plan, only the Employer executing the Employer Signature Page under the Adoption Agreement, and any Related Employer executing a Participating Employer Adoption Page, is treated as the Employer.

(b) Hours of Service are determined by treating all members of the Related Employer group as the Employer.

(c) The term Excluded Employee is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.

(d) Compensation is determined by treating all members of the Related Employer group as the Employer, except as specifically provided in the Plan.

(e) An Employee is not treated as terminated from employment if the Employee is employed by any member of the Related Employer group.

(f) The Code §415 Limitation described in Section 5.03 and the Top Heavy Plan rules described in Section 4 are applied by treating all members of the Related Employer group as the Employer.

In all other contexts, the term Employer generally means a reference to all members of the Related Employer group, unless the context requires otherwise. If the terms of the Plan are ambiguous with respect to the treatment of the Related Employer group as the Employer, the Plan Administrator has the authority to make a final determination on the proper interpretation of the Plan.

16.07 **Multiple Employer Plans**. If an Employer (other than a Related Employer) executes a Participating Employer Adoption Page under the Adoption Agreement, the Plan is treated as a Multiple Employer Plan. Treatment of the Plan as a Multiple Employer Plan will not affect reliance on the Favorable IRS Letter issued to the Volume Submitter Sponsor or any determination letter issued on the Plan.

(c) **Application of qualification rules to Multiple Employer Plans**. If the Plan is a Multiple Employer Plan, the following qualification rules apply.

(21) **Eligibility requirements**. If the Plan is a Multiple Employer Plan, the eligibility rules under Section 2 are applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer.

(22) **Vesting rules**. If the Plan is a Multiple Employer Plan, the vesting rules under Section 7 are applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer.

(23) **Code §415 Limit**. If the Employer is a Multiple Employer Plan, the Code §415 Limit under Section 5.03 is applied as if the Employees of all Employers participating in the Multiple Employer Plan are employed by a single Employer. Thus, if a Participant receives contributions from more than one Employer within the Multiple Employer Plan, such contributions must be aggregated for purposes of applying the Code §415 Limit. For this purpose, Total Compensation from all participating Employers may be considered in applying the Code §415 Limit.

(24) **Top Heavy rules**. If the Plan is a Multiple Employer Plan, the determination of whether the Plan is Top Heavy under Section 4 is made separately with respect to each Employer (that is not a Related Employer) that

participates in the Plan, taking into account only the Account Balances of Employees of that Employer. If the Plan is a Top Heavy Plan with respect to a Participating Employer, the minimum benefit required under Section 4.04 is determined based solely on the Employees of the Top Heavy Employer. The failure of any Participating Employer to satisfy the Top Heavy requirements for a particular Plan Year may affect the qualified status of the entire Plan.

(25) **Minimum coverage and nondiscrimination testing**. Each Participating Employer (that is not a Related Employer) that participates in a Multiple Employer Plan must separately satisfy the minimum coverage requirements under Code §410(b) and the nondiscrimination requirements under Code §401 (a)(4) (including the ADP and ACP Tests if the Plan is a 401(k) Plan) taking into account only Employees of that Employer. The failure of any participating Employer to satisfy the minimum coverage or nondiscrimination rules for a particular Plan Year may affect the qualified status of the entire Plan.

(26) **Other rules applicable to Multiple Employer Plans**. To the extent not addressed in this Section 16.07, the rules under Code §413(c) and applicable regulations will apply to a Multiple Employer Plan.

(d) **Definitions that apply to Multiple Employer Plans**.

(20) **Lead Employer**. The signatory Employer under the Adoption Agreement. See subsection (c)(2) for rules regarding the ability of the Lead Employer to amend the Plan on behalf of Participating Employers.

(21) **Participating Employer**. An Employer which, with the consent of the Lead Employer, executes a Participating Employer Adoption Page. To the extent permitted by the Lead Employer, a Participating Employer may modify the selections made by the Lead Employer under the Adoption Agreement. Any modifications made by a Participating Employer may be described as an attachment to the Participating Employer Signature Page for that Participating Employer.

(22) **Professional Employer Organization (PEO)**. An organization described in Rev. Proc. 2002-21 and any successor legislation or regulation. If the Lead Employer is a PEO, each Participating Employer is a Client Organization as defined in Rev. Proc. 2002-21. Any Employee on the PEO's payroll who receives amounts from the PEO for providing services pursuant to a service agreement between the PEO and the Client Organization shall be deemed to be the Employee of the Client Organization for whom the Employee performs services, and not of the PEO. Any amounts paid by a PEO to an Employee of a Client Organization shall be treated as paid by the Client Organization for all purposes under the Plan.

(e) **Special rules for Multiple Employer Plans**. The Lead Employer is the Named Fiduciary and Plan Administrator under the Plan, unless specifically designated otherwise under AA §11-12 or under separate written procedures assigning such responsibilities to another party. The underlying Participating Employers are co-sponsors of the Multiple Employer Plan.

(8) **Allocation of contributions**. Any contributions (and forfeitures relating to such contributions) made by a Participating Employer will be allocated only to the Participants employed by the Participating Employer making such contributions. By adopting the Plan, a Participating Employers agrees to make any contributions required under the Plan to maintain the qualified status of the Plan.

If a Participating Employer elects to separately apply the Safe Harbor 401(k) Plan provisions, such provisions will be applied solely with respect to the Participating Employer electing Safe Harbor 401(k) status. Thus, Safe Harbor/QACA Safe Harbor Contributions only need to be made for Employees of the Participating Employer and the Plan of the Participating Employer will qualify as a Safe Harbor 401(k) Plan if it separately satisfies the requirements for a Safe Harbor 401(k) Plan as described under Section 6.04.

(9) **Amendment of Plan document**. The Lead Employer reserves the right to amend the Plan on behalf of all Participating Employers. Each Employer signing a Participating Employer Signature Page shall be bound by the provisions in this Plan document and any selections made under the Adoption Agreement, except to the extent the Participating Employer makes a contrary election under the Adoption Agreement, as set forth under subsection (b)(2) above.

(v) **Plan amendments**. The Lead Employer shall be responsible for ensuring the Plan is updated for any required amendments. Unless provided otherwise under the Participating Employer Signature Page, a Participating Employer is bound by any amendments made to the Plan by the Lead Employer.

(vi) **Trustee designation**. The Participating Employer agrees to use the same Trustee as is designated on the Trustee Declaration under the Lead Employer Adoption Agreement, except as provided in a separate trust agreement.

(vii) **Plan termination**. The Lead Employer may terminate this Plan at any time by delivering to the Trustee and each Participating Employer a written notice of such termination.

(10) **Ability of Lead Employer to Remove Participating Employers**. The Lead Employer may remove any Participating Employer from the Plan if the Participating Employer refuses to correct a qualification defect under the Plan maintained by such Participating Employer. Upon removal from the Plan, the Participating Employer may continue to maintain its portion of the Plan as a single-Employer Plan. Upon removal of a Participating Employer, Employees of such terminated Participating Employer will cease to be eligible to accrue additional benefits under this Plan with respect to Plan Compensation earned on or after the date of termination.

The Lead Employer may develop reasonable administrative procedures outlining the procedures for removing a Participating Employer from the Plan. Such procedures must be provided to each Participating Employer prior to signing onto the Plan. By adopting this Plan, each Participating Employer authorizes the Lead Employer to exercise the option to remove a Participating Employer from the Plan in accordance with such administrative procedures. Any change in the procedures for removing a Participating Employer must be communicated to each Participating Employer under the Plan.

Upon removal of a Participating Employer, the terminated Participating Employer may elect to have the assets associated with Accounts of its Employees to be transferred to a separate Defined Contribution Plan maintained by the terminated Participating Employer consistent with the requirements under Code §414(1). If the Participating Employer does not establish a Defined Contribution Plan to accept the transfer of assets from this Plan, the Lead Employer may establish a new Defined Contribution Plan on behalf of the Participating Employer to which the assets attributable to the Employees of the terminating Participating Employer may be transferred consistent with the requirements under Code §414(1). Any new plan established by the Lead Employer will contain provisions consistent with the selections applicable to the Participating Employer under this Plan. The terminated Participating Employer will be responsible for designating the Trustee of the new Plan. If no such designation is made, the Trustee will be the highest ranking officer or representative of the Employer or such other financial institution designated by the Lead Employer to protect the interests of Plan Participants. Reasonable expenses associated with the establishment of the new plan may be charged to the Accounts of Participants of the terminated Participating Employer.

Withdrawal from Plan. Upon thirty (30) days written notice to the other party, either the Lead Employer or Participating Employer may voluntarily withdraw from the Plan. If a Participating Employer withdraws from the Plan, the Participating Employer may continue to maintain the Plan as a single-Employer Plan. Plan assets attributable to the Employees of the Participating Employer will be transferred to the Participating Employer's Plan, consistent with the requirements of Code §414(1). No distributions will be permitted from the Plan solely on account of a Participating Employer's withdrawal from the Plan. The withdrawing Employer will bear all reasonable costs associated with the withdrawal and transfer of assets to a new plan. Employees of a withdrawing Employer will cease to be eligible to accrue additional benefits under this Plan with respect to Plan Compensation earned on or after the date of withdrawal.

(11) **Indemnification of Lead Employer**. Each Participating Employer will indemnify and hold harmless the Plan Administrator, the Lead Employer and its subsidiaries; officers, directors, shareholders, employees, and agents of the Lead Employer; the Plan; the Trustees, Fiduciaries, Participants and Beneficiaries of the Plan, as well as their respective successors and assigns, against any cause of action, loss, liability, damage, cost, or expense of any nature whatsoever (including, but not limited to, attorney's fees and costs, whether or not suit is brought, as well as IRS plan disqualifications, other sanctions or compliance fees or DOL fiduciary breach sanctions and penalties) arising out of or relating to the Participating Employer's noncompliance with any of the Plan's terms or requirements; any intentional or negligent act or omission the Participating Employer commits with regard to the Plan; and any omission or provision of incorrect information with regard to the Plan which causes the Plan to fail to satisfy the requirements of a tax-qualified plan.

APPENDIX A
ACTUARIAL FACTORS
(For use with age-based contribution formula)

A-1.01 **Actuarial Factor Table**. The following table sets forth Actuarial Factors based on a testing age of 65, an interest rate of 8.5% and a UP-1984 mortality table. The Actuarial Factors in this table must be modified if the Employer uses a testing age other than age 65 or selects a different interest rate or mortality table under the age-based contribution formula. To determine a Participant's Actuarial Factor, use the factor corresponding to the number of years to the Participant's testing age. The number of years to the testing age is determined by counting the number of years from the last day of the current plan year to the last day of the plan year in which the Participant reaches the testing age. If the Participant has reached the testing age as of the last day of the current Plan Year, the number of years is 0 for that year and all subsequent years.

Years to Testing Age	Actuarial Factor		Years to Testing Age	Actuarial Factor
0	0.07949		25	0.01034
1	0.07326		26	0.00953
2	0.06752		27	0.00878
3	0.06223		28	0.00810
4	0.05736		29	0.00746
5	0.05286		30	0.00688
6	0.04872		31	0.00634
7	0.04490		32	0.00584
8	0.04139		33	0.00538
9	0.03814		34	0.00496
10	0.03516		35	0.00457
11	0.03240		36	0.00422
12	0.02986		37	0.00389
13	0.02752		38	0.00358
14	0.02537		39	0.00330
15	0.02338		40	0.00304
16	0.02155		41	0.00280
17	0.01986		42	0.00258
18	0.01831		43	0.00238
19	0.01687		44	0.00219
20	0.01555		45	0.00202
21	0.01433		46	0.00186
22	0.01321		47	0.00172
23	0.01217		48	0.00158
24	0.01122		49	0.00146

APPENDIX B
IN-PLAN ROTH CONVERSIONS

B-1.01 **In-Plan Roth Conversions**. Effective on or after January 1, 2013, the Employer may elect under AA §IA1-1 of the Profit Sharing/401(k) Plan Adoption Agreement to permit In-Plan Roth Conversions under the Plan. For this purpose, an In-Plan Roth Conversion is a conversion of amounts held in a Participant's Plan Account, other than a Roth Deferral Account or Roth Rollover Account, into the Participant's In-Plan Roth Conversion Account under the Plan, pursuant to Code §402A(c)(4). Any election to make an In-Plan Roth Conversion during a taxable year may not be changed after the In-Plan Roth Conversion is completed. (For In-Plan Roth Conversions completed prior to January 1, 2013, a Participant had to be eligible to receive a distribution of the converted amounts at the time of the In-Plan Roth Conversion. The provisions of this Section B-1.01 do not affect an In-Plan Roth Conversion completed prior to January 1, 2013.)

An In-Plan Roth Conversion may be elected by a Participant, a Spousal beneficiary, or an Alternate Payee who is a Spouse or former Spouse. To the extent the term "Participant" is used for purposes of determining eligibility to make an In-Plan Roth Conversion, such term will also include a Spousal beneficiary and an Alternate Payee who is a Spouse or former Spouse.

To permit In-Plan Roth Conversions on or after January 1. 2013, AA §IA 1-1(a) of the Profit Sharing/401(k) Plan Adoption Agreement must be completed. In addition, the Plan must provide for Roth Deferrals under AA §6A-5(a) as of the date the In-Plan Roth Conversion is permitted under the Plan. If In-Plan Roth Conversions are not specifically authorized under AA §6A-5(a) of the Profit Sharing 401(k) Plan Adoption Agreement, Participants may not make an In-Plan Roth Conversion.

(a) **Amounts Eligible for In-Plan Roth Conversion**. If permitted under AA §IA1 -1 of the Profit Sharing/401 (k) Adoption Agreement, a Participant may convert any portion of his/her vested Account Balance (other than amounts attributable to Roth Deferrals or Roth Deferral rollovers) to an In-Plan Roth Conversion Account. Unless elected otherwise under AA §IA1-1(b), a Participant need not be eligible to receive a distribution from the Plan at the time of the In-Plan Roth Conversion.

In addition, an In-Plan Roth Conversion will not be treated as a distribution for the following purposes:

(1) **Participant loans**. A Participant loan directly transferred in an In-Plan Roth Conversion without changing the repayment schedule is not treated as a new loan. The Employer may elect in AA §IAI-1(d)(3) to not permit Participant loans to be distributed as part of an In-Plan Roth Conversion.

(2) **Spousal consent**. An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the spousal consent requirements under Code §401(a)(11). Thus, a married Plan Participant is not required to obtain spousal consent in connection with an election to make an In-Plan Roth Conversion, even if the Plan is otherwise subject to the spousal consent requirements under Code §401(a)(1 1).

(3) **Participant consent**. An In-Plan Roth Conversion is not treated as a distribution for purposes of applying the participant consent requirements under Code §411(a)(11). Thus, amounts that are converted as part of an In-Plan Roth Conversion continue to be taken into account in determining whether the Participant's vested Account Balance exceeds $5,000 for purposes of applying the Involuntary Cash-Out provisions and will not trigger the requirement for a notice of the Participant's right to defer receipt of the distribution.

(4) **Protected benefits**. An In-Plan Roth Conversion is not treated as a distribution under Code §411(d)(6)(B)(ii). Thus, a Participant who had a distribution right (such as a right to an immediate distribution) prior to the In-Plan Roth Conversion cannot have that distribution right eliminated solely as a result of the election to make an In-Plan Roth Conversion. The Employer may have to maintain separate accounts with respect to different contribution sources within the In-Plan Roth Conversion Account in order to protect distribution options related to such different contribution sources.

(5) **Mandatory withholding**. An In-Plan Roth Conversion is not subject to 20% mandatory withholding under Code §3405(c).

(6) **Distribution restrictions**. Generally, a distribution will be permitted from the In-Plan Roth Conversion Account to the extent permitted for regular Roth Deferrals under AA §10-1. However, as described in

subsection (4) above, additional distribution options may need to be protected with respect to specific contribution sources. The distribution restrictions normally applicable to Roth Deferrals, as described in Section 8.10(c) of the Plan, do not apply to the extent the conversion is from a contribution source that is not otherwise subject to the distribution restrictions applicable to Roth Deferrals. In addition, distribution restrictions that otherwise apply with respect to a specific contribution source will continue to apply if such contribution source is converted to Roth Deferrals. For example, if Safe Harbor Contributions are converted to Roth Deferrals, such amounts may not be distributed on account of hardship or other event not otherwise permitted under Section 8.10(c) of the Plan, unless permitted otherwise under IRS guidance.

(b) **Effect of In-Plan Roth Conversion**. A Participant must include in gross income the taxable amount of an In-Plan Roth Conversion. For this purpose, the taxable amount of an In-Plan Roth Conversion is the fair market value of the distribution reduced by any basis in the converted amounts. If the distribution includes Employer securities, the fair market value includes any net unrealized appreciation within the meaning of Code §402(e)(4). If an outstanding loan is rolled over as part of an In-Plan Roth Conversion, the amount includible in gross income includes the balance of the loan.

Generally, the taxable amount of an In-Plan Roth Conversion is includible in gross income in the taxable year in which the conversion occurs.

(c) **Application of Early Distribution Penalty under Code §72(t)**. An In-Plan Roth Conversion is not subject to the early distribution penalty under Code §72(t) at the time of the conversion. However, if an amount allocable to the taxable amount of an In-Plan Roth Conversion is subsequently distributed within the 5-taxable-year period beginning with the first day of the Participant's taxable year in which the conversion was made, the amount distributed is treated as includible in gross income for purposes of applying the Code §72(t) early distribution penalty. For this purpose, the 5-taxable-year period ends on the last day of the Participant's fifth taxable year in the period. This subsection (c) will not apply to the extent the distribution is rolled over to a Roth account in another qualified plan or is rolled over to a Roth IRA. However, the rule under this subsection (c) will apply to any subsequent distributions made from such other Roth account or Roth IRA within the 5-taxable-year period.

(d) **Contribution Sources**. Unless elected otherwise under AA §IA1-1(c), an In-Plan Roth Conversion may be made from any contribution source under the Plan, other than a Roth Deferral Account or Roth Rollover Account. The Employer may elect in AA §IA 1-1(c) to limit the contribution sources that are eligible for In-Plan Roth Conversion. In addition, the Employer may elect in AA §IA1-1(d)(1) to limit In-Plan Roth Conversions to contribution accounts that are 100% vested.

EXHIBIT 10.9

RETIREMENT PLAN

FOR SALARIED EMPLOYEES

OF RAYONIER INC.

Amended and Restated as of January 1, 2014

FOREWORD

The Plan as set forth in this document is known as the Retirement Plan for Salaried Employees of Rayonier Inc. (hereinafter called the Plan). Originally effective on March 1, 1994, this Plan has been restated from time to time to comply with requirements of the Internal Revenue Code (the "Code"). The Plan is a "Cycle D" plan, as explained in Rev. Proc. 2007-44 of the Internal Revenue Service. The Plan's current remedial amendment period expires January 31, 2015. The Company now amends, restates and continues the Plan to comply with applicable changes in the law (and various regulations and other guidance) as set forth in the 2013 Cumulative List issued by the Internal Revenue Service in Notice 2013-84 for Cycle D plans, including, but not limited to changes under the Pension Protection Act of 2006 (PPA), the U.S. Troop Readiness, Veterans' Care, Katrina Recovery and Iraq Accountability Appropriations Act of 2007, the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act), the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA), the Small Business Jobs Act of 2010 (SBJA), the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA 2010), the Moving Ahead for Progress in the 21st Century Act (MAP-21), and the American Taxpayer Relief Act of 2012 (ATRA).

This restated Plan also includes provisions applicable to the merger of the Employees Retirement Income Plan for Rayonier Incorporated Hourly Employees at the Wood Products Facilities into this Plan, effective as of June 27, 2014, as set forth in Appendix B.

This Plan is intended to be a tax-qualified plan and comply with all requirements of Code Section 401(a) and related treasury regulations. The trust which is being employed as a funding vehicle for plan benefits is intended to comply with Code Section 501(a).

Unless otherwise expressly provided in this Plan and consistent with applicable law, (i) the rights and benefits of any Member who retires or whose employment is terminated, whichever first occurs, are determined in accordance with the provisions of the Plan in effect at the time of such retirement or termination, and (ii) no revision to the Plan shall deprive any Member who retires or whose employment is terminated prior to such revisions, of any rights and benefits which theretofore had accrued under the Plan.

For purposes of the Plan, applicable law means (i) the Code, (ii) ERISA (as defined in Section 1.17 hereof), (iii) such regulations, rulings, notices and other written guidance issued by federal agencies under the authority of the Code, ERISA or other federal legislation, and (iv) case law and any other applicable federal, state or local law affecting and binding on the Plan, the Company, the Plan Administration Committee, the Trustee and other Plan fiduciaries. Subject to the preceding sentence, the Plan shall be construed, regulated and administered under the laws of the State of Florida, to the extent such laws are not superseded by applicable federal law.

This amended and restated plan document is generally effective January 1, 2014, unless the context indicates otherwise, or as required by applicable law or regulations.

RETIREMENT PLAN FOR SALARIED EMPLOYEES
OF RAYONIER INC.

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ARTICLE 1 – DEFINITIONS

1.01 **Accrued Benefit** shall mean, as of any date of determination, the retirement allowance computed under Section 4.01(b) on the basis of the Member's Benefit Service and applicable components of the Plan formula as of the determination date and with respect to the amount determined under Section 4.01(b)(i)(4), the applicable components of the Prior Salaried Plan as of the determination date.

1.02 **Annuity Starting Date** shall mean the first day of the first period for which an amount is due on behalf of a Member or former Member as an annuity or any other form of payment under the Plan.

1.03 **Appendix** shall mean one, some or all of the appendices attached to this restated Plan document (as the context may indicate) and any additional appendix which may be added to the Plan from time to time. The Appendices are used to record (i) the tables of factors which are used in determining the amount of the various forms of benefits payable under the Plan, and (ii) the benefits, rights, features, terms and conditions applicable to Members who participated in plans that have been merged into this Plan. Each Appendix is incorporated into the Plan by reference and shall be considered part of the Plan. As of the date of this restatement, the Plan includes Appendices A through F, as identified in the table of contents hereto. Notwithstanding the other provisions of the Plan, the terms of an Appendix shall apply to the affected Participants.

1.04 **Associated Company** shall mean any subsidiary or affiliated company of Rayonier Inc. not participating in the Plan which is (i) a component member of a controlled group of corporations (as defined in Code Section 414(b)), which controlled group of corporations includes as a component member Rayonier Inc., (ii) any trade or business under common control (as defined in Code Section 414(c)) with Rayonier Inc., (iii) any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes Rayonier Inc. or (iv) any other entity required to be aggregated with Rayonier Inc. pursuant to regulations under Code Section 414(o), during the period such entity is described in clause (i), (ii), (iii), or (iv). Notwithstanding the foregoing, for purposes of the preceding sentence and Section 4.08 of the Plan, the definitions of Code Section 414(b) and (c) shall be modified as provided in Code Section 415(h).

1.05 **Beneficiary** shall mean any person or entity named by a Member by written designation to receive certain benefits payable in the event of his or her death as provided under Section 4.07.

1.06 **Benefit Service** shall mean employment recognized as such for the purposes of computing a benefit under the Plan as provided under Article 2.

1.07 **Board of Directors** shall mean the Board of Directors of Rayonier Inc. or of any successor to Rayonier Inc. by merger, purchase or otherwise.

1.08 **Change in Control** shall mean the occurrence of any one or more of the following events: (i) subject to the conditions contained in the final paragraph of this definition, the filing of a report on Schedule 13D with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934 (the "Act") disclosing that any person, other than the Corporation or any employee benefit plan sponsored by the Corporation, is the beneficial owner (as the term is defined in Rule 13d-3 under the Act) directly or indirectly, of securities

representing 20% or more of the total voting power represented by the Corporation's then outstanding Voting Securities (calculated as provided in Paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Voting Securities); or (ii) the purchase by any person, other than the Corporation or any employee benefit plan sponsored by the Corporation, of shares pursuant to a tender offer or exchange offer to acquire any Voting Securities of the Corporation (or securities convertible into such Voting Securities) for cash, securities, or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner, directly or indirectly, of securities representing 20% or more of the total voting power represented by the Corporation's then outstanding Voting Securities (all as calculated under clause (i)); or (iii) the approval by the shareholders of the Corporation of (A) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation (other than a merger of the Corporation in which holders of Common Shares of the Corporation immediately prior to the merger have the same proportionate ownership of Common Shares of the surviving corporation immediately after the merger as immediately before), or pursuant to which Common Shares of the Corporation would be converted into cash, securities, or other property, or (B) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Corporation; or (iv) a change in the composition of the Board of Directors of the Corporation at any time during any consecutive 24-month period such that "continuing directors" cease for any reason to constitute at least a 70% majority of the Board. For purposes of this definition of "Change in Control," the term "Voting Securities" means any securities of the Corporation which vote generally in the election of members of the Board of Directors and the term "continuing directors" means those members of the Board who either were directors at the beginning of a consecutive 24-month period or were elected during such period by or on the nomination or recommendation of at least a 70% majority of the then-existing Board.

So long as there has not been a Change in Control within the meaning of clause (iv) above, the Board of Directors may adopt by a 70% majority vote of the "continuing directors" a resolution to the effect that the occurrence of an event described in clause (i) (a "Clause (i) Event") does not constitute a "Change in Control" (an "Excluding Resolution") or a resolution to the effect that the occurrence of a Clause (i) Event does constitute a "Change in Control" (an "Including Resolution"). The adoption of an Excluding Resolution with respect to any Clause (i) Event shall not deprive the Board of Directors of the right to adopt an Including Resolution with respect to such Clause (i) Event at a later date. A Clause (i) Event shall not in and of itself constitute a "Change in Control" until the earlier of (x) the effective date of an Including Resolution with respect thereto or (y) the passage of a period of 30 calendar days after the occurrence thereof without an Excluding Resolution having been adopted with respect thereto; notwithstanding the adoption of an Excluding Resolution within the 30-day period referred to in (y), an Including Resolution may subsequently be adopted with respect to the relevant Clause (i) Event while it continues to exist, in which event a "Change in Control" shall be deemed to have occurred for purposes of this definition upon the effective date of such Including Resolution. The provisions of this second paragraph of the definition of "Change in Control" relate only to situations where a Clause (i) Event has occurred and no Change in Control within the meaning of clause (ii), (iii), or (iv) of the preceding paragraph has occurred, and nothing in this paragraph shall derogate from the principle that the occurrence of an event described in clause (ii), (iii), or (iv) of the preceding paragraph shall be deemed an immediate Change in Control regardless of whether or not a Clause (i) Event has occurred and an Excluding Resolution or Including Resolution become effective.

1.09 **Code** shall mean the Internal Revenue Code of 1986, as amended from time to time.

1.10 **Company** shall mean Rayonier Inc. (formerly known as ITT Rayonier Corporation) with respect to its Employees; and any Participating Unit with respect to its Employees. Unless otherwise noted, when used herein, the term Company shall collectively include Rayonier Inc. and any Participating Unit.

1.11 **Compensation** shall mean, except as provided otherwise in Article 3, the total remuneration paid to a Member (whether before or after membership in the Plan) for services rendered on and after the Effective Date, including annual base salary, overtime, leadman's pay, shift differential, and bonuses paid under the Rayonier Inc. local bonus and gain share plans as in effect on March 1, 1994, (determined prior to any pre-tax contributions under a "qualified cash or deferred arrangement," as defined under Code Section 401(k) and its applicable regulations, under a "cafeteria plan," as defined under Code Section 125 and its applicable regulations, or under a "qualified transportation fringe," as defined under Code Section 132(f) and its applicable regulations), and for Members who receive no other source of remuneration from the Company, commissions, but excluding, except to the extent specifically included above, foreign service pay, automobile allowance, separation pay, incentive pay or other special pay or allowances of similar nature, commissions for any Member who receives any other form of remuneration from the Company, bonuses, and the cost of any public or private employee benefit plans, including the Plan.

Notwithstanding the foregoing, effective August 23, 2004, with respect to certain traders at the Portland facility of International Wood Products, Compensation shall include all remuneration paid to said traders in the form of base salary, bonus under the Rayonier Inc. local bonus and gain share plans, and commissions; however, for purposes of the determination of Final Average Compensation, all of said remuneration shall be treated as Compensation in excess of annual base salary.

Compensation taken into account for any purpose under the Plan, including the determination of Final Average Compensation, shall not exceed $260,000 (as adjusted from time to time by the Secretary of the Treasury in accordance with Code Section 401(a)(17)(B)).

Effective January 1, 2009, in accordance with Code Section 414(u)(12), Compensation shall include any differential wage payment (within the meaning of Code Section 3401(h)(2)) made by the Company to an individual who does not currently perform services for the Company by reason of qualified military service (within the meaning of Code Section 414(u)(5)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Company.

1.12 **Early Retirement Date** shall mean the date as determined in the manner set forth in Section 4.03.

1.13 **Effective Date** shall mean March 1, 1994. The general effective date of this restatement is January 1, 2014.

1.14 **Eligibility Service** shall mean any employment recognized as such for the purposes of meeting the eligibility requirements for membership in the Plan and for eligibility for benefits under the Plan as provided under Article 2.

1.15 **Employee** shall mean any person regularly employed by the Company who is paid from a payroll maintained in the continental United States, Hawaii, Puerto Rico or the U.S. Virgin Islands and who receives regular and stated compensation other than a pension or retainer; provided,

however, that except as the Board of Directors or the Plan Administration Committee, pursuant to the authority delegated to it by the Board of Directors, may otherwise provide on a basis uniformly applicable to all persons similarly situated, no person shall be an Employee for purposes of the Plan who is (i) engaged as a consultant, (ii) a non-resident alien, (iii) paid on an hourly basis and who, under the Company's employment classification practices, is considered as an hourly-rated employee for purposes of the Company's employee benefit plans, (iv) accruing benefits in respect of current service under any other pension, retirement, qualified profit-sharing or other similar plan of the Company (other than the Rayonier Inc. Investment and Savings Plan for Salaried Employees,) or of any Associated Company, (v) a Leased Employee, or (vi) a Non-Benefits Worker. In addition, no person shall be an Employee for purposes of the Plan whose terms and conditions of employment are determined by a collective bargaining agreement with the Company which does not make this Plan applicable to such person. Any person considered to be an independent contractor by the Company shall not be considered an Employee even if he is reclassified as an employee by any taxing authority such as the Internal Revenue Service or any other authority or agency.

1.16 **Equivalent Actuarial Value** shall mean equivalent value of a benefit under the Plan determined on the basis of the applicable factors set forth in Appendix A, except as otherwise specified in the Plan. In any other event, Equivalent Actuarial Value shall be determined on the same actuarial basis utilized to compute the factors set forth in Appendix A.

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

1.18 **Final Average Compensation** shall mean the sum of:

(a) The average of a Member's annual base salary recognized as Compensation received in any five calendar years of Eligibility Service in which such annual base salary was highest, plus

(b) The average of a Member's annual Compensation in excess of annual base salary received in any five calendar years of Eligibility Service in which such Compensation was highest; provided, however, that the calendar years on which such averages are based shall be any five calendar years during the last 120 calendar months of a Member's Eligibility Service, or if the Member has less than five calendar years of Eligibility Service, all of his or her calendar years of Eligibility Service; provided, further, however, that (i) the annual base salary earned in any calendar year and taken into account for purposes of "Final Average Compensation," and (ii) the amount in excess of base annual salary earned in any calendar year and taken into account for purposes of "Final Average Compensation," and (iii) the sum of (i) and (ii) taken into account for any calendar year, each shall be subject to the provisions of Code Section 401(a)(17). If the Member terminates employment before the last day of the calendar year or otherwise experiences an interruption in Eligibility Service, the Plan Administration Committee shall, in accordance with rules uniformly applicable to all persons similarly situated, determine the amount of the Member's Final Average Compensation. The limitation of Code Section 401(a)(17) shall be applied to the sum of (i) and (ii) before determining the years in which base salary and amounts in excess of base salary are highest. If the Member terminates employment before the last day of the calendar year or otherwise experiences an interruption in Eligibility Service, the limitation under Code Section 401(a)(17) shall be applied to base salary, amounts in excess of base salary, and the sum of the two amounts that are taken into account for Final Average Compensation for the year of termination or other interruption on a month-by-month basis whether or not

consecutive. The term Eligibility Service as used in this Section shall include all service recognized as Eligibility Service for purposes of eligibility requirements under Article 2.

1.19 **Hour of Service** shall mean hours of employment as defined pursuant to the provisions of Section 2.01(c).

1.20 **IRS Interest Rate** shall mean the applicable interest rate described in Code Section 417(e) after its amendment by PPA. Specifically, the applicable interest rate shall be the adjusted first, second, and third segment rates applied under the rules similar to the rules of Code Section 430(h)(2)(C) for the second full month (known as the lookback month) preceding the Stability Period. For this purpose, the first, second, and third segment rates are the first, second, and third segment rates which would be determined under Code Section 430(h)(2)(C) if:

(a) Code Section 430(h)(2)(D) were applied by substituting the average yields for the month described in the preceding paragraph for the average yields for the 24-month period described in such section, and

(b) Code Section 430(h)(2)(G)(i)(II) were applied by substituting "Section 417(e)(3)(A)(ii)(II)" for "Section 412(b)(5)(B)(ii)(II)."

1.21 **IRS Mortality Table** shall mean the applicable mortality table within the meaning of Code Section 417(e)(3)(B), as initially described in Revenue Ruling 2007-67, as in effect on the first day of the applicable Stability Period.

1.22 **Leased Employee** shall mean any person as so defined in Code Section 414(n) by virtue of his or her performance of services for the Company or an Associated Company.

1.23 **Member** shall mean any person included in the membership of the Plan as provided in Article 3.

1.24 **Non-Benefits Worker** shall mean any individual designated by the Company as ineligible to participate in any Company-sponsored employee benefit program and any individual who the Company considers to be an independent contractor. The designation of an individual as a Non-Benefits Worker by the Company shall be final and not subject to any redetermination of employment classification by any taxing authority such as the Internal Revenue Service or any other governmental authority or agency.

1.25 **Normal Retirement Date** shall mean the first day of the calendar month coincident with or next following the date the Employee attains age 65, which is his or her Normal Retirement Age.

1.26 **Parental Leave** shall mean a period in which a person is absent from work because of the person's pregnancy, the birth of a person's child, the adoption by a person of a child, or for purposes of caring for that child, for a period beginning immediately following such birth or adoption.

1.27 **Participating Unit** shall mean, in addition to Rayonier Inc., any subsidiary or affiliated company of Rayonier Inc., any designated location(s) only of such subsidiary or affiliated company or any designated unit(s) only of such subsidiary, or affiliated company which has by appropriate action of the Board of Directors been designated as a Participating Unit and the board of directors of any such subsidiary or affiliated company shall have taken appropriate action to adopt the Plan. The Board of Directors shall take action (i) to designate such entity as a Participating Unit, (ii) to

determine that such persons are Employees, and (iii) to establish, by written amendment of the Plan, the terms and conditions under which such Employees are to be included in the Plan.

If a group of persons is transferred to or assigned to a Participating Unit or is hired by a Participating Unit as the result of the opening or purchase of a plant or the merger of one unit into another, such persons shall not be deemed to be Employees for purposes of the Plan until further action by the Board of Directors, by written amendment of the Plan, including the determination that such persons are Employees for purposes of the Plan, and the establishment of the terms and conditions under which such Employees are to be included in the Plan.

To the extent that the Board of Directors shall have authorized and established the basis for recognition under the Plan of service with a predecessor corporation(s), if any, reference in this Plan to service with a Participating Unit shall include service with the predecessor corporation(s) of such Participating Unit, provided that all or part of the business and assets of any such corporation shall have been acquired by Rayonier Inc. or by a Participating Unit.

1.28 **Pension and Savings Plan Committee** shall mean the committee established by Rayonier Inc. for the purposes of managing the assets of the Plan as provided in Article 5.

1.29 **Plan** shall mean the Retirement Plan for Salaried Employees of Rayonier Inc. as set forth herein or as hereafter amended.

1.30 **Plan Administration Committee** shall mean the committee established for the purposes of administering the Plan as provided in Article 5.

1.31 **Plan Year** shall mean the calendar year.

1.32 **Postponed Retirement Date** shall mean, with respect to an Employee who does not retire at Normal Retirement Date but who works after such date, the first day of the calendar month coincident with or next following the date on which such Employee retires from active service. No retirement allowance shall be paid to the Employee until his or her Postponed Retirement Date, except as otherwise provided in Article 4.

1.33 **Prior Salaried Plan** shall mean the Retirement Plan for Salaried Employees of ITT Incorporated (now known as the “ITT Industries Salaried Retirement Plan”), as in effect on February 28, 1994, and as thereafter amended from time to time.

1.34 **Qualified Joint and Survivor Annuity** shall mean an annuity described in Section 4.06(a)(i).

1.35 **Regulation** shall mean the regulations promulgated pursuant to and under the Code, by the Secretary of the Treasury or a delegate of the Secretary of the Treasury, and as amended from time to time.

1.36 **Severance Date** shall mean the date an Employee is considered to have severed his or her employment as defined pursuant to the provisions of Section 2.01(b).

1.37 **Social Security Benefit** shall mean the amount of annual old age or disability insurance benefit under Title II of the Federal Social Security Act as determined by the Plan Administration Committee under reasonable rules uniformly applied, on the basis of such Act as in effect at the time of retirement or termination to which a Member or former Member is or would upon application be entitled, even though the Member does not receive such benefit because of his or

her failure to apply therefor or he or she is ineligible therefor by reason of earnings he or she may be receiving in excess of any limit on earnings for full entitlement to such benefit. In computing the Member's Social Security Benefit, no wage index adjustment or cost of living adjustment shall be assumed with respect to any period after the end of the calendar year in which the Member retires or terminates service. For all years prior to retirement or other termination of employment with the Company where actual earnings are not available, the Member's Social Security Benefit shall be determined on the basis of the Member's actual earnings in conjunction with a salary increase assumption based on the actual yearly change in national average wages as determined by the Social Security Administration. If, within a reasonable time after the later of (i) the date of retirement or other termination of employment or (ii) the date on which a Member is notified of the retirement allowance or vested benefit to which he or she is entitled, the Member provides documentation from the Social Security Administration as to his or her actual earnings history with respect to those prior years, his or her Social Security Benefit shall be redetermined using the actual earnings history. If this recalculation results in a different Social Security Benefit, his or her retirement allowance or vested benefit shall be adjusted to reflect this change. Any adjustment to his or her retirement allowance or vested benefit shall be made retroactive to the date his or her payments commenced. The Plan Administration Committee shall resolve any questions arising under this Section on a basis uniformly applicable to all Employees similarly situated.

1.38 **Special Early Retirement Date** shall mean the date as determined in the manner set forth in Section 4.04.

1.39 **Spousal Consent** shall mean written consent given by a Member's or former Member's spouse to an election made by the Member or former Member which specifies the form of retirement allowance, vested benefit, Beneficiary, or contingent annuitant designated by the Member or former Member. The specified form or specified Beneficiary or contingent annuitant shall not be changed unless further Spousal Consent is given. Spousal Consent shall be duly witnessed by a notary public, or in accordance with uniform rules of the Plan Administration Committee, by a Plan representative and shall acknowledge the effect on the spouse of the Member's or former Member's election. The requirement for Spousal Consent may be waived by the Plan Administration Committee in accordance with applicable law. Spousal Consent shall be applicable only to the particular spouse who provides such consent.

1.40 **Stability Period** shall mean the Plan Year in which occurs the Annuity Starting Date for the distribution.

1.41 **Transferred Employee** shall mean an employee of the Company on the Effective Date who is paid on an hourly basis, classified as an hourly-rated employee for purposes of the Company's employee benefit plans, and who is entitled to a benefit under the Prior Salaried Plan.

1.42 **Trustee** shall mean the trustee or trustees by which the funds of the Plan are held as provided in Article 7.

ARTICLE 2 – SERVICE

2.01 Eligibility Service

(a) **Plan Closed to New Participants.** Notwithstanding any provision of the Plan to the contrary, Employees first hired by the Company on or after January 1, 2006, are not eligible to participate in the Plan and shall not be credited with Eligibility Service. Prior to the effective date of this Subsection (a), Eligibility Service was determined and credited as set forth in this Section 2.01.

(b) **Eligibility Service On and After the Effective Date**. Except as otherwise provided in this Article 2, all uninterrupted employment with the Company or with an Associated Company rendered on and after (i) the Effective Date or (ii) date of employment, if later, and prior to such Member's Severance Date shall be recognized as Eligibility Service for all Plan purposes. "Severance Date" shall mean the earlier of (i) the date a Member resigns, is discharged, retires or dies or (ii) one year from the date the Member is continuously absent from service for any other reason as provided in this Article 2. Eligibility Service for any period of employment rendered prior to the Effective Date shall be determined as set forth in Section 2.01(h).

(c) **Eligibility Service for Plan Membership by Employees Hired on Other Than a Full-Time Basis**. With respect to any Employee whose employment with the Company or with an Associated Company is on a temporary or less than full-time basis, "one year of Eligibility Service" for purposes of meeting the requirements for membership in the Plan as provided in Article 3 shall mean a period of 12 consecutive months of employment and measured from the date on which he or she first completes an Hour of Service or from any subsequent anniversary thereof and during which he or she has completed at least 1,000 Hours of Service with the Company or with an Associated Company. After such an Employee has met the requirements for membership in the Plan as provided in Article 3, Eligibility Service for purposes of meeting the eligibility requirements for benefits and for vesting shall be determined in accordance with Sections 2.01(b) and 2.01(h).

"Hours of Service" shall include hours worked and hours for which a person is compensated by the Company or by an Associated Company for the performance of duties for the Company or an Associated Company, although he or she has not worked (such as: paid holidays, paid vacation, paid sick leave, paid time off and back pay for the period for which it was awarded), and each such hour shall be computed as only one hour, even though he or she is compensated at more than the straight time rate. This definition of "Hours of Service" shall be applied in a consistent and non-discriminatory manner in compliance with 29 Code of Federal Regulations, Section 2530.200b-2(b) and (c) as promulgated by the United States Department of Labor and as may hereafter be amended.

Solely for purposes of this Paragraph (c), if a temporary or less than full-time Employee does not complete more than 500 Hours of Service in the 12 month period beginning on the date on which he or she first completes an Hour of Service or beginning on any subsequent anniversary thereof (which for purposes of this Paragraph (c) shall be known as the "computation period"), he or she shall incur a one-year break in service. Solely for purposes of determining whether such an Employee has incurred a break in service, hours shall include each Hour of Service for which such Employee would otherwise have been credited

under this Paragraph (c) were it not for the Employee's absence due to Parental Leave. Hours of Service credited under the preceding sentence shall not exceed the number of hours needed to avoid a break in service in the computation period in which the Parental Leave first began, and in any event shall not exceed 501 hours; if no hours are needed to avoid a break in service in such computation period, then the provisions of the preceding sentence shall apply as though the Parental Leave began in the immediately following computation period. If such an Employee has had a break in service before becoming eligible for membership, Eligibility Service shall begin from the date of his or her return to the employ of the Company or an Associated Company. Except as otherwise provided in this Article 2, his or her Eligibility Service before the break in service shall be restored only upon completion of one year of Eligibility Service within the 12-month period following his or her break in service. If, however, the periods of consecutive one-year breaks in service equals or exceeds the greater of (i) five years or (ii) the total number of years of Eligibility Service before the break in service, his or her Eligibility Service prior to the break shall never be restored.

(d) **Employment with the Company or an Associated Company but not as an Employee**. Eligibility Service with respect to prior employment rendered by any person who, on or after the Effective Date and prior to the date on which he or she becomes an Employee, is or was in the employ of the Company or an Associated Company but not as an Employee shall, subject to the provisions of Section 2.01(f) and Section 2.01(g), be equal to:

(i) the number of years credited to him, if any, on the basis of the "1,000 hour rule" under a pension plan maintained by the Company or an Associated Company applicable to him or her for the period of such prior employment ending on the last day of the calendar year preceding the date on which he or she becomes an Employee or the date on which such prior employment terminated, plus

(ii) the greater of (1) the service credited to him, if any, on the basis of the "1,000 hour rule" for the portion of the calendar year ending on the date immediately preceding the date he or she becomes an Employee or the date on which such prior employment terminated, or (2) the Eligibility Service he or she would be credited with under this Plan for the entire calendar year in which the transfer or termination of employment took place.

Notwithstanding the foregoing provisions of this Paragraph (d), in the event a person's prior employment was not covered by or credited under a pension plan which recognized employment on the basis of the "1,000 hour rule," any such prior employment with the Company or an Associated Company whether rendered before or after the Effective Date shall be recognized in accordance with the terms of this Article 2.

(e) **Certain Absences to be Recognized as Eligibility Service**. Except as otherwise indicated in this Article 2, the following periods of approved absence rendered on and after the Effective Date shall be recognized as Eligibility Service under the Plan and shall not be considered as breaks in Eligibility Service:

(i) The period of any leave of absence granted in respect of service with the armed forces of the United States on or after the Effective Date provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment.

(ii) Except as provided by law, the period on or after the Effective Date of any leave of absence granted in respect of service, not exceeding two years, with any other agency or department of the United States Government.

(iii) The period on and after the Effective Date of any total and permanent disability during which an Employee becomes entitled to a disability benefit under Title II of the Federal Social Security Act as amended from time to time or the period on and after the Effective Date of total and permanent disability as determined by the Plan Administration Committee on the basis of such medical information as it shall require.

(iv) The period of any leave of absence on and after the Effective Date during which Company sickness or accident benefits are payable.

(v) The period on and after the Effective Date of any leave of absence approved by the Company during which an Employee is paid Compensation at a rate which is at least one-half of the Employee's basic rate of Compensation in effect immediately prior to such leave.

(vi) In any event, Eligibility Service shall include the period, with or without Compensation, immediately preceding the Employee's Severance Date but not in excess of 12 consecutive months inclusive of those periods of approved absences already included in Subparagraphs (i) through (v) above, during which an Employee is continuously absent from service.

(vii) The period between an Employee's Severance Date and his or her reemployment if he or she returns to the employ of the Company or an Associated Company before the first anniversary date of his or her Severance Date; provided, however, that the combined periods recognized under Subparagraph (vi) above and under this Subparagraph (vii) shall not exceed 12 consecutive months.

(viii) The period of any periodic salary continuation payments an Employee receives under any severance pay plan of the Company other than the Rayonier Inc. Executive Severance Pay Plan (the "Executive Severance Plan").

Except to the extent provided under Subparagraph (vi), and if applicable, under Subparagraph (vii) above, if an Employee fails to return to active employment upon expiration of the approved absences specified in Subparagraphs (i), (ii), (iv) and (v) above, such periods of approved absence shall not be considered as Eligibility Service under the Plan.

(f) **Breaks in Service**. All absences from the Company or from an Associated Company, other than the absences specified in Paragraph (e) above, shall be considered as breaks in Eligibility Service; provided, however, that in no event shall there be a break in Eligibility Service if an Employee (i) is continuously absent from service with the Company or with an Associated Company and returns to the employ of the Company or an Associated Company before the first anniversary of his or her Severance Date or (ii) is absent from work because of a Parental Leave and returns to the employ of the Company or an Associated Company within two years of his or her Severance Date. If the provisions of clause (ii) above are applicable, the first year of such absence for Parental Leave, measured from an Employee's Severance Date, shall not be considered in determining the Employee's period of break in service for purposes of Section 2.01(g) below.

(g) **Bridging Breaks in Service**.

(i) If an Employee has a break in service and such Employee was eligible for a vested benefit under Section 4.05 at the time of his or her break in service, then, except as otherwise provided in Section 4.11, employment both before and after the Employee's absence shall be immediately recognized as Eligibility Service, subject to the provisions of this Section 2.01, upon his or her return to the employ of the Company or an Associated Company.

(ii) If an Employee has a break in service and such Employee was not eligible for a vested benefit under Section 4.05 at the time of his or her break in service, Eligibility Service shall begin from the date of his or her return to the employ of the Company or an Associated Company. If such Employee returns to the employ of the Company or an Associated Company and the period of the Employee's break is less than the greater of (1) five years or (2) the service rendered prior to such break, the service prior to such break shall be included as Eligibility Service, subject to the provisions of this Section 2.01, only upon completion of at least 12 months of Eligibility Service following his or her break in service. However, if the period of the Employee's break in service equals or exceeds the greater of (1) five years or (2) the service rendered prior to such break, the service rendered prior to such break shall be included as Eligibility Service, subject to the provisions of this Section 2.01, only upon completion of a period of Eligibility Service equal to the lesser of the period of his or her break in service or ten years. Notwithstanding the foregoing sentence, if an Employee has a break in service that commences on or after January 1, 2006, and the Employee returns to the employ of the Company or an Associated Company, the service prior to such break shall be included as Eligibility Service only if the Employee's break is less than the greater of (1) five years or (2) the service prior to such break.

(h) **Eligibility Service Prior to the Effective Date**.

Notwithstanding any foregoing provisions to the contrary, Eligibility Service shall include (i) with respect to any person who becomes a Member of the Plan on the Effective Date pursuant to the provisions of Section 3.01(a) or (b) or Section 3.05, any employment rendered by such Member prior to the Effective Date to the extent such employment is recognized as Eligibility Service under the provisions of the Prior Salaried Plan, (ii) with respect to any person who was employed by ITT Rayonier Incorporated on a salaried basis as of February 28, 1994, but was not a member of the Prior Salaried Plan as of such date and who becomes a Member of the Plan on or after the Effective Date pursuant to the provisions of Section 3.01(c), any uninterrupted employment with the Company or with an Associated Company rendered by such Member prior to the Effective Date and prior to his or her Severance Date, and (iii) with respect to any person who was employed by ITT Rayonier Incorporated on a salaried basis on December 1, 1993, but was not employed by the Company on the Effective Date, any employment rendered by the Member prior to the Effective Date to the extent such employment is recognized as Eligibility Service under the provisions of the Prior Salaried Plan. With respect to a person not described in clause (i), (ii), or (iii) of the preceding sentence who becomes a Member after the Effective Date, Eligibility Service for the purpose of determining eligibility for benefits but not for the purpose of determining eligibility for Plan membership or Final Average Compensation shall include, subject to the provisions of Section 2.01(g)(ii) with respect to bridging breaks in service, any employment with ITT Rayonier Incorporated rendered by such Member prior to the

Effective Date to the extent such employment is recognized or would have been recognized as Eligibility Service under the provisions of the Prior Salaried Plan.

2.02 Benefit Service

(a) **Benefit Service On and After the Effective Date**. Except as hereinafter otherwise provided, all uninterrupted employment with the Company rendered by a Member as an Employee on and after the Effective Date and prior to his or her Severance Date shall be recognized as Benefit Service under the Plan. Benefit Service for any period of employment rendered prior to the Effective Date shall be determined as set forth in Section 2.02(f).

(b) **Employment with an Associated Company**. Except as otherwise provided in an Appendix to the Plan, no employment with an Associated Company rendered by a Member shall be recognized as Benefit Service under the Plan; except, if a Member completes 36 months of Eligibility Service as an Employee, any employment rendered on and after the Member's date of hire with an Associated Company before classification as an Employee shall be recognized as Benefit Service subject to any limitations for the Associated Company at which the Member was employed set forth in writing by the Plan Administration Committee. If a Member ceases to be an Employee and is again employed at an Associated Company, such further employment will not be recognized as Benefit Service unless and until the Member again (i) becomes an Employee and (ii) completes 36 months of Eligibility Service as an Employee. Notwithstanding any provision of the Plan to the contrary, if an employee is hired by an Associated Company on or after January 1, 2006, and subsequently becomes an Employee, no period of service with the Associated Company or as an Employee will be recognized as Benefit Service.

(c) **Employment with the Company but not as an Employee**. Except as otherwise provided in Section 3.04, with respect to (i) any person who on or after the Effective Date and immediately prior to the date on which he or she becomes an Employee, is in the employ of the Company but not as an Employee and (ii) any Member who completes an Hour of Service on and after the Effective Date, and who thereafter ceases to be an Employee but remains in the employ of the Company, and on or after the Effective Date again becomes an Employee, uninterrupted employment with the Company otherwise than as an Employee rendered on and after the Effective Date shall be recognized as Benefit Service in accordance with the terms of this Section 2.02, provided such person is a Member of the Plan, upon completion of 36 months of Eligibility Service as an Employee, subject to the limitations set forth in writing by the Board of Directors or the Plan Administration Committee for the Participating Unit at which such person was first employed.

(d) **Certain Absences to be Recognized as Benefit Service**. Except as otherwise indicated below, the following periods of approved absence rendered on and after the Effective Date shall be recognized as Benefit Service and shall not be considered as breaks in Benefit Service:

(i) The period of any leave of absence granted in respect of service with the armed forces of the United States on and after the Effective Date provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment.

(ii) Except as provided by law, the period on and after the Effective Date of any leave of absence granted in respect of service, not exceeding two years, with any other agency or department of the United States Government.

(iii) The period on and after the Effective Date of any total and permanent disability during which an Employee becomes entitled to a disability benefit under Title II of the Federal Social Security Act as amended from time to time; provided, however, that, if such disability benefit ceases to be paid solely due to the Employee's age, Benefit Service shall include the period of total and permanent disability during which the Employee is entitled or would have been entitled if he or she had participated in the Company's applicable long term disability plan to receive disability benefit under such long term disability plan.

(iv) The period on and after the Effective Date of any leave of absence during which Company sickness or accident benefits are payable.

(v) The period on and after the Effective Date of any leave of absence approved by the Company during which an Employee is paid Compensation at a rate which is at least one-half of the Employee's basic rate of Compensation in effect immediately prior to such leave.

(vi) In any event, Benefit Service shall include the period, with or without Compensation, immediately preceding the Employee's Severance Date not in excess of 12 consecutive months inclusive of those periods of approved absences already included in Subparagraphs (i) through (v) above, during which an Employee is continuously absent from service.

(vii) The period of any periodic salary continuation payments an Employee receives under any severance pay plan of the Company other than the Rayonier Inc. Executive Severance Pay Plan (the "Executive Severance Plan").

Except to the extent provided under Subparagraph (vi) above, if an Employee fails to return to active employment upon expiration of the approved absences specified in Subparagraphs (i), (ii), (iv) and (v) above, such periods of approved absence shall not be considered as Benefit Service under the Plan.

The Compensation of a Member during the periods of absence covered by clause (i), (ii), (iv) or (vi) above shall be the Compensation the Member actually receives during such period. The Compensation of a Member during the period of absence covered by clause (iii) above shall be deemed to be the Member's Final Average Compensation based on his or her Eligibility Service up to such absence. Unless the Plan Administration Committee determines otherwise on a basis uniformly applicable to all persons similarly situated, the Social Security Benefit of a Member covered by clause (iii) above shall be based on the benefit awarded by the Social Security Administration at the date of his or her total and permanent disability.

The Compensation of a Member during the period of absence covered by clause (vii) above shall be the amount of periodic salary continuation payments that the Member actually receives during such period. Salary continuation payments paid in the form of a lump sum shall be excluded from the Compensation of a Member. Any period of absence for which

salary continuation payments are paid in the form of a lump sum shall not be considered when determining Benefit Service pursuant to the provisions of this Section 2.02.

(e) **All Other Absences for Employees**.

(i) No period of absence approved by the Company other than those specified in Section 2.02(d) above shall be recognized as Benefit Service.

(ii) No other absence, other than the absence covered by the exception in clause (i) above, shall be recognized as Benefit Service and any such absence shall be considered as a break in Benefit Service; provided, however, that in no event shall there be a break in Benefit Service if an Employee is continuously absent from service with the Company or with an Associated Company for a period not in excess of 12 months and returns as an Employee to the employ of the Company before the first anniversary date of his or her Severance Date. However, any period between a Severance Date and a reemployment date which is counted as Eligibility Service under Section 2.01(e)(vii) shall not be counted as Benefit Service.

If the Employee was eligible for a vested benefit under Section 4.05 at the time of a break in service, Benefit Service both before and after the Employee's absence shall be immediately recognized as Benefit Service under the Plan upon his or her return to service.

If the Employee was not eligible for a vested benefit under Section 4.05 at the time of a break in service, Benefit Service shall begin from the date of the Employee's return to the employ of the Company. However, any Benefit Service rendered prior to such break in service shall be included, subject to the provisions of this Section 2.02, as Benefit Service only at the time that he or she bridges his or her Eligibility Service in accordance with the provisions of Section 2.01(g).

(f) **Benefit Service Prior to the Effective Date**. Notwithstanding any foregoing provisions of this Section 2.02 to the contrary, Benefit Service shall include (i) with respect to any person who becomes a Member of the Plan on the Effective Date pursuant to the provisions of Section 3.01(a) or (b) or Section 3.05, any employment rendered by such Member prior to the Effective Date to the extent such employment is recognized as Benefit Service under the provisions of the Prior Salaried Plan, (ii) with respect to any person who was employed by ITT Rayonier Incorporated on a salaried basis as of February 28, 1994, but who was not a Member of the Prior Salaried Plan as of such date and who becomes a Member of the Plan on or after the Effective Date pursuant to the provisions of Section 3.01(c), any uninterrupted employment with the Company rendered by such Member as an Employee prior to the Effective Date and prior to his or her Severance Date, and (iii) with respect to any person who was employed by ITT Rayonier Incorporated on a salaried basis on or after December 1, 1993, but was not employed by the Company on the Effective Date, any employment rendered by the Member prior to the Effective Date to the extent such employment is recognized as Benefit Service under the provisions of the Prior Salaried Plan.

2.03 Questions Relating to Service Under the Plan

If any question shall arise hereunder as to an Employee's Eligibility Service or Benefit Service, such question shall be resolved in writing by the Plan Administration Committee on a basis uniformly applicable to all Employee(s) similarly situated. The Plan Administration Committee may, with respect to any person or any group of persons which it considers to be not substantial in

number, determine whether the employment of such person(s), the Company or any Associated Company shall be recognized under the Plan as Eligibility Service or Benefit Service. If, in the judgment of the Plan Administration Committee, a group of persons is considered to be substantial in number, the employment of such persons with the Company or any Associated Company shall not be recognized under the Plan as Eligibility Service or Benefit Service until further action by the Board of Directors. Such further documentation is hereby incorporated into the Plan by reference.

ARTICLE 3 – MEMBERSHIP

3.01 Persons Employed on the Effective Date

(a) Any person who is an Employee as defined in Section 1.15 on the Effective Date and who was a member of the Prior Salaried Plan on February 28, 1994, shall become a Member of the Plan on the Effective Date.

(b) Any person who would be classified as an Employee as defined in Section 1.15 on the Effective Date but is absent from work at the Company by reason of layoff, leave of absence, short term disability or long term disability and who is a Member of the Prior Salaried Plan on February 28, 1994, shall become a Member of the Plan on the Effective Date.

(c) Any person who is an Employee as defined in Section 1.15 on the Effective Date and who as of February 28, 1994, was not a member of the Prior Salaried Plan but was in the process of satisfying the age and service eligibility requirements for membership in the Prior Salaried Plan, shall become a Member of the Plan as of the first day of the calendar month coincident with or next following the date he or she completes the age and service requirements set forth in Section 3.02(a) and (b).

3.02 Persons First Employed as Employees On or After the Effective Date

Every person who is first employed as an Employee on or after the Effective Date shall become a Member of the Plan as of the first day of the calendar month coincident with or next following the later of:

(a) the date on which he or she attains the 21st anniversary of his or her birth, or

(b) the date on which he or she completes one year of Eligibility Service.

Notwithstanding any provision of the Plan to the contrary, no Employee who first completes an Hour of Service on or after January 1, 2006, shall be eligible to become a Member.

3.03 Reemployment After March 1, 1994, of ITT Rayonier Incorporated Salaried Employees

Any person who was employed by ITT Rayonier Incorporated on a salaried basis on December 1, 1993, and who was a member of the Prior Salaried Plan but who terminated employment prior to the Effective Date shall become a Member of the Plan on the first day he is employed as an Employee. However, notwithstanding any provision of the Plan to the contrary, if a Member or any other employee of the Company terminates employment with the Company and all Associated Companies, has a period of absence that includes January 1, 2006, or any day thereafter, and is subsequently restored to service, he shall not receive any Benefit Service for his subsequent period of employment. In addition, amounts paid to the Member during the subsequent period of employment shall not be considered Compensation.

3.04 Persons Employed as a Leased Employee With the Company or an Associated Company

Any person who is a Leased Employee shall not be eligible to participate in the Plan. However notwithstanding any other Plan provision to the contrary, if a Leased Employee subsequently becomes an Employee as defined in Section 1.15 or an Employee as defined in Section 1.15 subsequently becomes employed as a Leased Employee, uninterrupted employment with the Company or an Associated Company as a Leased Employee, shall be counted for the sole purpose of determining Eligibility Service but not for the purpose of determining Benefit Service; provided, however, that Eligibility Service shall not be counted for any Leased Employee for any period of his or her employment during which the requirements of Code Section 414(n)(5) are met. However, notwithstanding any provision of the Plan to the contrary, in the event a Leased Employee becomes an Employee on or after January 1, 2006, the Employee shall not become a Member hereunder.

3.05 Persons Employed as Other Than Employees by the Company

Every person employed as other than an Employee by a Participating Unit shall become a Member of the Plan as of the first day of the calendar month coincident with or next following the date on which he or she first becomes an Employee, but not unless and until he or she satisfies the same terms and conditions which would have been applicable had he or she always been an Employee at such Participating Unit. Notwithstanding the foregoing, a Transferred Employee shall become a Member on the Effective Date. However, notwithstanding the foregoing, if a person commences employment as other than an Employee on or after January 1, 2006, and subsequently becomes an Employee, the Employee shall not be eligible to become a Member.

3.06 Reemployment of Former Employees, Former Members and Retired Members

Except as provided in Section 3.03, any person reemployed by the Company as an Employee shall be considered a new Employee for membership purposes under the Plan if such Employee was not previously a Member of the Plan.

The membership of any person reemployed by the Company as an Employee shall be immediately resumed if such Employee was previously a Member of the Plan.

If a retired Member or a former Member is reemployed by the Company or by an Associated Company in a capacity other than as a Non-Benefits Worker, his or her membership in the Plan shall be immediately resumed and any payment of a retirement allowance with respect to his or her original retirement or any payment of a vested benefit with respect to his or her original employment shall cease in accordance with the provisions of Section 4.11.

Notwithstanding any provision of the Plan to the contrary, if an Employee is reemployed by the Company on or after January 1, 2006, or terminates employment on or after that date and is subsequently rehired, the Employee shall not receive any Benefit Service for his subsequent period of employment. In addition, amounts paid to the Employee during the subsequent period of employment shall not be considered Compensation.

3.07 Termination of Membership

Unless otherwise determined by the Plan Administration Committee in writing under rules uniformly applicable to all person(s) or Employee(s) similarly situated, an Employee's membership in the Plan shall terminate if he or she ceases to be an Employee and he or she is not entitled to either a retirement allowance or vested benefit under Sections 4.01, 4.02, 4.03, 4.04 or 4.05, except that an Employee's membership shall continue (a) during any period while on leave of absence approved by the Company, (b) while absent by reason of temporary disability, (c) during the period of any total and permanent disability which continues to be recognized as Eligibility Service and Benefit Service as provided in Article 2, (d) while he or she is not an Employee as herein defined but is in the employ of the Company or an Associated Company, or (e) during the period of any periodic salary continuation payments an Employee receives under any severance pay plan of the Company. Employees covered by the Plan may not waive such coverage.

3.08 Merged Plans of Former Employees

From time to time, the Company has maintained other retirement plans or has assumed sponsorship of the retirement plans of predecessor, affiliated or acquired entities. Those plans have been merged into this Plan. Certain benefits rights and features of those merged plans, including but not limited to service credit and eligibility, are protected or preserved by this Plan, and are set forth in an Appendix to this Plan document. Each Appendix is incorporated herein by reference and shall take precedence over contrary provisions of this Article 3, Article 4, and other provisions of the Plan as applicable to the participants and former employees identified in such Appendix. Such participants and former employees shall be considered Members of this Plan, and subject to the terms and conditions of the Plan except as otherwise provided in the applicable Appendix. Additional appendices for plans merged into this Plan following the effective date of this restatement may be added to the Plan document at any time, at the discretion of the Company.

3.09 Questions Relating to Membership in the Plan

If any question shall arise hereunder as to the commencement, duration or termination of the membership of any person(s) or Employee(s) employed by the Company or by an Associated Company, such question shall be resolved by the Plan Administration Committee in writing under rules uniformly applicable to all person(s) or Employee(s) similarly situated. Such further documentation is hereby incorporated into the Plan by reference.

4.01 Normal Retirement Allowance

(a) The right of a Member to his or her normal retirement allowance shall be nonforfeitable as of his or her Normal Retirement Age. A Member may retire from active service on a normal retirement allowance upon reaching his or her Normal Retirement Date. If a Member postpones his or her retirement and continues in active service after his or her Normal Retirement Date or returns to service after his or her Normal Retirement Date, the provisions of Section 4.02 shall be applicable.

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(c), the annual normal retirement allowance payable on a lifetime basis upon retirement at a Member's Normal Retirement Date shall be equal to the sum of (i), (ii) and (iii) where:

(i) equals:

(1) 2% of the Member's Final Average Compensation multiplied by the portion of the first 25 years of his or her Benefit Service rendered prior to the Effective Date;

(2) plus 1½% of the Member's Final Average Compensation multiplied by the next 15 years of his or her Benefit Service rendered prior to the Effective Date, to a combined maximum of 40 years of Benefit Service;

(3) reduced by 1¼% of the Social Security Benefit multiplied by the portion of his or her years of Benefit Service rendered prior to the Effective Date, and not in excess of 40 years;

(4) reduced, but not below zero, by the annual normal retirement allowance determined under the provisions of Section 4.01(b) of the Prior Salaried Plan prior to the imposition of any limitations under Code Section 415 and the application of any offset provisions of the Prior Salaried Plan, with respect to the Member's period of employment rendered prior to the Effective Date which has been credited as Benefit Service hereunder pursuant to the provisions of Section 2.02(f); and

(ii) equals:

(1) 2% of the Member's Final Average Compensation multiplied by the portion of the first 25 years of his or her Benefit Service rendered on and after the Effective Date but not later than December 31, 2003;

(2) plus 1½% of the Member's Final Average Compensation multiplied by the portion of the next 15 years of his or her Benefit Service rendered on or after the Effective Date but not later than December 31, 2003, to a combined maximum of

40 years of Benefit Service minus the total number of years of Benefit Service rendered prior to the Effective Date;

(3) reduced by 1¼% of the Social Security Benefit multiplied by the portion of the number of years of his or her Benefit Service rendered on or after the Effective Date but no later than December 31, 2003, not in excess of 40 years minus the total number of years of Benefit Service rendered prior to the Effective Date; and

(iii) equals:

(1) 1½% of the Member's Final Average Compensation multiplied by his or her Benefit Service rendered on and after January 1, 2004, to a combined maximum of 40 years of Benefit Service minus the total number of years of Benefit Service rendered prior to January 1, 2004;

(2) reduced by 1¼% of the Social Security Benefit multiplied by the portion of the number of years of his or her Benefit Service rendered on or after January 1, 2004, not in excess of 40 years minus the total number of years of Benefit Service rendered prior to January 1, 2004.

The combined maximum years of Benefit Service used to compute the amounts under clauses (i), (ii) and (iii) above shall not exceed 40 years.

The annual normal retirement allowance determined prior to reduction to be made on account of the Social Security Benefit shall be an amount not less than the greatest annual early retirement allowance which would have been payable to a Member had he or she retired under Section 4.03 or Section 4.04 at any time before his or her Normal Retirement Date and as such early retirement allowance would have been reduced to commence at such earlier date but without reduction on account of the Social Security Benefit. The reduction to be made on account of the Social Security Benefit shall in any event be based on the Federal Social Security Act in effect at the time of the Member's actual retirement.

(c) **Members of Merged Plans**. Notwithstanding any provisions of this Section 4.01 or this Article 4 to the contrary, a Member whose benefits are set forth in an Appendix to this Plan document as provided by Section 3.08, shall receive the benefit(s) set forth in the applicable Appendix, at such time and in such manner as provided in the Appendix.

4.02 Postponed Retirement Allowance

(a) A Member who continues in active service after his or her Normal Retirement Date or returns to active service on or after his or her Normal Retirement Date shall be retired from active service on a postponed retirement allowance on the first day of the month following his or her termination of employment, which date shall be the Member's Postponed Retirement Date.

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(c), the annual postponed retirement allowance payable on a lifetime basis upon retirement at a Member's Postponed Retirement Date shall be equal to the greater of:

(i) an amount determined in accordance with Section 4.01(b) but based on the Member's Benefit Service, Social Security Benefit and Final Average Compensation, and with respect to the amount determined under Section 4.01(b)(i)(4), any applicable components under the Prior Salaried Plan as of his or her Postponed Retirement Date or

(ii) the annual normal retirement allowance to which the Member would have been entitled under Section 4.01(b) had he or she retired on his or her Normal Retirement Date, increased by an amount which is the Equivalent Actuarial Value of the monthly payments which would have been payable with respect to each month in which he or she worked fewer than eight days. Any monthly payment determined under this Subparagraph (ii) with respect to any such month in which he or she worked fewer than eight days shall be computed as if the Member had retired on his or her Normal Retirement Date and shall reflect additional benefit accruals, if any, recomputed as of the first day of each subsequent Plan Year during which payment would have been made on the basis of his or her Final Average Compensation and Benefit Service accrued to such recomputation date.

(c) **Benefit for Member in Active Service After He or She Attains Age 70½**. In the event a Member's retirement allowance is required to begin under Section 4.10 while the Member is in active service, the January 1 immediately following the calendar year in which the Member attained age 70½ shall be the Member's Annuity Starting Date for purposes of this Article 4 and the Member shall receive a postponed retirement allowance commencing on that January 1 in an amount determined as if he or she had retired on such date. As of each succeeding January 1 prior to the Member's actual Postponed Retirement Date and as of his or her actual Postponed Retirement Date, the Member's retirement allowance shall be:

(i) recomputed to reflect any additional retirement allowance attributable to his or her Compensation and Benefit Service earned during the immediately preceding calendar year and based on his or her age at each succeeding January 1 or actual Postponed Retirement Date, and

(ii) reduced by the Equivalent Actuarial Value of the total payments of his or her postponed retirement allowance made with respect to each month of continued employment in which he or she was credited with at least eight days of service and which were paid prior to each such recomputation;

provided that no such reduction shall reduce the Member's postponed retirement allowance below the amount of postponed retirement allowance payable to the Member immediately prior to the recomputation of such retirement allowance.

4.03 Standard Early Retirement Allowance

(a) **Voluntary Termination Eligibility**. A Member who has not reached his or her Normal Retirement Date but has reached, prior to his or her voluntary termination of employment, the 55th anniversary of his or her birth and completed 10 years of Eligibility Service, is eligible to retire on a standard early retirement allowance on the first day of the calendar month coincident with or next following termination of employment, which date shall be the Member's Early Retirement Date.

Involuntary Termination Without Cause Eligibility. A Member who has not reached his or her Normal Retirement Date but has reached, prior to this or her involuntary termination of employment without cause by the Company, the 54th anniversary of his or her birth and completed nine years of Eligibility Service, is eligible to retire on a standard early retirement allowance on the first day of the calendar month coincident with or next following termination of employment, which date shall be the Member's Early Retirement Date.

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(c) the standard early retirement allowance shall be an allowance deferred to commence on the Member's Normal Retirement Date and shall be equal to the Member's Accrued Benefit earned up to his or her Early Retirement Date, computed on the basis of his or her Benefit Service, Final Average Compensation, Social Security Benefit and any applicable components of the Prior Salaried Plan as of his or her Early Retirement Date, with the Social Security Benefit determined on the assumption that the Member had no earnings after his or her Early Retirement Date.

The Member may, however, elect to receive an early retirement allowance commencing on his or her Early Retirement Date or the first day of any calendar month before his or her Normal Retirement Date specified in his or her later request therefor in a reduced amount which, prior to adjustment in accordance with Sections 4.06(a) and 4.07(c) shall be equal to his or her Accrued Benefit earned up to his or her Early Retirement Date prior to the reduction for the Social Security Benefit, reduced by 1/4 of 1% per month for each month by which the commencement date of his or her retirement allowance precedes his or her Normal Retirement Date.

The reduction to be made on account of the Social Security Benefit, with respect to the retirement allowance payable to a Member retiring prior to his or her 62nd birthday, shall not be made until such time as the Member is or would upon proper application first be entitled to receive said Social Security Benefit. With respect to a Member who retires on and after said date and prior to attaining age 62, the reduction to be made to the retirement allowance payable to such Member or any benefit payable after his or her death to his or her spouse or to a contingent annuitant pursuant to the provisions of Section 4.06 on account of the Social Security Benefit shall not be made until such time as the Member is or would have, had he or she survived, upon proper application first been entitled to receive said Social Security Benefit.

4.04 Special Early Retirement Allowance

(a) **Voluntary Termination Eligibility**. A Member who has not reached his or her Normal Retirement Date but who prior to his or her voluntary termination of employment (i) has reached the 55th anniversary of his or her birth and completed 15 years of Eligibility Service, or (ii) has reached the 50th anniversary of his or her birth but not the 55th anniversary of his or her birth and whose age plus years of Eligibility Service equals 80 or more, is eligible, in either case, to retire on a special early retirement allowance on the first day of the calendar month coincident with or next following termination of employment, which date shall be the Member's Special Early Retirement Date.

Involuntary Termination Without Cause Eligibility. A Member who has not reached his or her Normal Retirement Date but who prior to his or her involuntary termination of employment without cause by the Company (i) has reached the 54th anniversary of his or her birth and completed 14 years of Eligibility Service, or (ii) has reached the 49th anniversary of his or her birth but not the 54th anniversary of his or her birth and whose age plus years of Eligibility Service equals 78 or more, is eligible, in either case, to retire on a special early retirement allowance on the first day of the calendar month coincident with or next following termination of employment, which date shall be the Member's Special Early Retirement Date.

(b) **Benefit**. Except as hereinafter otherwise provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(c) the special early retirement allowance shall be an allowance deferred to commence on the Member's Normal Retirement Date and shall be equal to his or her Accrued Benefit earned up to the Member's Special Early Retirement Date, computed on the basis of his or her Benefit Service, Final Average Compensation, Social Security Benefit and any applicable components of the Prior Salaried Plan as of his or her Special Early Retirement Date, with the Social Security Benefit determined on the assumption that the Member had no earnings after his or her Special Early Retirement Date.

At or after his or her Special Early Retirement Date, however, the Member may elect to receive early payment of his or her Accrued Benefit commencing on the later of his or her Special Early Retirement Date or the first day of any later calendar month prior to his or her Normal Retirement Date as specified in his or her request therefor.

In the event of early payment commencing on the first day of the month coincident with or following the 60th anniversary of a Member's birth, the special early retirement allowance, prior to any adjustment in accordance with Sections 4.06(a) and 4.07(c), payable prior to age 62 shall be equal to his or her Accrued Benefit earned up to the Member's Special Early Retirement Date prior to the reduction for the Social Security Benefit; such retirement allowance shall not be increased to reflect a commencement date later than the 60th anniversary of the Member's birth.

In the event of early payment commencing prior to the 60th anniversary of a Member's birth, the special early retirement allowance, prior to any adjustment in accordance with Sections 4.06(a) and 4.07(c), payable prior to age 62 shall be equal to his or her Accrued Benefit earned up to the Member's Special Early Retirement Date prior to the reduction for the Social Security Benefit but reduced by 5/12 of 1% per month for each month up to 60 months by which the commencement date of his or her special early retirement allowance

precedes the first day of the calendar month coinciding with or next following the 60th anniversary of his or her birth.

The reduction to be made on account of the Social Security Benefit, with respect to the retirement allowance payable to a Member retiring prior to his or her 62nd birthday, shall be made at such time as the Member is or would upon proper application first be entitled to receive said Social Security Benefit. With respect to a Member who retires prior to attaining age 62, the reduction to be made to the retirement allowance payable to such Member or any benefit payable after his or her death to his or her spouse or to a contingent annuitant pursuant to the provisions of Section 4.06 on account of the Social Security Benefit shall not be made until such time as the Member is or would have, if he or she had survived, upon proper application first been entitled to receive said Social Security Benefit.

4.05 Vested Benefit

(a) **Eligibility,** Except as provided in the second paragraph of this Subsection 4.05(a), a Member shall be vested in, and have a nonforfeitable right to his or her Accrued Benefit upon completion of five years of Eligibility Service. If such Member's services are subsequently terminated for reasons other than death or early retirement prior to his or her Normal Retirement Date, he or she shall be entitled to a vested benefit under the provisions of this Section 4.05.

Notwithstanding the foregoing, a Member whose services were terminated solely as a result of the asset sale of the Wood Products business of the Company that was effective March 1, 2013, shall be automatically 100% vested as of such date.

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(a), the vested benefit payable to a Member shall be a benefit deferred to commence on the former Member's Normal Retirement Date and shall be equal to his or her Accrued Benefit earned up to the date the Member's employment is terminated, computed on the basis of his or her Benefit Service, Final Average Compensation, Social Security Benefit and any applicable component of the Prior Salaried Plan as of his or her date of termination, with the Social Security Benefit determined on the assumption that the Member continued in service to his or her Normal Retirement Date at his or her rate of Compensation in effect as of his or her date of termination. On or after the date on which the former Member shall have reached the 55th anniversary of his or her birth he or she may elect to receive a benefit commencing on the first day of any calendar month coincident with or next following the 55th anniversary of his or her birth and prior to his or her Normal Retirement Date as specified in his or her request therefor, after receipt by the Plan Administration Committee of written application therefor made by the former Member and filed with the Plan Administration Committee. Upon such earlier payment, the vested benefit otherwise payable at the former Member's Normal Retirement Date will be reduced by 1/180th for each month up to 60 months by which the commencement date of such payments precedes his or her Normal Retirement Date and further reduced by 1/360th for each such month in excess of 60 months.

4.06 Forms of Benefit Payment After Retirement

(a) **Automatic Forms of Payment**

(i) Automatic Joint and Survivor Annuity. If a Member or former Member who is married on his or her Annuity Starting Date has not made an election of an optional form of

payment as provided in Section 4.06(b), the retirement allowance or vested benefit payable to such Member or former Member shall automatically be adjusted as follows in order to provide that, after his or her death, a lifetime benefit as described below shall be payable to the spouse to whom he or she is married on his or her Annuity Starting Date:

(1) 90/50 Spouse's Annuity. If such Member retires from active service under Section 4.01, Section 4.02, Section 4.03 or Section 4.04, the automatic joint and survivor annuity payable to the Member shall provide (A) a reduced retirement allowance payable to the Member during his or her life equal to 90% of the retirement allowance otherwise payable without optional modification to the Member under Section 4.01, 4.02, 4.03 or 4.04, as the case may be, further adjusted, if necessary, as provided in the following sentence and (B) a benefit payable after his or her death to his or her surviving spouse equal to 50% of the retirement allowance otherwise payable without optional modification to the Member under Section 4.01, 4.02, 4.03 or 4.04, as the case may be, and without further adjustment as provided in the following sentence. If such spouse is more than five years older than the Member, the reduced retirement allowance payable to the Member shall be increased for each such additional full year in excess of five years, but for not more than 20 years, by one-half of 1% of the retirement allowance payable to the Member prior to optional modification. If such spouse is more than five years younger than the Member, the reduced retirement allowance payable to the Member shall be further reduced for each such additional full year in excess of five years by one-half of 1% of the retirement allowance payable to the Member prior to optional modification.

Notwithstanding the foregoing, the retirement allowance payable to the Member shall not be less than the retirement allowance otherwise payable without optional modification to the Member at retirement under Section 4.01, 4.02, 4.03 or 4.04, as the case may be, multiplied by the appropriate factor contained in Table 3 of Appendix A.

(2) Vested Spouse's Annuity. If such Member terminates service and is entitled to a vested benefit under Section 4.05, the joint and survivor annuity payable to the former Member shall provide (A) a reduced vested benefit payable to the former Member during his or her life equal to his or her vested benefit computed in accordance with Section 4.05 multiplied by the appropriate factor contained in Table 1 of Appendix A and (B) a benefit payable after his or her death to his or her surviving spouse equal to 50% of the reduced vested benefit payable to the former Member.

(ii) Automatic Life Annuity. If a Member or former Member is not married on his or her Annuity Starting Date, the retirement allowance or vested benefit computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, shall be paid to the Member or former Member in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death, unless the Member or former Member is eligible for and makes an election of an optional form of payment under Section 4.06(b).

(b) **Optional Forms of Payment**

(i) ***Life Annuity Option***. Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit may elect, in

accordance with the provisions of Section 4.06(d), to provide that the retirement allowance payable to him or her under Section 4.01, 4.02, 4.03 or 4.04 or the vested benefit payable to him or her under Section 4.05 shall be in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death.

(ii) ***80/80 Spouse's Annuity Option***. Any Member who retires from active service under Section 4.01, 4.02, 4.03 or 4.04, who is married on his or her Annuity Starting Date, may elect, in accordance with the provisions of Section 4.06(d), to convert the retirement allowance otherwise payable to him or her without optional modification under Section 4.01, 4.02, 4.03 or 4.04, as the case may be, into the following alternative benefit in order to provide that, after his or her death, a lifetime benefit shall be payable to the spouse to whom the Member is married on his or her Annuity Starting Date.

The Member shall receive a reduced retirement allowance payable during his or her life equal to 80% of the retirement allowance otherwise payable without optional modification to the Member at retirement under Section 4.01, 4.02, 4.03 or 4.04, as the case may be, further adjusted, if necessary, as provided below. The Member's surviving spouse shall receive a benefit payable after the Member's death equal to the Member's retirement allowance as reduced in this Section 4.06(b)(ii).

If such spouse is more than five years older than the Member, the reduced retirement allowance payable to the Member shall be increased for each such additional full year in excess of five years, but for not more than 20 years, by 1% of the retirement allowance payable to the Member prior to optional modification. If such spouse is more than five years younger than the Member, the reduced retirement allowance payable to the Member shall be further reduced for each such additional full year in excess of five years by 1% of the retirement allowance payable to the Member prior to optional modification.

Notwithstanding the foregoing, the retirement allowance payable to the Member and his or her surviving spouse shall not be less than the retirement allowance that would have been payable if the Member had elected Option 1 under Section 4.06(b)(iii).

(iii) ***Contingent Annuity Option***. Any Member who retires from active service under Section 4.01, 4.02, 4.03, or 4.04 may elect, in accordance with the provisions of Section 4.06(d), to convert the retirement allowance otherwise payable to him or her without optional modification under Section 4.01, 4.02, 4.03, or 4.04, as the case may be, into Option 1 or Option 2 below in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective, was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance otherwise payable without optional modification under Section 4.01, 4.02, 4.03, or 4.04.

Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit and whose Annuity Starting Date is on or after January 1, 2008, may elect, in accordance with the provisions of Section 4.06(d), to convert the retirement allowance or vested benefit otherwise payable to him or her without optional modification into Option 3 below in order to provide that after his or

her death, a lifetime benefit shall be payable to the person who, when the option became effective, was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance or vested benefit otherwise payable without optional modification.

Option 1. A reduced retirement allowance payable during the Member's life with the provisions that after his or her death a benefit equal to 100% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 2. A reduced retirement allowance payable during the Member's life with the provision that after his or her death a benefit equal to 50% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 3. A reduced retirement allowance payable during the Member's life with the provision that after his or her death a benefit equal to 75% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

(c) **Required Notice**. No less than 30 days and no more than 180 days before his or her Annuity Starting Date, the Plan Administration Committee shall furnish to each Member or former Member a written explanation in non-technical language of the terms and conditions of the Automatic Joint and Survivor Annuity and the Automatic Life Annuity as described in Section 4.06(a) and the optional forms of benefits described in Section 4.06(b). Such explanation shall include (i) a general description of the eligibility conditions for the material features of and the relative values of the optional forms of payment under the Plan, (ii) any rights the Member or former Member may have to defer commencement of his or her retirement allowance or vested benefit, which will include a description of how much larger benefits will be if the commencement of benefits is deferred, (iii) the requirement for Spousal Consent as provided in Section 4.06(d), and (iv) the right of the Member or former Member, prior to his or her Annuity Starting Date, to make and to revoke elections under Section 4.06. Such notification shall satisfy the notice requirements of Code Section 417(a)(3) and Regulation 1.417(a)(3)-1.

(d) **Election of Options**. Subject to the provisions of this Section 4.06(d) and in lieu of the automatic forms of payment described in Section 4.06(a):

(i) a Member may elect to receive his or her retirement allowance or vested benefit in the optional form of payment described in Section 4.06(b)(i);

(ii) a Member who retires under the provisions of Section 4.01, 4.02, 4.03 or 4.04 may elect to receive his or her retirement allowance in one of the optional forms of payment described in Section 4.06(b)(ii) or in the form of Option 1, Option 2 or Option 3 under 4.06(b)(iii); and

(iii) a Member who terminates service and is entitled to a vested benefit under Section 4.05 and whose Annuity Starting Date is on or after January 1, 2008, may elect to receive his or her retirement allowance or vested benefit in the form of Option 3 under Section 4.06(b)(iii), provided his or her spouse is the only contingent annuitant.

A married Member's or a married former Member's election of a Life Annuity form of payment under Section 4.06(b)(i) or any optional form of payment under Section 4.06(b)(ii) and Section 4.06(b)(iii), which does not provide for monthly payments to his or her spouse for life after the Member's or former Member's death, in an amount equal to at least 50% but not more than 100% of the monthly amount payable under that form of payment to the Member or former Member and which is not of Equivalent Actuarial Value to the Automatic Joint and Survivor Annuity described in Section 4.06(a)(i), shall be effective only with Spousal Consent; provided such Spousal Consent to the election has been received by the Plan Administration Committee.

Any election made under Section 4.06(a) or Section 4.06(b) shall be made on a form approved by the Plan Administration Committee and may be made during the 180-day period ending on the Member's Annuity Starting Date, but not prior to the date the Member or former Member receives the written explanation described in Section 4.06(c). Any such election shall become effective on the Member's or former Member's Annuity Starting Date, provided the appropriate form is filed with and received by the Plan Administration Committee and may not be modified or revoked after his or her Annuity Starting Date. Any election made under Section 4.06(a) or Section 4.06(b) after having been filed, may be revoked or changed by the Member or former Member only by written notice received by the Plan Administration Committee before his or her election becomes effective on his or her Annuity Starting Date. Any subsequent elections and revocations may be made at any time and from time to time during the 180-day period ending on the Member's or former Member's Annuity Starting Date. A revocation shall be effective when the completed notice is received by the Plan Administration Committee. A re-election shall be effective on the Member's or former Member's Annuity Starting Date. If, however, the Member or the spouse or the contingent annuitant designated in the election dies before the election has become effective, the election shall thereby be revoked.

Notwithstanding the provisions of Paragraph (c) above, a Member may, after having received the notice, affirmatively elect to have his or her retirement allowance or vested benefit commence sooner than 30 days following his or her receipt of the notice, provided all of the following requirements are met:

(i) the Plan Administration Committee clearly informs the Member that he or she has a period of at least 30 days after receiving the notice to decide when to have his or her retirement allowance or vested benefit begin, and if applicable, to choose a particular optional form of payment;

(ii) the Member affirmatively elects a date for his or her retirement allowance or vested benefit to begin, and if applicable, an optional form of payment, after receiving the notice;

(iii) the Member is permitted to revoke his or her election until the later of his or her Annuity Starting Date or seven days following the day he or she received the notice;

(iv) payment does not commence less than seven days following the day after the notice is received by the Member; and

(v) in the event a Member who is scheduled to commence receipt of a retirement allowance prior to his or her Normal Retirement Date or who retires on a Normal or Postponed Retirement Date elects an Annuity Starting Date that precedes the date he

or she received the notice (the "retroactive Annuity Starting Date"), the following requirements are met:

(A) the Member's benefit must satisfy the provisions of Code Sections 415 and 417(e)(3), both at the retroactive Annuity Starting Date and at the actual commencement date;

(B) a payment equal in amount to the payments that would have been received by the Member had his or her benefit actually commenced on his retroactive Annuity Starting Date, plus interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually, shall be paid to the Member on his or her actual commencement date; and

(C) the Member elects within the 120 day period following the Member's termination of employment with the Company and all Associated Companies to receive benefits as of a retroactive Annuity Starting 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 is not married on the actual commencement date and the Member's spouse is not treated as his spouse under a qualified domestic relations order on the Retroactive Annuity Starting Date.

(e) Delayed Commencement of Normal Retirement Allowance

(i) In the event a Member who has retired or otherwise terminated employment with the Company and all Associated Companies prior to his Normal Retirement Date has not filed an election designating an Annuity Starting Date prior to the 91st day preceding his Normal Retirement Date, the Plan Administration Committee shall mail the notice described in Section 4.06(c) to the Member's last known address as indicated on Plan records at least 30 days prior to the Member's Normal Retirement Date. The Member's Normal Retirement Date shall be deemed to be the Member's Annuity Starting Date. In the absence of a benefit election filed by the Member prior to his Normal Retirement Date in accordance with the provisions of Section 4.06(d), distribution of the Member's retirement allowance shall be deemed to commence to the Member on his Normal Retirement Date in the normal form applicable to the Member as determined on the basis of Plan records. Such payments shall be held in the Plan's trust and deemed forfeited until claim has been made by the Member.

(ii) In the event the Member subsequently files a claim for payment, payment shall commence to the Member as soon as practicable in the amount that would have been payable to the Member if payments had commenced on the Member's Normal

Retirement Date. In addition, one lump sum payment shall be paid to the Member equal to the sum of the monthly payments that the Member would have received during the period beginning on his Normal Retirement Date and ending with the month preceding his actual commencement date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined as of the Member's Normal Retirement Date on the basis of the actual form of payment in which the Member's retirement allowance is payable under Section 4.06(a) or Section 4.06(b). The lump sum shall be paid on or as soon as practicable following the date the Member's retirement allowance commences.

In the event a Member's marital status used to compute the Member's retirement allowance under Section 4.06(a) was not accurate, the amount of the Member's retirement allowance payable under this Section 4.06(e) shall be adjusted to reflect the Member's correct marital status.

(iii) In the event a Member entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to the commencement of his retirement allowance, upon claim by the Member's personal representative, or if none, his estate, one lump sum payment shall be paid to the claimant equal to the lump sum amount calculated under Section 4.06(e)(ii) above that would have been paid to the Member for the period commencing on the Member's Normal Retirement Date and ending with the month prior to his death, plus interest on that amount at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan year in which interest is paid, compounded annually, from the Member's Normal Retirement Date to the date of payment of the lump sum amount to the Member's personal representative, or if none, to his estate.

(iv) In the event a Member who is entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to commencement of his retirement allowance and is survived by a spouse to whom he was married on his Normal Retirement Date, the Member's surviving spouse shall be entitled to the survivor portion of the Member's retirement allowance under the provisions of Section 4.06(a)(i), assuming the Member commenced payment under Section 4.06(a)(i) effective on his Normal Retirement Date. Such survivor retirement allowance shall commence as soon as practicable following the surviving spouse's claim for the retirement allowance. In addition, one lump sum payment shall be paid to the surviving spouse equal to the sum of the monthly payments the surviving spouse would have received for the month of the Member's date of death through the month preceding the month in which the survivor retirement allowance commences, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period for each Plan Year in which interest is paid, compounded annually.

(v) In the event a Member's retirement allowance otherwise scheduled to commence on his Normal Retirement Date is delayed because the Plan Administration Committee is unable to locate the Member and the Plan Administration Committee does not mail the notice described in Section 4.06(c) at least 30 days prior to the Member's Normal

Retirement Date, the Plan Administration Committee shall commence payment within 60 days after the date the Member is located. Unless the Member elects an optional form of payment in accordance with the provisions of Section 4.06(b), payment shall commence in the normal form applicable to the Member on his or her Annuity Starting Date. The retirement allowance payable to the Member shall be of Equivalent Actuarial Value to the retirement allowance otherwise payable to the Member on his Normal Retirement Date.

In the event a Member whose retirement allowance is delayed beyond his or her Normal Retirement Date as described above dies prior to his or her Annuity Starting Date, and is survived by a spouse, the spouse shall be entitled to receive a survivor annuity under the provisions of Section 4.07(a)(ii) or Section 4.07(b)(ii), whichever is applicable, computed on the basis of the Equivalent Actuarial Value of the retirement allowance payable to the Member on his Normal Retirement Date.

(vi) Notwithstanding the provisions of Section 4.06(e)(v) above, a Member described in the preceding subparagraph whose retirement allowance will be paid in the form of an annuity may elect, in lieu of the retirement allowance otherwise payable under Section 4.06(e)(v) above, to receive:

(A) a lump sum payment equal to the sum of the monthly payments the Member would have received from his Normal Retirement Date to his Annuity Starting Date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined on the basis of the form of payment in which the Member's retirement allowance is payable under Section 4.06(a), as applicable; and

(B) a retirement allowance in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date in the form elected by the Member.

An election under this Section 4.06(e)(vi) shall be subject to the notice and Spousal Consent requirements set forth in Section 4.06(d) applicable to the election of an optional form of payment.

(f) With respect to a Member who retires under the provisions of Section 4.03 or Section 4.04, the reduction on account of the Social Security Benefit to be made to the benefit, if any, payable in accordance with Section 4.06(a) or Section 4.06(b) to his or her designated spouse or to his or her contingent annuitant shall not be made until such time as the Member would have, had he or she survived, upon proper application first been entitled to receive said Social Security Benefit.

If a Member dies after his or her Annuity Starting Date, any payment continuing on to his or her spouse or contingent annuitant shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

4.07 Survivor's Benefit Applicable Before Retirement

The term "Beneficiary" for purposes of this Section 4.07 shall mean any person or any trust established by the Member or the Member's estate, named by the Member by written designation to receive benefits payable under the automatic Pre-Retirement Survivor's Benefit and under the optional Supplemental Pre-Retirement Survivor's Benefit; provided, however, that, for any married Member the term "Beneficiary" shall automatically mean the Member's spouse and any prior designation to the contrary will be canceled, unless the Member, with Spousal Consent, designates otherwise. An election of a non-spouse Beneficiary by a married Member shall be effective only if accompanied by Spousal Consent and such Spousal Consent has been received by the Plan Administration Committee. If the Member dies without an effective designation of Beneficiary, the Member's Beneficiary for purposes of this Section 4.07 shall automatically be the Member's spouse, if any, or his or her estate. If the Member elects the additional optional protection of the Supplemental Pre-Retirement Survivor's Benefit, the Member's Beneficiary thereunder shall be the same as the Beneficiary under the Automatic Pre-Retirement Survivor's Benefit. The Plan Administration Committee shall resolve any questions arising hereunder as to the meaning of "Beneficiary" on a basis uniformly applicable to all Members similarly situated.

(a) **Automatic Vested Spouse's Benefit**

(i) ***Automatic Vested Spouse's Benefit Applicable Before Termination of Employment***. The surviving spouse of a Member who has completed five years of Eligibility Service but who has not yet completed ten years of Eligibility Service and attained age 55 shall automatically receive a benefit payable under the Automatic Vested Spouse's Benefit of this Section 4.07(a)(i) in the event said Member should die after the effective date of coverage hereunder and before termination of employment. The benefit payable to the Member's spouse shall be equal to 50% of the benefit the Member would have received if he or she had terminated his or her employment on his or her date of death, survived to Normal Retirement Date, and on the day before he or she would have reached Normal Retirement Date had elected to begin receiving his or her vested benefit in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a)(i)(2). However, notwithstanding the preceding sentence with respect to a Member who had met the eligibility requirements set forth in Section 4.04(a)(ii) and who died in active employment prior to the 55th anniversary of his or her birth, the benefit payable to the Member's spouse shall be the survivor portion of the Automatic Joint and Survivor Annuity under Section 4.06(a)(i)(1). Such benefit shall be payable for the life of the spouse commencing on what would have been the Member's Normal Retirement Date. However, the Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the first day of any calendar month on or after the date the former Member would have reached the 55th anniversary of his or her birth provided, however, if the Member dies after having met the requirements set forth in Section 4.04(a)(ii) for a special early retirement allowance, the Member's spouse may elect to have payments begin under this Automatic Vested Spouse's Benefit as of the first day of any month following the Member's death.

If the Member's spouse elects to commence payment of the Automatic Vested Spouse's Benefit prior to what would have been the Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on (i) the reduced vested benefit to which the Member would have been entitled, had the Member elected to have payments commence to himself on such earlier date in

accordance with the provisions of Section 4.05(b) or (ii) in the case of a Member who dies after having met the requirements for a special early retirement allowance as set forth Section 4.04(a)(ii), the reduced early retirement allowance to which the Member would have been entitled had he or she elected to have payments commence to himself on such earlier date in accordance with the provisions of Section 4.04(b).

Coverage hereunder shall be applicable to a married Member in active service who has satisfied the eligibility requirements for a vested benefit under Section 4.05 and shall become effective on the date the Member marries and shall cease on the earlier of (i) the date such active Member reaches the 55th anniversary of his or her birth and completes ten years of Eligibility Service, (ii) the date such active Member reaches the 65th anniversary of his or her birth, (iii) the date such active Member's marriage is legally dissolved by a divorce decree, or (iv) the date such active Member's spouse dies. Coverage under Section 4.07(b)(i) shall commence on the date a Member in active service reaches the earlier of (i) the 55th anniversary of his or her birth, or if later, the date he or she completes ten years of Eligibility Service or (ii) the 65th anniversary of his or her birth.

(ii) ***Automatic Vested Spouse's Benefit Applicable Upon Termination of Employment***. In the case of a former Member who is married and entitled to a vested benefit under Section 4.05, the provisions of this Section 4.07(a)(ii) shall apply to the period between the date his or her services are terminated or the date, if later, the former Member is married and his or her Annuity Starting Date, or other cessation of coverage as later specified in this Section 4.07(a)(ii).

In the event of a married former Member's death during any period in which these provisions have not been waived or revoked by the former Member and his or her spouse, the benefit payable to the former Member's spouse shall be equal to 50% of the vested benefit the former Member would have received on his or her Normal Retirement Date if he or she had elected to receive such benefit in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a)(i).

The spouse's benefit shall be payable for the life of the spouse commencing on what would have been the former Member's Normal Retirement Date. However, the former Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the first day of any calendar month on or after the date the former Member would have reached the 55th anniversary of his or her birth. If the former Member's spouse elects to commence payment of this Automatic Vested Spouse's Benefit prior to what would have been the former Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on the reduced vested benefit to which the former Member would have been entitled, had the former Member elected to have payments commence to himself on such earlier date in accordance with the provisions of Section 4.05(b).

The vested benefit payable to a former Member whose spouse is covered under this Section 4.07(a)(ii), or if applicable, the benefit payable to his or her spouse upon his or her death shall be reduced by the applicable percentages shown below. Such reduction shall commence on and after the first of the month coincident with or following the effective date of coverage hereunder and cease when coverage ceases; provided, however, no reduction shall be made with respect to any period before the later of (1) the date the Plan Administration Committee furnishes the Member the notice of his or her right to waive the

Automatic Vested Spouse's Benefit or (2) the commencement of the election period specified below.

ANNUAL REDUCTION FOR SPOUSE'S COVERAGE AFTER TERMINATION OF EMPLOYMENT

Age	**Reduction**
Less than 40	1/10 of 1% per year
40 but prior to 50	2/10 of 1% per year
50 but prior to 55	3/10 of 1% per year
55 but prior to 60	5/10 of 1% per year
60 but less than 65	1% per year

The Plan Administration Committee shall furnish to each former Member a written explanation which describes (1) the terms and conditions of the Automatic Vested Spouse's Benefit, (2) the former Member's right to make, and the effect of, an election to waive the Automatic Vested Spouse's Benefit, (3) the rights of the former Member's spouse, and (4) the right to make, and the effect of, a revocation of such a waiver. Such written explanation shall be furnished to each former Member before the first anniversary of the date he or she terminated service and shall be furnished to such former Member even though he or she is not married.

The period during which the former Member may make an election to waive the Automatic Vested Spouse's Benefit provided under this Section 4.07(a)(ii) shall begin no later than the date his or her employment terminates and end on his or her Annuity Starting Date, or if earlier, his or her date of death. Any waiver, revocation or re-election of the Automatic Vested Spouse's Benefit shall be made on a form provided by the Plan Administration Committee and any waiver or revocation shall require Spousal Consent. If, upon termination of employment, the former Member waives coverage hereunder in accordance with administrative procedures established by the Plan Administration Committee for all Members similarly situated, such waiver shall be effective as of the Member's Severance Date. Any later re-election or revocation shall be effective on the first day of the month coincident with or next following the date the completed form is received by the Plan Administration Committee. If a former Member dies during the period after a waiver or revocation is in effect there shall be no benefits payable under the provisions of this Section 4.07.

Except as described above in the event of a waiver or revocation, coverage under this Section 4.07(a)(ii) shall cease to be effective upon a former Member's Annuity Starting Date, or upon the date a former Member's marriage is legally dissolved by a divorce decree, or upon the death of the spouse, whichever event shall first occur.

(b) **Automatic Pre-Retirement Survivor's Benefit**

(i) ***Automatic Pre-Retirement Survivor's Benefit Applicable Before a Member Retires.*** Under the Provisions of Section 4.01, Section 4.02, Section 4.03 or Section 4.04, the Beneficiary of a Member who has reached the 65th anniversary of his or her birth or who has reached the 55th anniversary of his or her birth and completed ten years of Eligibility Service, shall automatically receive a Pre-Retirement Survivor's Benefit payable under the provisions of this Section 4.07(b)(i) in the event said Member

should die before he or she retires under the provisions of Section 4.01, 4.02, 4.03 or 4.04 or reaches his or her Annuity Starting Date pursuant to the provisions of Section 4.02(d), if earlier. The benefit payable during the life of, and to, the Beneficiary shall be equal to one-half of the Member's Accrued Benefit, without optional modification in accordance with the provisions of Section 4.06, accrued to the date of his or her death, adjusted to take into account the Member's Social Security Benefit. The Social Security Benefit shall be determined on the assumption that the Member had no earnings after his or her date of death, and if his or her death occurs prior to the time the Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be reduced by one-half of 1% for each full year the Beneficiary is more than five years younger.

Coverage hereunder shall be effective on the first day of the calendar month coincident with or next following the date the Member reaches his or her 55th birthday and completes ten years of Eligibility Service, or if earlier, his or her Normal Retirement Date. In the case of a married Member coverage under Section 4.07(a)(i) shall cease on the date coverage under this Section 4.07(b)(i) is effective as set forth in the preceding sentence.

(ii) ***Automatic Pre-Retirement Survivor's Benefit Applicable Between Early Retirement Date or Special Early Retirement Date and the Member's Annuity Starting Date***. In the case of a Member retired early under Section 4.03 or Section 4.04 of the Plan with the payment of the early retirement allowance deferred to commence at a date later than his or her Early Retirement Date or Special Early Retirement Date, whichever is applicable, the provisions of this Section 4.07(b)(ii) shall apply to the period between his or her Early Retirement Date or Special Early Retirement Date and his or her Annuity Starting Date. The Member shall, at his or her Early Retirement Date or Special Early Retirement Date, complete such forms as are required under this Section 4.07(b)(ii) and coverage hereunder shall be effective as of his or her Early Retirement Date or Special Early Retirement Date.

In the event of the Member's death during the period in which these provisions are in effect, the benefit payable during the life of, and to, the Beneficiary shall be equal to one-half of the Member's Accrued Benefit, without optional modification in accordance with the provisions of Section 4.06, accrued to the date of his or her Early Retirement Date or Special Early Retirement Date, whichever is applicable, adjusted to take into account the Member's Social Security Benefit. If the Member's death occurs prior to the time the Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be reduced by one-half of 1% for each full year the Beneficiary is more than five years younger.

The Automatic Pre-Retirement Survivor's Benefit shall be payable for the life of the Beneficiary commencing on what would have been the Member's Normal Retirement Date or date of death, if later. However, if a Member dies prior to his or her Normal Retirement Date, the Beneficiary of the Member may elect, by written application filed with the Plan Administration Committee, to have such payments begin as of the first day of any calendar month following the Member's date of death and prior to what would have been the

Member's Normal Retirement Date. If the Beneficiary elects to commence payment of the Automatic Pre-Retirement Survivor's Benefit prior to what would have been the Member's Normal Retirement Date the amount of such benefit shall be determined in accordance with Sections 4.07(b)(i) and (ii) above, as applicable, and without reduction for such early commencement.

Notwithstanding the foregoing, in the event the Member's Beneficiary is someone other than his or her spouse, payment of the automatic Pre-Retirement Survivor's Benefit shall commence within one year of the Member's date of death and in the event such commencement date is prior to the 55th anniversary of the Member's birth, the benefit payable to the Beneficiary shall be of Equivalent Actuarial Value to the benefit otherwise payable hereunder to the Beneficiary on the date the Member would have attained age 55.

(c) **Optional Supplemental Pre-Retirement Survivor's Benefit**

(i) ***Optional Supplemental Pre-Retirement Survivor's Benefit Applicable Before a Member Retires Under the Provisions of Section 4.01, Section 4.02, Section 4.03 or Section 4.04***. A Member, who has reached the 65th anniversary of his or her birth or who has reached the 55th anniversary of his or her birth and completed ten years of Eligibility Service, may elect to receive a reduced retirement allowance upon his or her retirement in order to provide that, if he or she should die after his or her election becomes effective but before he or she retires under the provisions of Section 4.01, Section 4.02, 4.03 or 4.04 or reaches his or her Annuity Starting Date pursuant to the provisions of Section 4.02(d), a benefit shall be paid to the Beneficiary designated by him or her in accordance with the following terms and conditions.

The Member may elect to reduce the retirement allowance to which he or she would otherwise be entitled at retirement under Section 4.01, 4.02, 4.03 or 4.04 by one-half of 1% per year for each year between the date on which the election becomes effective and the earliest of the Member's Early Retirement Date, Special Early Retirement Date, Annuity Starting Date, or the date the election is revoked as provided in Section 4.07(i).

If the Member makes such an election and dies before he or she retires under the provisions of Section 4.01, 4.02, 4.03 or 4.04, the benefit payable during the life of, and to, the Beneficiary shall be equal to 25% of the Member's Accrued Benefit without optional modification in accordance with the provisions of Section 4.06, accrued to the date of his or her death adjusted (1) to take into account the Member's Social Security Benefit and (2) as provided below. The Social Security Benefit shall be determined on the assumption that the Member had no earnings after his or her date of death, and if his or her death occurs prior to the time the Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. The benefit payable to the Beneficiary shall be reduced by one-half of 1% per year for each year between the date on which the election became effective and the date of the Member's death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be further reduced by one-half of 1% for each full year the Beneficiary is more than five years younger.

If the Member makes an election under this Section 4.07(c)(i) at or prior to the time he or she is first eligible to do so, it shall become effective on the first day of the calendar

month coincident with or next following the date the Member reaches his or her 55th birthday and completes ten years of Eligibility Service, or if earlier, his or her Normal Retirement Date. A Member will be deemed to have waived coverage under this Section 4.07(c)(i) if he or she does not file the appropriate forms with the Plan Administration Committee when first eligible to do so. If the Member does not make such election until after he or she is first eligible to do so, it shall become effective one year after the first day of the calendar month coincident with or next following (1) the date the notice is received by the Plan Administration Committee or (2) the date specified in such notice, if later.

(ii) ***Optional Supplemental Pre-Retirement Survivor's Benefit Applicable Between Early Retirement Date or Special Early Retirement Date and the Member's Annuity Starting Date***. In the case of a Member retired early under the provisions of Section 4.03 or Section 4.04 of the Plan with the payment of the early retirement allowance deferred to commence at a date later than his or her Early Retirement Date or Special Early Retirement Date, the provisions of this Section 4.07(c)(ii) shall apply to the period between his or her Early Retirement Date or Special Early Retirement Date and his or her Annuity Starting Date.

The Member may elect to reduce the early retirement allowance to which he or she would otherwise be entitled under Section 4.03 or Section 4.04 by one-half of 1% per year for each year between his or her Early Retirement Date or Special Early Retirement Date and the earlier of the date the election is revoked pursuant to Section 4.07(i) or his or her Annuity Starting Date.

If the Member makes such an election and dies during the period the election is in effect, the benefit payable during the life of, and to, his or her Beneficiary shall be equal to 25% of the Member's Accrued Benefit, without optional modification in accordance with the provisions of Section 4.06, accrued to his or her Early Retirement Date or Special Early Retirement Date, adjusted (1) to take into account the Member's Social Security Benefit and (2) as provided below. If the Member's death occurs prior to the time the Member is or would upon proper application first be entitled to receive such Social Security Benefit, such adjustment shall nevertheless be made at the Member's date of death. The benefit payable to the Beneficiary shall be reduced by one-half of 1% per year for each year between the date on which the election became effective and the date of the Member's death. If the Beneficiary is more than five years younger than the Member, the benefit payable to the Beneficiary shall be further reduced by one-half of 1% for each full year the Beneficiary is more than five years younger.

The Member shall, at his or her Early Retirement Date or Special Early Retirement Date, complete such forms as are required under this Section 4.07(c)(ii), and if he or she so elects, coverage hereunder shall be effective as of his or her Early Retirement Date or Special Early Retirement Date. A Member will be deemed to have waived coverage under this Section 4.07(c)(ii) if he or she does not file the appropriate forms with the Plan Administration Committee at his or her Early Retirement Date or Special Early Retirement Date. If the Member subsequently makes an election hereunder, it shall become effective one year after the first day of the calendar month coincident with or next following (1) the date the notice is received by the Plan Administration Committee or (2) the date specified in such notice, if later.

The optional Supplemental Pre-Retirement Survivor's Benefit shall be payable for the life of the Beneficiary commencing on what would have been the Member's Normal Retirement Date or date of death, if later. However, if a Member dies prior to his or her Normal Retirement Date, the Beneficiary may elect, by written application filed with the Plan Administration Committee, to have such payments begin as of the first day of any calendar month coincident with or next following the Member's date of death and prior to what would have been the Member's Normal Retirement Date. If the Beneficiary elects to commence payment of the optional Supplemental Pre-Retirement Survivor's Benefit prior to what would have been the Member's Normal Retirement Date and after what would have been the 55th anniversary of the Member's birth, the amount of such benefit shall be determined in accordance with Section 4.07(c)(i) and (ii) above, as applicable and without reduction for such early commencement. If the Beneficiary elects to commence payment of the optional Supplemental Pre-Retirement Survivor's Benefit prior to what would have been the 55th anniversary of the Member's birth, the benefit payable to the Beneficiary shall be of Equivalent Actuarial Value to the benefit otherwise payable to Beneficiary on the date the Member would have attained age 55. Notwithstanding any foregoing provision to the contrary, payment of the optional Supplemental Pre-Retirement Survivor Benefit must commence as of the same date payment of the Automatic Pre-Retirement Survivor Benefit commences.

Notwithstanding the foregoing, in the event the Member's Beneficiary is someone other than his or her spouse, payment of the optional Supplemental Pre-Retirement Survivor's Benefit shall commence within one year of the Member's date of death and in the event such commencement date is prior to the 55th anniversary of the Member's birth, the benefit payment to the Beneficiary shall be of Equivalent Actuarial Value to the benefit otherwise payable hereunder to the Beneficiary on the date the Member would have attained age 55.

(d) Notwithstanding any provision of Section 4.07(b) or Section 4.07(c) to the contrary, in no event shall the sum of the Automatic Pre-Retirement Survivor's Benefit payable under the provisions of Section 4.07(b) and the optional Supplemental Pre-Retirement Survivor's Benefit payable under the provisions of Section 4.07(c) to a Beneficiary be less than the amount of benefit the spouse would have received if the retirement allowance to which the Member was entitled at his or her date of death (i) had commenced on the date the spouse elects to have such Pre-Retirement Survivor's Benefit payments commence, (ii) in the form of an Automatic Joint and Survivor Annuity under Section 4.06(a)(i), and (iii) the Member had died immediately thereafter. However, if within the 180-day period prior to his or her Annuity Staring Date a Member has elected an optional form of payment which provides for monthly payments to his or her spouse for life in an amount equal to more than 50% but not more than 100% of the monthly amount payable under the option for the life of the Member and such option is of Equivalent Actuarial Value to the Automatic Joint and Survivor Annuity referred to in the preceding sentence, such optional form of payment shall be used to compute the amount payable to the spouse.

(e) **Benefits Payable to an Estate or Trust**. If a Member's Beneficiary under this Section 4.07 is his or her estate or a trust, the benefits otherwise payable under Section 4.07(b), and if elected, under Section 4.07(c) shall be commuted into a single lump sum amount, which amount shall be determined by multiplying the benefits otherwise payable by the appropriate factor in Tables 4 or 5 of Appendix A and calculated by assuming the Beneficiary had been a person of the same age as the Member at the Member's date of death. In no event shall the amount of the lump sum be less than the amount required by applicable law. The payment of such single lump sum amount shall represent the full and total payment of all benefits due

under the Plan. The Plan Administration Committee shall resolve any questions arising hereunder on a basis uniformly applicable to all Members similarly situated.

(f) If the Member's Beneficiary dies during the period coverage is effective under Sections 4.07(b) and Section 4.07(c), the Beneficiary designation shall thereby be canceled. However, coverage under Section 4.07(b), and if elected, under Section 4.07(c) shall nevertheless continue in full effect. The Member's Beneficiary thereafter shall be in accordance with his or her subsequent designation of a new Beneficiary or in accordance with the term "Beneficiary" as defined herein.

If the Member's Beneficiary is his or her spouse and if the Member's marriage to said spouse is legally dissolved by a divorce decree, the Beneficiary designation under Sections 4.07(b) and 4.07(c) shall remain in effect until a subsequent Beneficiary designation is submitted by the Member to the Plan Administration Committee or until the Member remarries. Coverage under Section 4.07(b), and if elected, under Section 4.07(c) shall continue in full effect.

A Member may change his or her Beneficiary designation at any time after receiving the written explanation described in Section 4.07(g), subject to Spousal Consent. Any such change shall become effective on the first day of the calendar month coincident with or next following the (i) date the notice of change is received by the Plan Administration Committee or (ii) the date specified in such notice, if later, and the original designation shall remain in effect until such date.

(g) The Plan Administration Committee shall furnish to each Member a written explanation in non-technical language which describes (i) the terms and conditions of the Automatic Pre-Retirement Survivor's Benefit and the Optional Supplemental Pre-Retirement Survivor's Benefit, (ii) the Member's right to make an election to designate a Beneficiary other than his or her spouse and the effect of such election, (iii) the right to revoke, prior to the Annuity Starting Date, such designation and the effect of such revocation, and (iv) the rights of the Member's spouse, if any. The Plan Administration Committee shall furnish this written explanation to each Member during the period beginning one year prior to the earlier of (i) the date the Member retires pursuant to the provision of Section 4.04(a)(ii), (ii) the date the Member reaches the 55th anniversary of his or her birth and completes ten years of Eligibility Service, or (iii) the Member's Normal Retirement Date, and ending within one year after such date.

(h) A Member may revoke an election made under Section 4.07(c) at any time prior to his or her Annuity Starting Date. There shall be no further reduction to the Member's retirement allowance for any period during which an election under Section 4.07(c) is not in effect. The Member may make a new election at any time thereafter and any subsequent election shall become effective one year after the first day of the calendar month coincident with or next following the (i) date the notice is received by the Plan Administration Committee or (ii) the date specified in such notice, if later.

If the Member dies prior to the time an election under Section 4.07(c) becomes effective, the election shall thereby be canceled.

Any designation of a Beneficiary and any election made under Section 4.07 (including any waiver or revocation of either of them) shall be made on a form approved by and filed with

the Plan Administration Committee and in accordance with the term “Beneficiary” as defined in this Section 4.07.

(i) **HEART Act Military Service Death Benefits**

Notwithstanding the other provisions of this Section 4.07 any contributions, benefits and service credit required to comply with the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act) shall be conferred upon an eligible Member or Beneficiary as follows:

(a) For benefit accrual purposes, the Company will treat an Employee who dies while performing qualified military service as if the individual has resumed employment in accordance with the individual’s reemployment rights under Chapter 43 of Title 38, United States Code, on the day preceding death or disability (as the case may be) and terminated employment on the actual date or death.

(b) If a Member dies while performing qualified military service (as defined in Code Section 414(u)), the Beneficiaries of the Member are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the Member had resumed employment on the day immediately preceding the date of death and then terminated employment on the date of death. Moreover, the Plan will credit the Member’s qualified military service as service for vesting purposes, as though the Participant had resumed employment under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, immediately prior to the Participant's death.

4.08 Maximum Benefits Under Code Section 415

(a) **Annual Benefit**

(1) ***Annual Benefit.*** For purposes of this Section, “annual benefit” means a benefit that is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this Section. For a Participant who has or will have distributions commencing at more than one Annuity Starting Date, the “annual benefit” shall be determined as of each such Annuity Starting Date (and shall satisfy the limitations of this Section as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other Annuity Starting Dates. For this purpose, the determination of whether a new Annuity Starting Date has occurred shall be made without regard to Regulation 1.401(a)-20, Q&A 10(d), and with regard to Regulation 1.415(b)1(b)(1)(iii)(B) and (C). No actuarial adjustment to the benefit shall be made for (i) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the Participant’s benefit were paid in another form; (ii) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits); or (iii) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Code Section 417(e)(3) and would otherwise satisfy the limitations of this Section, and the Plan provides that the amount payable under the form of benefit in any “limitation year” shall not exceed the limits of this Section

applicable at the Annuity Starting Date, as increased in subsequent years pursuant to Code Section 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the "annual benefit" shall take into account social security supplements described in Code Section 411(a)(9) and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant Regulation 1.411(d)-4, Q&A-3(c), but shall disregard benefits attributable to Employee contributions or rollover contributions.

The "annual benefit" otherwise payable to a Participant under the Plan at any time shall not exceed the "maximum permissible benefit" described by Section 4.08(b). If the benefit the Participant would otherwise accrue in a "limitation year" would produce an "annual benefit" in excess of the "maximum permissible benefit," then the benefit shall be limited (or the rate of accrual reduced) to the extent necessary so that the benefit does not exceed the "maximum permissible benefit."

(2) ***Grandfather Provision***. The application of the provisions of this Section shall not cause the "maximum permissible benefit' for any Participant to be less than the Participant's accrued benefit under all the defined benefit plans of an "employer" or a "predecessor employer" as of the end of the last "limitation year" beginning before July 1, 2007, under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007, satisfied the applicable requirements of statutory provisions, Regulations, and other published guidance relating to Code Section 415 in effect as of the end of the last "limitation year" beginning before July 1, 2007, as described in Regulation 1.415(a)-1(g)(4).

(3) ***High Three-Year Average Compensation***. For purposes of the Plan's provisions reflecting Code Section 415(b)(3) (i.e., limiting the "annual benefit" payable to no more than 100% of the Participant's average annual compensation), a Participant's average compensation shall be the average compensation for the three consecutive years of service with the "employer" that produces the highest average, except that a Participant's compensation for a year of service shall not include compensation in excess of the limitation under Code Section 401(a)(17) that is in effect for the calendar year in which such year of service begins. If the Participant has less than three consecutive years of service, compensation shall be averaged over the Participant's longest consecutive period of service, including fractions of years, but not less than one year. In the case of a Participant who is rehired by the "employer" after a severance of employment, the Participant's high three-year average compensation shall be calculated by excluding all years for which the Participant performs no services for and receives no compensation from the "employer" (the "break period"), and by treating the years immediately preceding and following the "break period" as consecutive.

(b) **Maximum Permissible Benefit**

(1) ***Maximum Benefit.*** Notwithstanding the foregoing and subject to the exceptions and adjustments below, the "maximum permissible benefit" payable to a Participant under this Plan in any "limitation year" shall equal the lesser of (A) and (B) below:

(A) *Defined Benefit Dollar Limitation***.** $160,000, as adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary of the Treasury shall prescribe, and payable in the form of a straight life annuity. Such dollar limitation as adjusted under Code Section 415(d) will apply to "limitation years" ending with or within the calendar year for which the adjustment applies.

*Post-Severance Adjustment to Dollar Limit***.** In the case of a Participant who has had a severance from employment with the "employer," the defined benefit dollar limitation applicable to the Participant in any "limitation year" beginning after the date of severance shall not be automatically adjusted under Code Section 415(d).

OR

(B) *Defined Benefit Compensation Limitation***.** One hundred percent of the Participant's "415 compensation" averaged over the three consecutive "limitation years" (or actual number of "limitation years" for Employees who have been employed for less than three consecutive "limitation years") during which the Employee had the greatest aggregate "415 compensation" from the "employer."

*Post-Severance Adjustment to Compensation Limit***.** In the case of a Participant who has had a severance from employment with the "employer," the defined benefit compensation limitation applicable to the Participant in any "limitation year" beginning after the date of severance shall not be automatically adjusted under Code Section 415(d).

(2) ***Limitation Year***. For purposes of this Section and for applying the limitations of Code Section 415, the "limitation year" shall be the Plan Year. All qualified plans maintained by the "employer" must use the same "limitation year." If the "limitation year" is amended to a different 12-consecutive month period, the new "limitation year" must begin on a date within the "limitation year" in which the amendment is made.

(c) **Adjustments to Annual Benefit and Limitations**

(1) ***Adjustment for Early Payment (Limitation Years beginning on or after July 1 ,2007)***.

(A) If the Annuity Starting Date for the Participant's benefit is prior to age 62 and occurs in a "limitation year" beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the "defined benefit dollar limitation" for the Participant's Annuity Starting Date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's Annuity Starting Date that is the actuarial equivalent of the "defined benefit dollar limitation" (adjusted under Section 4.08(c)(6) for years of participation less than 10, if required) with actuarial equivalence computed using a 5% interest rate assumption and the "applicable mortality table" for the Annuity Starting Date (and expressing the Participant's age based on completed calendar months as of the Annuity Starting Date).

(B) If the Annuity Starting Date for the Participant's benefit is prior to age 62 and occurs in a "limitation year" beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the "defined benefit dollar limitation" for the Participant's Annuity Starting Date is the lesser of the limitation determined under the preceding sentence and the "defined benefit dollar limitation" (adjusted under Section 4.08(c)(6) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant's Annuity Starting Date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this Section and without applying the provisions of Section 4.08(c)(5).

(C) Notwithstanding any other provisions of this Subsection (1) or Subsection (2) below, the age-adjusted dollar limit applicable to a Participant shall not decrease on account of an increase in age or the performance of addition service.

(2) ***Adjustment for Early Payment (Limitation Years beginning prior to July 1, 2007)***. If the "annual benefit" of a Participant begins prior to age 62, and occurs in a "limitation year" beginning before July 1, 2007, the "defined benefit dollar limitation" of Section 4.08(b)(1)(A) applicable to the Participant at the earlier age (adjusted under Section 4.08(c)(6) for years of participation less than 10, if required) is the actuarial equivalent of the dollar limitation under Code Section 415(b)(1)(A) (as adjusted under Code Section 415(d)), with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (i) the interest rate and mortality table or other tabular factor specified in the Plan for determining Actuarial Equivalence for early retirement purposes, or (ii) a 5% interest rate assumption and the "applicable mortality table." Notwithstanding any other provisions of this Subsection (2) or Subsection (1) above, the age-adjusted dollar limit applicable to a Participant shall not decrease on account of an increase in age or the performance of addition service.

(3) ***Adjustment for Late Payment (Limitation Years beginning on or after July 1, 2007)***.

(A) If the Annuity Starting Date for the Participant's benefit is after age 65 and occurs in a "limitation year" beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the "defined benefit dollar limitation" at the Participant's Annuity Starting Date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's Annuity Starting Date that is the actuarial equivalent of the "defined benefit dollar limitation" (adjusted under Plan Section 4.08(c)(6) for years of participation less than 10, if required), with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for that Annuity Starting Date as defined in Section 1.20 of the Plan (and expressing the Participant's age based on completed calendar months as of the Annuity Starting Date).

(B) If the Annuity Starting Date for the Participant's benefit is after age 65 and occurs in a "limitation year" beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the "defined benefit dollar limitation" at the Participant's Annuity Starting Date is the lesser of the limitation determined

under the preceding sentence and the "defined benefit dollar limitation" (adjusted under Section 4.08(c)(6) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the Participant's Annuity Starting Date to the annual amount of the adjusted immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this Section and without applying the provisions of Section 4.08(c)(6). For this purpose, the adjusted immediately commencing straight life annuity under the Plan at the Participant's Annuity Starting Date is the annual amount of such annuity payable to the Participant, computed disregarding the Participant's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable under the Plan to a hypothetical Participant who is age 65 and has the same accrued benefit as the Participant.

(4) ***Adjustment for Late Payment (Limitation Years beginning before July 1, 2007)***. If the "annual benefit" of a Participant begins after age 65, and occurs in a "limitation year" beginning before July 1, 2007, the "defined benefit dollar limitation" of Section 4.08(b)(1)(A) applicable to the Participant at the later age (adjusted under Section 4.08(c)(6) for years of participation less than 10, if required) is the actuarial equivalent of the dollar limitation under Code Section 415(b)(1)(A) (as adjusted under Code Section 415(d)), with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (i) the interest rate an mortality table or other tabular factor specified in the Plan for determining Actuarial Equivalence for early retirement purposes, or (ii) a 5% interest rate assumption and the "applicable mortality table."

(5) ***No Mortality Adjustment for Certain Payments***. Notwithstanding the other requirements of Paragraphs (1), (2), (3) and (4) of this Subsection (c), in adjusting the "defined benefit dollar limitation" for the Participant's Annuity Starting Date under Paragraphs (1)(A), (2), (3)(A) and (4) of this Subsection (c), no adjustment shall be made to reflect the probability of a Participant's death between the Annuity Starting Date and age 62, or between age 65 and the Annuity Starting Date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the Annuity Starting Date. To the extent benefits are forfeited upon death before the Annuity Starting Date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the Participant's death if the Plan does not charge Participants for providing a qualified preretirement survivor annuity, as defined in Code Section 417(c) upon the Participant's death.

(6) ***Adjustment for Less Than 10 Years of Participation or Service***. If a Participant has fewer than 10 years of participation in the Plan, then the "defined benefit dollar limitation" of Section 4.08(b)(1)(A) shall be multiplied by a fraction, the numerator of which is the number of years (or part thereof) of participation in the Plan, and the denominator of which is 10. However, in no event shall such fraction be less than 1/10th.

Furthermore, if a Participant has fewer than 10 years of service with the "employer," then the "defined benefit compensation limitation" of Section 4.08(b)(1)(B) shall be

multiplied by a fraction, the numerator of which is the number of years (or part thereof) of service with the "employer," and the denominator of which is 10. However, in no event shall such fraction be less than 1/10th.

For purposes of this Subsection, "year of participation" means each accrual computation period for which the following conditions are met: (i) the Participant is credited with at least the number of Hours of Service for benefit accrual purposes, required under the terms of the Plan to accrue a benefit for the accrual computation period, and (ii) the Participant is included as a Participant under the eligibility provisions of the Plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a "year of participation" credited to the Participant shall equal the amount of benefit accrual service credited to the Participant for such accrual computation period. A Participant who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a "year of participation" with respect to the period. In addition, for a Participant to receive a "year of participation" (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period. In no event will more than one "year of participation" be credited for any 12-month period.

(7) ***Actuarial Equivalence***. For purposes of adjusting the "annual benefit" to a straight life annuity, the equivalent "annual benefit" shall be (A) for "limitation years" beginning on or after July 1, 2007, the greater of the annual amount of the straight life annuity commencing at the same Annuity Starting Date, and the annual amount of a straight life annuity commencing at the same Annuity starting date that has the same actuarial present value as the Participant's form of benefit computed using a 5% interest rate assumption and the "applicable mortality table," and (B) for "limitation years" beginning before July 1, 2007, the annual amount of a straight life annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit computed using whichever of the following produces the greater annual amount: (i) the interest rate and mortality table or other tabular factor specified in the Plan for adjusting benefits in the same form; and (ii) a 5% interest rate assumption and the "applicable mortality table." If the "annual benefit" is paid in a form other than a nondecreasing life annuity payable for a period not less than the life of a Participant or, in the case of a Pre-Retirement Survivor Annuity, the life of the surviving spouse, the "applicable interest rate" shall be substituted for "5% interest rate" in the preceding sentence.

For Annuity Starting Dates which occur during a Plan Year beginning December 31, 2003, but not after December 31, 2005, for purposes of adjusting the "annual benefit" to a straight life annuity, if the "annual benefit" is paid in any form other than a nondecreasing life annuity payable for a period not less than the life of a Participant or, in the case of a Pre-Retirement Survivor Annuity, the life of the surviving spouse, then the equivalent "annual benefit" shall be the greater of (i) the equivalent "annual benefit" computed using the Plan interest rate and Plan mortality table (or other tabular factor) in effect as of the date of the distribution, or (ii) the equivalent "annual benefit" computed using 5.5% and the "applicable mortality table."

For Annuity Starting Dates which occur during a Plan Year beginning after December 31, 2005, for purposes of adjusting the "annual benefit" to a straight life annuity, if the "annual benefit" is paid in any form other than a nondecreasing life

annuity payable for a period not less than the life of a Participant or, in the case of a Pre-Retirement Survivor Annuity, the life of the surviving spouse, then the equivalent "annual benefit" shall be the greatest of (i) the equivalent "annual benefit" computed using the Plan interest rate and Plan mortality table (or other tabular factor), (ii) the equivalent "annual benefit" computed using 5.5% and the "applicable mortality table," or (iii) 105% of the equivalent "annual benefit" computed using the "applicable interest rate" and the "applicable mortality table."

For Annuity Starting Dates which occur during a Plan Year beginning in or after December 31, 2008, clause (iii) of the preceding paragraph does not apply if the Plan is maintained by an eligible employer defined in Code Section 408(p)(2)(C)(i).

Notwithstanding the last sentence of the previous paragraph, in the case of any Participant or Beneficiary receiving a distribution after December 31, 2003, and before January 1, 2005, the amount payable in any form other than a nondecreasing life annuity payable for a period not less than the life of a Participant or, in the case of a Pre-Retirement Survivor Annuity, the life of the surviving spouse, shall not be less than the amount that would have been so payable had the amount payable been determined using the "applicable interest rate" in effect as of the last day of the last Plan Year beginning before January 1, 2004.

For purposes of this Subsection (7), the "applicable mortality table" for Plan Years prior to January 1, 2009, is described by IRS Revenue Ruling 2001-62, and for subsequent years, the "applicable mortality table" is described by IRS Revenue Ruling 2007-67. For purposes of this Subsection (7), the "applicable interest rate" means the interest rate set forth in Section 1.20 of the Plan.

(8) ***Time of Adjustment***. For purposes of Sections 4.08(a), 4.08(c)(1) and 4.08(c)(3), no adjustments under Code Section 415(d) shall be taken into account before the "limitation year" for which such adjustment first takes effect.

(9) ***Benefits Not Subject to Adjustment***. For purposes of Section 4.08(a), no actuarial adjustment to the benefit is required for (i) the value of a qualified joint and survivor annuity, (ii) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, pre-retirement death benefits, and post-retirement medical benefits), and (C) the value of post-retirement cost-of-living increases made in accordance with Code Section 415(d) and Regulation 1.415-3(c)(2)(iii). The "annual benefit" does not include any benefits attributable to after-tax voluntary Employee contributions or rollover contributions, or the assets transferred from a qualified plan that was not maintained by the "employer."

(d) **Annual Benefit Not in Excess of $10,000**

This Plan may pay an "annual benefit" to any Participant in excess of the Participant's "maximum permissible benefit" if the "annual benefit" under this Plan and all other defined benefit plans maintained by the "employer" does not in the aggregate exceed $10,000 for the "limitation year" or for any prior "limitation year" and the "employer" has not at any time maintained a defined contribution plan, a welfare benefit fund under which amounts attributable to post-retirement medical benefits are allocated to separate accounts of key employees (as defined in Code Section 419(A)(d)(3)), or an individual medical account in which the Participant participated. For purposes of this paragraph, if this Plan provides for

voluntary or mandatory Employee contributions, such contributions will not be considered a separate defined contribution plan maintained by the "employer."

However, if a Participant has fewer than 10 years of service with the "employer," then the $10,000 threshold of the previous paragraph shall be multiplied by a fraction, the numerator of which is the number of years (or part thereof) of service with the "employer," and the denominator of which is 10. However, in no event shall such fraction be less than 1/10th.

(e) **Other Rules**

(1) ***Benefits Under Terminated Plans***. If a defined benefit plan maintained by the "employer" has terminated with sufficient assets for the payment of benefit liabilities of all terminated plan participants and a Participant in the plan has not yet commenced benefits under the plan, the benefits provided pursuant to the annuities purchased to provide the Participant's benefits under the terminated plan at each possible Annuity Starting Date shall be taken into account in applying the limitations of this Section. If there are not sufficient assets for the payment of all Participants' benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the Participant under the terminated plan.

(2) ***Benefits Transferred From the Plan***. If a Participant's benefits under a defined benefit plan maintained by the "employer" are transferred to another defined benefit plan maintained by the "employer" and the transfer is not a transfer of distributable benefits pursuant to Regulation 1.411(d)-4, Q&A-3(c), the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If a Participant's benefits under a defined benefit plan maintained by the "employer" are transferred to another defined benefit plan that is not maintained by the "employer" and the transfer is not a transfer of distributable benefits pursuant to Regulation 1.411(d)-4, Q&A-3(c), then the transferred benefits are treated by the "employer's" plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the "employer" that terminated immediately prior to the transfer with sufficient assets to pay all Participants' benefit liabilities under the plan. If a Participant's benefits under a defined benefit plan maintained by the "employer" are transferred to another defined benefit plan in a transfer of distributable benefits pursuant to Regulation 1.411(d)-4, Q&A-3(c), the amount transferred is treated as a benefit paid from the transferor plan.

(3) ***Formerly Affiliated Plans of the Employer***. A "formerly affiliated plan of an employer" shall be treated as a plan maintained by the "employer," but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay Participants' benefit liabilities under the Plan and had purchased annuities to provide benefits. A "formerly affiliated plan of the employer" means a plan that, immediately prior to the cessation of affiliation, was actually maintained by the "employer" and, immediately after the cessation of affiliation, is not actually maintained by the "employer." For this purpose, cessation of affiliation means the event that causes an entity to no longer be considered the "employer," such as the sale of a member controlled group of corporations, as defined in Code Section 414(b), as modified by Code Section 415(h), to an unrelated corporation, or that causes a plan to not actually be maintained by the "employer," such as transfer of plan sponsorship outside a controlled group.

(4) ***Plans of a "Predecessor Employer"***. If the "employer" maintains a defined benefit plan that provides benefits accrued by a Participant while performing services for a "predecessor employer," then the Participant's benefits under a plan maintained by the "predecessor employer" shall be treated as provided under a plan maintained by the "employer." However, for this purpose, the plan of the "predecessor employer" shall be treated as if it had terminated immediately prior to the event giving rise to the "predecessor employer" relationship with sufficient assets to pay participants' benefit liabilities under the plan, and had purchased annuities to provide benefits; the "employer" and the "predecessor employer" shall be treated as if they were a single employer immediately prior to such event and as unrelated employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the plan of the "predecessor employer". A former entity that antedates the "employer" is also a "predecessor employer" with respect to a Participant if, under the facts and circumstances, the "employer" constitutes a continuation of all or a portion of the trade or business of the former entity.

(5) ***Employer***. For purposes of this Section, "employer" means any employer that adopts the Plan, and all members of a controlled group of corporations of such employer, as defined in Code Section 414(b), as modified by Code Section 415(h)), all commonly controlled trades or businesses or such employer (as defined in Code Section 414(c), as modified, except in the case of a brother-sister group of trades or businesses under common control, by Code Section 415(h)), or affiliated service groups (as defined in Code Section 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the employer pursuant to Code Section 414(o).

(6) ***Adjustment if in Two Defined Benefit Plans***. If the Participant is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the "employer" or a "predecessor employer", the sum of the Participant's "annual benefits" from all such plans may not exceed the "maximum permissible benefit." Where the Participant's employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the "maximum permissible benefit" applicable at that age, the rate of accrual in this Plan will be reduced to the extent necessary so that the total "annual benefits" payable at any time under all such plans will not exceed the "maximum permissible benefit."

(7) ***Special Rules***. The limitations of this Section shall be determined and applied taking into account the rules in Regulation 1.415(f)-1(d), (e) and (h).

(8) ***Compensation.*** For purposes of this Section 4.08, "compensation" and "415 compensation" shall mean, with respect to any Member, the wages, salaries, and other amounts paid in respect of such Member by the Company or an Associated Company for personal services actually rendered and including any elective amounts that are not includible in gross income of the Member by reason of Section 125, 132(f), 402(g), or 457(b) of the Code and shall exclude other deferred compensation, stock options, and other distributions which receive special tax benefits under the Code. In addition, "compensation" shall also include compensation paid by the later of: (a) 2½ months after severance from employment, or (b) the end of the limitation year that includes the date of severance from employment if:

(a) absent a severance from employment, such payments would have been paid to the Employee while the Employee continued in employment with the Company and was for regular compensation for services rendered during the Employee's regular working hours; or

(b) compensation was paid for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar compensation.

4.09 No Duplication

Except as hereinafter provided, there shall be deducted from any retirement allowance or vested benefit payable under this Plan the part of any pension or comparable benefit, including any lump sum payment, provided by employer contributions which Rayonier Inc., any Participating Unit, (including any former Participating Unit divested by Rayonier Inc.), any Associated Company or any affiliate of the Company is obligated to pay or has paid to or under any defined benefit plan or other agreement which provides for benefits comparable to those benefits paid under a defined benefit plan (except for any pension plan or other agreement which provides for the payment of that portion of any benefits accrued under the Plan but not payable from the Plan on account of Code Sections 401(a)(17)(B) or 4.08) with respect to any service rendered on or after March 1, 1994, which is Benefit Service for purposes of computation of benefits under this Plan.

4.10 Payment of Benefits

(a) Unless otherwise provided under an optional benefit elected pursuant to Section 4.06, the survivor's benefits available under Section 4.07, or the provisions of Section 4.10(e)(ii), all retirement allowances, vested benefits or other benefits payable under the Plan will be paid in monthly installments as of the end of each month beginning with (i) the month in which a Member has reached his or her Normal Retirement Date and has retired from active service, (ii) the month in which a Member has reached his or her Postponed Retirement Date and has retired from active service, (iii) the month in which a Member, upon proper application, has requested commencement of his or her vested benefit or early retirement allowance, or (iv) the month in which benefits under an optional benefit under Section 4.06 or the survivor's benefits under Section 4.07 become payable, whichever is applicable. Such monthly installments shall cease with the payment for the month in which the recipient dies. In no event shall a retirement allowance or vested benefit be payable to a Member who continues in or resumes active service with the Company or an Associated Company for any period between his or her Normal Retirement Date and Postponed Retirement Date, except as provided in Sections 4.02(d), and 4.10(e).

(b) Effective January 1, 1998, through March 27, 2005, in any case, a lump sum payment equal to the vested benefit payable under Section 4.05 or the vested spouse's benefit payable under Section 4.07(a) multiplied by the appropriate factor contained in Table 4, 5, or 6 of Appendix A shall be made in lieu of any vested benefit payable to a former Member or any vested spouse's benefit payable to a spouse of a Member or a former Member, if the lump sum present value of such benefit amounts to $5,000 or less. In no event, however, with respect to any Member who terminates employment prior to September 1, 1995, shall that adjustment factor produce a lump sum that is less than the amount determined by using the interest rate assumption used by the Pension Benefit Guaranty Corporation for valuing benefits for determining lump sum payments under single employer plans that terminate on January 1 of the Plan Year in which the annuity Starting Date occurs. With respect to any

Member who terminates employment on or after September 1, 1995, the lump sum present value shall be based on the IRS Mortality Table and the IRS Interest Rate. The lump sum payment may be made at any time on or after the date the Member has terminated employment or died, but in any event prior to the date his or her benefit payment would have otherwise commenced.

Effective March 28, 2005, a lump sum payment shall be made in lieu of the vested benefit payable under Section 4.05 in the event:

(i) the Member's Annuity Starting Date occurs on or after his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $5,000 or less, or

(ii) the Member's Annuity Starting Date occurs prior to his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $1,000 or less.

In determining the amount of a lump sum payment payable under this paragraph, the lump sum present value shall mean a benefit, in the case of a lump sum benefit payable prior to the first day of the calendar month coincident with or next following the 55th anniversary of the Member's birth, of equivalent value to the benefit which would otherwise have been provided commencing at the first day of the calendar month coincident with or next following the 55th anniversary of the Member's birth. The determination as to whether a lump sum payment is due shall be made as soon as practicable following the Member's termination of service. Any lump sum benefit payable shall be made as soon as practicable following the determination that the amount qualifies for distribution under the provisions of this Section 4.10. In no event shall a lump sum payment be made following the date retirement benefit payments have commenced as an annuity.

Effective March 28, 2005, in the event the lump sum present value of a Member's vested benefit exceeds $1,000 but does not exceed $5,000, the Member may elect to receive a lump sum payment of such benefit. The election shall be made in accordance with such administrative rules as the Plan Administration Committee shall prescribe. The Member may elect to receive the lump sum payment as soon as practicable following his termination of employment or as of the first day of any later month that precedes his Normal Retirement Date. Spousal Consent to the Member's election of the lump sum is not required. A Member who is entitled to elect a distribution under this paragraph shall not be entitled to receive payment in any other form of payment offered under the Plan.

Notwithstanding the provisions of Section 4.07, a lump sum payment shall be paid to the spouse in lieu of the monthly vested spouse's benefit payable under Section 4.07(a) if the lump sum present value of the benefit amounts to $5,000 or less. The lump sum payment shall be made as soon as practicable following the determination that the amount qualifies for distribution under this Section. In no event shall a lump sum payment be made following the date payments have commenced to the surviving spouse as an annuity.

For purposes of this Section 4.10(b), the lump sum present value shall be based on the IRS Interest Rate and the IRS Mortality Table.

In the event a Member is not entitled to any retirement allowance or vested benefit upon his termination of employment, he shall be deemed "cashed-out" under the provisions of this

Section 4.10(b) as of the date he terminated service. However, if a Member described in the preceding sentence is subsequently restored to service, the provisions of Sections 3.06 and 4.11 shall apply to him without regard to such sentence.

(c) In the event that the Plan Administration Committee shall find that a person to whom benefits are payable is unable to care for his or her affairs because of illness or accident or is a minor or has died, then, unless claim shall have been made therefor by a legal representative, duly appointed by a court of competent jurisdiction, the Plan Administration Committee may direct that any benefit payment due him or her be paid to his or her spouse, a child, a parent or other blood relative, or to a person with whom he or she resides, and any such payment made shall be a complete discharge of the liabilities of the Plan therefor.

(d) Before any benefit shall be payable to a Member, a former Member, or other person who is or may become entitled to a benefit hereunder, such Member, former Member, or other person shall file with the Plan Administration Committee such information as it shall require to establish his or her rights and benefits under the Plan.

(e) (i) Except as otherwise provided in this Article 4, payment of a Member's retirement allowance or a former Member's vested benefit shall begin as soon as administratively practicable following the latest of (1) the Member's Normal Retirement Age or (2) the date he or she terminates service with the Company and all Associated Companies (but not more than 60 days after the close of the Plan Year in which the latest of (1) or (2) occurs).

(ii) Notwithstanding anything contained in the Plan to the contrary, in the case of a Member who owns either (1) more than 5% of the outstanding stock of the Company or (2) stock possessing more than 5% of the total combined voting power of all stock of the Company, the Member's retirement allowance shall begin no later than the April 1 following the calendar year in which he or she attains age 70½.

Effective January 1, 2000, payment of any other Member's retirement allowance or vested benefit shall begin no later than April 1 of the calendar year following the calendar year in which the later of the Member's retirement or attainment of age 70½ occurs. Before January 1, 2000, the payment of a retirement allowance or vested benefit for a Member in active service who is not a 5-percent owner as described above shall begin no later than April 1 of the calendar year following the calendar year in which he or she attains age 70½. A Member who attained age 70½ prior to January 1, 1988, and who is not a 5-percent owner as described above shall not receive payment while in active service under the provisions of this paragraph.

4.11 Reemployment of Former Member or Retired Member

(a) **Cessation of Benefit Payments**. If a former Member or a retired Member entitled to or in receipt of a vested benefit or retirement allowance is reemployed by the Company or by an Associated Company in a capacity other than as a Non-Benefits Worker, any benefit payments he or she is receiving shall cease, except as otherwise provided in Section 4.02(c) and Section 4.10(e). If a former Member or a retired Member returns to the Company or an Associated Company as a Non-Benefits Worker, benefit payments shall continue and Paragraphs (b) and (c) shall not apply.

(b) **Optional Forms of Pension Benefits**

(i) If the Member is reemployed in a capacity other than as a Non-Benefits Worker any previous election of an optional benefit under Section 4.06 or a survivor's benefit under Section 4.07 shall be revoked and the terms and conditions of Paragraph (ii) below shall apply.

(ii) Any Member who is at least age 55 with ten or more years of Eligibility Service when he or she is reemployed in a capacity other than as a Non-Benefits Worker shall, with respect to the vested benefit or retirement allowance earned prior to his or her reemployment and with respect to any additional benefits earned during reemployment, be covered by the provisions of Section 4.07(b) – Pre-Retirement Survivor's Benefit – and be eligible to elect coverage under Section 4.07(c) Supplemental Pre-Retirement Survivor's Benefit. Coverage under Section 4.07(b) shall be effective on the first day of the calendar month coincident with or next following the date of his or her reemployment and any previous election shall remain in effect until such date. If, within 30 days after reemployment, the Member elects coverage under Section 4.07(c), such coverage shall be effective as of the first day of the calendar month coincident with or next following the date of his or her reemployment. If the Member does not make an election under Section 4.07(c) within 30 days after his or her reemployment or he or she waives such coverage, any later election shall become effective one year after the first day of the calendar month coincident with or next following the date notice is received by the Plan Administration Committee or on the date specified in such notice, if later.

Any Member or former Member with five or more years of Eligibility Service who is less than age 55 when he or she is reemployed shall be covered by the provisions of Section 4.07(a)(i) – Automatic Vested Spouse's Benefit – until he or she attains age 55 and such coverage shall be effective on the first day of the calendar month coincident with or next following the date of his or her reemployment and any previous election shall remain in effect until such date. Such former Member and any other Member or former Member shall be covered by the provisions of Section 4.07(b) – Pre-Retirement Survivor's Benefit – and shall be eligible to elect coverage under Section 4.07(c) Supplemental Pre-Retirement Survivor's Benefit upon the later of the date he or she attains age 55, the date he or she completes ten years of Eligibility Service, or his or her Normal Retirement Date, and such coverage shall be in accordance with the provisions of such Sections and shall apply with respect to his or her retirement allowance or vested benefit earned prior to his or her reemployment, as well as any additional benefits earned during reemployment.

(c) Benefit Payments at Subsequent Termination or Retirement

(i) In accordance with the procedure established by the Plan Administration Committee on a basis uniformly applicable to all Members similarly situated, upon the subsequent retirement of a Member in service after his or her Normal Retirement Date, payment of such Member's retirement allowance shall resume no later than the third month after the final month during the reemployment period in which he or she is credited with at least eight days of service.

(ii) Upon the subsequent retirement or termination of employment of a retired or former Member, the Plan Administration Committee shall, in accordance with rules uniformly applicable to all Members similarly situated, determine the amount of vested benefit

or retirement allowance which shall be payable to such Member at such subsequent retirement or termination. Such vested benefit or retirement allowance shall not be less than the sum of (1) the original amount of vested benefit or retirement allowance previously earned by such Member in accordance with the terms of the Plan in effect during such previous employment adjusted to reflect the election of any survivor's benefits pursuant to Section 4.07(a)(ii) or 4.07(c) and reduced by an amount of equivalent value to the benefits, if any, he or she received before the earlier of the date of his or her restoration to service or his or her Normal Retirement Date and (2) any additional vested benefit or retirement allowance earned during his or her period of reemployment, such amounts to be adjusted to reflect the election during reemployment of any survivor's benefits pursuant to Section 4.07(a)(ii) or 4.07(c). Notwithstanding anything to the contrary contained in this Plan, with respect to an Employee who has incurred a break in service, the vested benefit or retirement allowance for Benefit Service credited prior to the date of reemployment shall not be recalculated or increased until the Member, regardless of his or her vested status, has completed at least 12 months of Eligibility Service following his or her reemployment, and in such event, the recalculated vested benefit or retirement allowance, prior to any optional modification in accordance with the provisions of Section 4.06, shall be reduced by an amount of equivalent value to any payments previously received by the former Member or retired Member before the earlier of his or her restoration to service or his or her Normal Retirement Date; provided that no such reduction shall reduce such retirement allowance or vested benefit below the amount determined pursuant to clause (1) of the preceding sentence.

(d) **Questions Relating to Reemployment of Former Members or Retired Members**. If, at subsequent termination of employment or retirement, any question shall arise under this Section 4.11 as to the calculation or recalculation of a reemployed former Member's or retired Member's vested benefit or retirement allowance or election of an optional form of benefit under the Plan, such question shall be resolved by the Plan Administration Committee on a basis uniformly applicable to all Members similarly situated.

4.12 Top-heavy Provisions

(a) 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) "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 Company 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 Code Section 416(g)(2) 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;

(iii) "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;

(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 Company or an Associated Company having remuneration greater than $130,000 (as adjusted under Code Section 416(i)(1) for Plan Years beginning after December 31, 2002), a 5-percent owner (as defined in Code Section 416(i)(1)(B)(i)) of the Company or an Associated Company, or a 1-percent owner (as defined in Code Section 416(i)(1)(B)(ii)) of the Company or an Associated Company having remuneration greater than $150,000. The determination of who is a key employee shall be made in accordance with Code Section 416(i) 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) "average remuneration" means the average annual remuneration of a Member for the five consecutive years of his Eligibility Service after December 31, 1983, during which he received the greatest aggregate remuneration, as limited by Code Section 401(a)(17), from the Company or an Associated Company, excluding any remuneration for service after the last Plan Year with respect to which the Plan is top-heavy;

(vii) "required aggregation group" means each other qualified plan of the Company or an Associated Company (including plans that terminated within the five-year period ending on the applicable determination date) in which there are members who are key employees or which enables the Plan to meet the requirements of Code Sections 401(a)(4) or 410; and

(viii) "permissive aggregation group" means each plan in the required aggregation group and any other qualified plan(s) of the Company or an Associated Company in which all members are non-key employees, if the resulting aggregation group continues to meet the requirements of Code Sections 401(a)(4) and 410.

(b) For purposes of this Section, the Plan shall be "top-heavy" with respect to any Plan Year if as of the applicable determination date the top-heavy ratio exceeds 60%. The top-heavy ratio shall be determined as of the applicable valuation date in accordance with Code Sections 416(g)(3) and (4)(B) on the basis of the same mortality and interest rate assumptions used to value the Plan. 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, and, in the Company's discretion, may be combined with the present value of accrued benefits or account balances under any other qualified plan(s) in the permissive aggregation group. The accrued benefit of a non-key employee under the Plan or any other defined benefit plan in the aggregation group shall be determined (i) under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Company or an Associated Company, or (ii) 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 Code Section 411(b)(1)(C).

(c) The following provisions shall be applicable to Members for any Plan 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, as set forth in the following vesting schedule:

Years of Eligibility 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 2% of his average remuneration multiplied by the number of years of his Eligibility Service, not in excess of 10, during the Plan Years for which the Plan is top-heavy. For purposes of the preceding sentence, years of Eligibility Service shall be disregarded to the extent that such years of Eligibility Service occur during a Plan Year when the Plan benefits (within the meaning of Code Section 410(b)) no key employee or former key employee. That 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 that minimum benefit.

(d) 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 Paragraph (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 Eligibility 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 Paragraph (c)(i) above shall continue to be applicable.

(iii) If a Member has completed at least two, but less than three, years of Eligibility Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting provisions of Section 4.04 shall again be applicable; provided, however, that in no event shall the vested percentage of a Member's Accrued Benefit be less than the percentage determined under Paragraph (c)(i) above as of the last day of the most recent Plan Year for which the Plan was top-heavy.

4.13 Payment of Medical Benefits for Benefits for Certain Members Who Retire Under the Plan

This Section 4.13 defines the basis of providing medical benefits to eligible Members or their eligible dependents as defined below for those expenses incurred by such Members or their eligible dependents on or after the date specified by the Board of Directors.

(a) In order to be eligible for the benefits provided hereunder, a person must be a Plan Member who retired under the Plan provisions during the period designated by the Plan Administration Committee and be currently eligible for post-retirement medical benefits under a plan maintained by the Company and hereinafter referred to as the "Medical Plan" or be an eligible dependent of such a Member. To the extent they are not otherwise reimbursed from Company assets, covered medical expenses incurred during the applicable period shown below by such a Member or his or her eligible dependents shall be reimbursed hereunder.

(b) The level of medical benefits covered under the provisions of this Section 4.13 shall be the medical coverage in effect under the terms of the Medical Plan. Except as provided in Article 10, such medical coverage or benefit plan may be withdrawn or amended from time to time as the Company shall determine.

(c) Except as provided in Section 4.13(e), all contributions made to the trust to provide medical benefits under this Section 4.13 shall be maintained in a separate account and such assets may not be used for or diverted to any purpose other than to provide said medical benefits; provided, however, none of the assets so set aside may be used to provide medical benefits for a Member, former Member or their dependents if the Member or former Member is a "key employee" as determined in accordance with the provisions of Code Sections 416(i)(1) and (5). Similarly, none of the assets accumulated to provide the retirement allowances or vested benefits set forth in the foregoing provisions of this Article 4 may, prior to the termination of the Plan and satisfaction of all the liabilities for such retirement allowances or vested benefits, be used or diverted to provide medical benefits under this Section 4.13. The assets, if any, accumulated to provide medical benefits under this Section 4.13 may be invested pursuant to the provisions of Article 7.

(d) It is the intention of the Company to continue providing medical benefits under this Section 4.13 and to make contributions to the Trustee to fund such medical benefits in such amounts as the Company shall deem necessary or appropriate. The aggregate contributions made to fund the medical benefits provided under this Section, when added to the actual contributions for any life insurance protection provided under the Plan, shall not exceed 25% of the total actual contributions made to the Plan (other than contributions to fund past service credits) after the later of the adoption or effective date of this Section. Any forfeitures of a Member's interest in the medical benefit accounts as provided hereunder prior to any discontinuance of medical benefits by the Board of Directors shall be applied to reduce any subsequent Company contributions made pursuant to this Section 4.13.

(e) Except as provided in Article 10, the Board of Directors may discontinue providing medical benefits under this Section 4.13 for any reason at any time, in which event the assets allocated to provide medical benefits hereunder, if any remain, shall, to the extent they are not otherwise reimbursed from Company assets, be used to continue medical benefits to Members who are eligible for them prior to the discontinuance date as long as any assets remain. However, if, after the satisfaction of all medical benefits provided hereunder, there remain any assets, the program shall be deemed to be terminated and such remainder shall be returned to the Company, in accordance with Code Section 401(h)(5).

4.14 Transfers From Hourly Plans Maintained by the Company or an Associated Company

At the discretion and direction of the Plan Administration Committee, the Plan may accept from a hourly pension plan maintained by the Company or an Associated Company which is qualified

under Code Section 401(a) a transfer of (i) liabilities with respect to the accrued benefit under such hourly plan of a Member who has employment with the Company rendered otherwise than as an Employee recognized as Benefit Service pursuant to the provisions of Section 2.02(c) of the Plan and (ii) with respect to such liabilities, any assets determined by the Company to be applicable.

All such transfers shall be made in accordance with the provisions of the Code and ERISA.

4.15 Direct Rollover of Certain Distributions

Notwithstanding any other provision of this Plan, with respect to any distribution from this Plan which is (i) payable to a "distributee" and (ii) determined by the Plan Administration Committee to be an "eligible rollover distribution," such distributee may elect, at the time and in the manner prescribed by the Plan Administration Committee, to have the Plan make a "direct rollover" of all or part of such distribution to an "eligible retirement plan" specified by the distributee which accepts such rollover. The following definitions apply to the terms used in this Section:

(a) A "distributee" means a Member or former Member. In addition, the Member's or former Member's surviving spouse and the Member's or former Member's spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Code Section 414(p), are distributees with regard to the interest of the spouse or former spouse. With regard to eligible rollover distributions paid directly to an eligible retirement plan described in Code Sections 408(a) or 408(b), effective for Plan Years beginning on or after January 1, 2010, a distributee also includes the Member's or former Member's designated non-spouse Beneficiary.

(b) An "eligible rollover distribution" is any distribution of all or any portion of the retirement allowance or vested benefit owing to the credit of a distributee, except that the following distributions shall not be eligible rollover distributions: (i) 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, (ii) any distribution to the extent such distribution is required under Code Section 401(a)(9), (iii) the portion of a distribution not includible in gross income, and (iv) any distribution where all otherwise eligible distributions are expected to total less than $200 during a year.

A portion of a distribution shall not fail to be an "eligible rollover distribution" merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to (i) an traditional individual retirement account or annuity described in Code Section 408(a) or (b) (**a "traditional IRA"**) or a Roth individual retirement account or annuity described in Code Section 408(A) (**a "Roth IRA"**), or (ii) to a qualified defined contribution, defined benefit, or annuity plan described in Code section 401(a) or 403(a) or to an annuity contract described in Code section 403(b), if such plan or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.;

(c) An "eligible retirement plan" is an eligible plan under Code Section 457(b) 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, a traditional IRA, a Roth IRA, an annuity plan described in Code Section 403(a), an annuity contract described in Code Section 403(b), or a qualified defined benefit or defined contribution plan described in Code Section 401(a), that accepts the distributee's eligible rollover distribution. The foregoing definition of an eligible retirement plan also applies in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p).

(d) A "direct rollover" is a payment by the Plan directly to the eligible retirement plan specified by the distributee.

In the event that the provisions of this Section 4.15 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section 4.15 or applicable part thereof shall be ineffective without necessity of further amendment of the Plan.

4.16 Mandatory Distributions

(a) **General Rules.**

(1) ***Effective Date***. The provisions of this Section are effective January 1, 2004; however, except as otherwise provided herein, the provisions of this Section will first apply for purposes of determining required minimum distributions for calendar years beginning on and after January 1, 2006.

(2) ***Requirements of Treasury Regulations Incorporated***. All distributions required under this Section shall be determined and made in accordance with Code Section 401(a)(9), including the incidental death benefit requirement in Code Section 401(a)(9)(G), and the Regulations thereunder.

(3) ***Precedence.*** Subject to the joint and survivor annuity requirements of the Plan, the requirements of this Section shall take precedence over any inconsistent provisions of the Plan.

(4) ***TEFRA Section 242(b)(2) Elections.***

(i) Notwithstanding the other provisions of this Section, other than Section 4.16(a)(2), distributions may be made on behalf of any Member, including a five-percent owner, who has made a designation in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and in accordance with all of the following requirements (regardless of when such distributions commence):

(A) The distribution by the Plan is one which would not have disqualified such plan under Code Section 401(a)(9) as in effect prior to amendment by the Deficit Reduction Act of 1984.

(B) The distribution is in accordance with a method of distribution designated by the Member whose interest in the plan is being distributed or, if the Member is deceased, by a Beneficiary of such Member.

(C) Such designation was in writing, was signed by the Member or Beneficiary, and was made before January 1, 1984.

(D) The Member had accrued a benefit under the Plan as of December 31, 1983.

(E) The method of distribution designated by the Member or the Beneficiary specifies the time at which distribution will commence, the period over which distributions will be made, and in the case of any distribution upon the Member's death, the Beneficiaries of the Member listed in order of priority.

(ii) A distribution upon death will not be covered by the transitional rule of this Subsection unless the information in the designation contains the required information described above with respect to the distributions to be made upon the death of the Member.

(iii) For any distribution which commences before January 1, 1984, but continues after December 31, 1983, the Member, or the Beneficiary, to whom such distribution is being made, will be presumed to have designated the method of distribution under which the distribution is being made if the method of distribution was specified in writing and the distribution satisfies the requirements in (i)(A) and (i)(E) of this Subsection.

(iv) If a designation is revoked, any subsequent distribution must satisfy the requirements of Code Section 401(a)(9) and the Regulations thereunder. If a designation is revoked subsequent to the date distributions are required to begin, the Plan must distribute by the end of the calendar year following the calendar year in which the revocation occurs the total amount not yet distributed which would have been required to have been distributed to satisfy Code Section 401(a)(9) and the Regulations thereunder, but for the Code Section 242(b)(2) election. For calendar years beginning after December 31, 1988, such distributions must meet the minimum distribution incidental benefit requirements. Any changes in the designation will be considered to be a revocation of the designation. However, the mere substitution or addition of another Beneficiary (one not named in the designation) under the designation will not be considered to be a revocation of the designation, so long as such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly (for example, by altering the relevant measuring life).

(v) In the case in which an amount is transferred or rolled over from one plan to another plan, the rules in Regulation 1.401(a)(9)-8, Q&A-14 and Q&A-15, shall apply.

(b) **Time and Manner of Distribution.**

(1) ***Required Beginning Date.*** The Member's entire interest will be distributed, or begin to be distributed, to the Member no later than the Member's "Required Beginning Date."

(2) ***Death of Member Before Distributions Begin.*** If the Member dies before distributions begin, the Member's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) Life Expectancy Rule, Spouse is Beneficiary. If the Member's surviving spouse is the Member's sole "Designated Beneficiary," then distributions to the surviving spouse will begin by December 31st of the calendar year immediately following the calendar year in which the Member died, or by December 31st of the calendar year in which the Member would have attained age 70 1/2, if later.

For purposes of this Section 4.16(b) and Section 4.16(e), distributions are considered to begin on the Member's "Required Beginning Date". If annuity payments irrevocably commence to the Member before the Member's "Required Beginning Date" (or to the Member's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 4.16(b)(2)(i)), the date distributions are considered to begin is the date distributions actually commence.

(3) ***Form of Distribution.*** Unless the Member's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the "Required Beginning Date," as of the first "Distribution Calendar Year" distributions will be made in accordance with Sections 4.16(c), 4.16(d), and 4.16(e). If the Member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Regulations thereunder. Any part of the Member's interest which is in the form of an individual account described in Code Section 414(k) will be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and the Regulations thereunder applicable to individual accounts.

(c) **Determination of Amount to be Distributed Each Year.**

(1) ***General Annuity Requirements.*** A Member who is required to begin payments as a result of attaining his or her "Required Beginning Date," whose interest has not been distributed in the form of an annuity purchased from an insurance company or in a single sum before such date, may receive such payments in the form of annuity payments under the Plan. Payments under such annuity must satisfy the following requirements:

(i) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(ii) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 4.16(d) or 4.16(e);

(iii) Once payments have begun over a period certain, a Member may elect a change in the period certain with associated modifications in the annuity payments provided the following conditions are satisfied:

(A)If, in a stream of annuity payments that otherwise satisfies Code Section 401(a)(9), a Member elects to change the annuity payment period and the annuity payments are modified in association with that change, this modification will not cause the distributions to fail to satisfy Code Section

401(a)(9) provided the conditions set forth in Subsection (B) below are satisfied, and one of the following applies:

(1) The modification occurs at the time that the Member retires or in connection with a Plan termination;

(2) The annuity payments prior to modification are annuity payments paid over a period certain without life contingencies; or

(3) The annuity payments after modification are paid under a qualified joint and survivor annuity over the joint lives of the Member and a "Designated Beneficiary," the Member's spouse is the sole "Designated Beneficiary," and the modification occurs in connection with the Member becoming married to such spouse.

(B) In order to modify a stream of annuity payments in accordance with this Subsection, all of the following conditions must be satisfied:

(1) The future payments under the modified stream satisfy Code Section 401(a)(9) and this Section (determined by treating the date of the change as a new Annuity Starting Date and the actuarial present value of the remaining payments prior to modification as the entire interest of the Member);

(2) For purposes of Code Sections 415 and 417, the modification is treated as a new Annuity Starting Date;

(3) After taking into account the modification, the annuity stream satisfies Code Section 415 (determined at the original Annuity Starting Date, using the interest rates and mortality tables applicable to such date); and

(4) The end point of the period certain, if any, for any modified payment period is not later than the end point available under Code Section 401(a)(9) to the Member at the original Annuity Starting Date.

(iv) Payments will either be nonincreasing or increase only to the extent permitted by one of the following conditions:

(A) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that for a 12-month period ending in the year during which the increase occurs or the prior year;

(B) By a percentage increase that occurs at specified times (e.g., at specified ages) and does not exceed the cumulative total of annual percentage increases in an "Eligible Cost-of-Living Index" since the Annuity Starting Date, or if later, the date of the most recent percentage increase. In cases providing such a cumulative increase, an actuarial increase may not be provided to reflect the fact that increases were not provided in the interim years;

(C) To the extent of the reduction in the amount of the Member's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in Section 4.16(d) dies or is no longer the Member's Beneficiary pursuant to a qualified domestic relations order within the meaning of Section 414(p);

(D) To allow a Beneficiary to convert the survivor portion of a joint and survivor annuity into a single sum distribution upon the Member's death;

(E) To pay increased benefits that result from a Plan amendment or other increase in the Member's Accrued Benefit under the Plan;

(F) By a constant percentage, applied not less frequently than annually, at a rate that is less than 5% per year;

(G) To provide a final payment upon the death of the Member that does not exceed the excess of the actuarial present value of the Member's accrued benefit (within the meaning of Code Section 411(a)(7)) calculated as of the Annuity Starting Date using the applicable interest rate and the applicable mortality table under Code Section 417(e) over the total of payments before the death of the Member; or

(H) As a result of dividend or other payments that result from "Actuarial Gains," provided:

(i) Actuarial gain is measured not less frequently than annually;

(ii) The resulting dividend or other payments are either paid no later than the year following the year for which the actuarial experience is measured or paid in the same form as the payment of the annuity over the remaining period of the annuity (beginning no later than the year following the year for which the actuarial experience is measured);

(iii) The "Actuarial Gain" taken into account is limited to "Actuarial Gain" from investment experience;

(iv) The assumed interest rate used to calculate such "Actuarial Gains" is not less than 3%; and

(v) The annuity payments are not also being increased by a constant percentage as described in Subsection (F) above.

(2) ***Amount Required to be Distributed by Required Beginning Date.***

(i) In the case of a Member whose interest in the Plan is being distributed as an annuity pursuant to Subsection (1) above, the amount that must be distributed on or before the Member's "Required Beginning Date" (or, if the Member dies before distributions begin, the date distributions are required to begin under Section 4.16(b)(2)(i)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals

are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Member's benefit accruals as of the last day of the first "Distribution Calendar Year" will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Member's "Required Beginning Date."

(ii) In the case of a single sum distribution of a Member's entire accrued benefit during a "Distribution Calendar Year," the amount that is the required minimum distribution for the "Distribution Calendar Year" (and thus not eligible for rollover under Code Section 402(c)) is determined under this paragraph. The portion of the single sum distribution that is a required minimum distribution is determined by treating the single sum distribution as a distribution from an individual account Plan and treating the amount of the single sum distribution as the Member's account balance as of the end of the relevant valuation calendar year. If the single sum distribution is being made in the calendar year containing the "Required Beginning Date" and the required minimum distribution for the Member's first "Distribution Calendar Year" has not been distributed, the portion of the single sum distribution that represents the required minimum distribution for the Member's first and second "Distribution Calendar Year" is not eligible for rollover.

(3) ***Additional Accruals After First Distribution Calendar Year.*** Any additional benefits accruing to the Member in a calendar year after the first "Distribution Calendar Year" will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues. Notwithstanding the preceding, the Plan will not fail to satisfy the requirements of this paragraph and Code Section 401(a)(9) merely because there is an administrative delay in the commencement of the distribution of the additional benefits accrued in a calendar year, provided that the actual payment of such amount commences as soon as practicable. However, payment must commence no later than the end of the first calendar year following the calendar year in which the additional benefit accrues, and the total amount paid during such first calendar year must be no less than the total amount that was required to be paid during that year under this paragraph.

(4) ***Death after distributions begin.*** If a Member dies after distribution of the Member's interest begins in the form of an annuity meeting the requirements of this Section, then the remaining portion of the Member's interest will continue to be distributed over the remaining period over which distributions commenced.

(d) **Requirements For Annuity Distributions That Commence During Member's Lifetime.**

(1) ***Joint Life Annuities Where the Beneficiary Is Not the Member's Spouse.*** If distributions commence under a distribution option that is in the form of a joint and survivor annuity for the joint lives of the Member and the Member's spouse, the minimum distribution incidental benefit requirement will not be satisfied as of the date distributions commence unless, under the distribution option, the periodic annuity payment payable to the survivor does not at any time on and after the Member's "Required Beginning Date" exceed the annuity payable to the Member. In the case of an annuity that provides for increasing payments, the requirement of this paragraph will not be violated merely because benefit payments to the Beneficiary increase, provided the increase is determined in the same manner for the Member and the

Beneficiary. If the form of distribution combines a joint and survivor annuity for the joint lives of the Member and the Member's spouse and a period certain annuity, the preceding requirements will apply to annuity payments to be made to the "Designated Beneficiary" after the expiration of the period certain.

(2) ***Joint Life Annuities Where the Beneficiary Is Not the Member's Spouse.*** If the Member's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a Beneficiary other than the Member's spouse, the minimum distribution incidental benefit requirement will not be satisfied as of the date distributions commence unless under the distribution option, the annuity payments to be made on and after the Member's "Required Beginning Date" will satisfy the conditions of this paragraph. The periodic annuity payment payable to the survivor must not at any time on and after the Member's "Required Beginning Date" exceed the applicable percentage of the annuity payment payable to the Member using the table set forth in Regulations Section 1.401(a)(9)-6 Q&A-2. The applicable percentage is based on the adjusted Member/Beneficiary age difference. The adjusted Member/Beneficiary age difference is determined by first calculating the excess of the age of the Member over the age of the Beneficiary based on their ages on their birthdays in a calendar year. If the Member is younger than age 70, the age difference determined in the previous sentence 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. In the case of an annuity that provides for increasing payments, the requirement of this paragraph will not be violated merely because benefit payments to the Beneficiary increase, provided the increase is determined in the same manner for the Member and the Beneficiary. If the form of distribution combines a joint and survivor annuity for the joint lives of the Member and a nonspouse Beneficiary and a period certain annuity, the preceding requirements will apply to annuity payments to be made to the "Designated Beneficiary" after the expiration of the period certain.

(3) ***Period Certain Annuities.*** Unless the Member's spouse is the sole "Designated Beneficiary" and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Member's lifetime may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in Regulation 1.401(a)(9)-9 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 Regulation 1.401(a)(9)-9 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. If the Member's spouse is the Member's sole "Designated Beneficiary" and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Member's applicable distribution period, as determined under this Section 4.16(d)(3), or the joint life and last survivor expectancy of the Member and the Member's spouse as determined under the Joint and Last Survivor Table set forth in Regulation 1.401(a)(9)-9, using the Member's and spouse's attained ages as of the Member's and spouse's birthdays in the calendar year that contains the Annuity Starting Date.

(e) **Requirements For Minimum Distributions Where Member Dies Before Date Distributions Begin.**

(1) ***Member Survived by Designated Beneficiary and Life Expectancy Rule.*** If the Member dies before the date distribution of his or her interest begins and there is a "Designated Beneficiary," the Member's entire interest will be distributed, beginning no later than the time described in Section 4.16(b)(2)(i), over the life of the "Designated Beneficiary" or over a period certain not exceeding:

(i) Unless the Annuity Starting Date is before the first "Distribution Calendar Year," the "Life Expectancy" of the "Designated Beneficiary" determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death; or

(ii) If the Annuity Starting Date is before the first Distribution Calendar Year, the "Life Expectancy" of the "Designated Beneficiary" determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the Annuity Starting Date.

(f) **Definitions.**

(1) ***Actuarial Gain.*** "Actuarial Gain" means the difference between an amount determined using the actuarial assumptions (i.e., investment return, mortality, expense, and other similar assumptions) used to calculate the initial payments before adjustment for any increases and the amount determined under the actual experience with respect to those factors. Actuarial Gain also includes differences between the amount determined using actuarial assumptions when an annuity was purchased or commenced and such amount determined using actuarial assumptions used in calculating payments at the time the Actuarial Gain is determined.

(2) ***Designated Beneficiary.*** "Designated Beneficiary" means the individual who is designated as the Beneficiary under Section 5.5 of the Plan and is the designated beneficiary under Code Section 401(a)(9) and Regulation 1.401(a)(9)-4.

(3) ***Distribution Calendar Year.*** "Distribution Calendar Year" means a calendar year for which a minimum distribution is required. For distributions beginning before the 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." For distributions beginning after the Member's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to Section 4.16(b).

(4) ***Eligible Cost-of-Living Index.*** An "Eligible Cost-of-Living Index" means an index described below:

(i) A consumer price index that is based on prices of all items (or all items excluding food and energy) and issued by the Bureau of Labor Statistics, including an index for a specific population (such as urban consumers or urban wage earners and clerical workers) and an index for a geographic area or areas (such as a given metropolitan area or state); or

(ii) A percentage adjustment based on a cost-of-living index described in Subsection (i) above, or a fixed percentage, if less. In any year when the cost-of-living index is lower than the fixed percentage, the fixed percentage may be treated as an increase in an Eligible Cost-of-Living Index, provided it does not exceed the sum of:

(A)The cost-of-living index for that year, and

(B)The accumulated excess of the annual cost-of-living index from each prior year over the fixed annual percentage used in that year (reduced by any amount previously utilized under this Subsection (ii)).

(5) ***Life Expectancy.*** "Life Expectancy" means the life expectancy as computed by use of the Single Life Table in Regulation 1.401(a)(9)-9.

(6) ***Required Beginning Date.*** "Required Beginning Date" means the April 1st of the calendar year following the later of:

(i) the calendar year in which the Member attains age 70 1/2, or

(ii) if the Member is not a "five-percent owner" at any time during the Plan Year ending with or within the calendar year in which the Member attains age 70 1/2, then the calendar year in which the Member retires. "5-percent owner" means a Member who is a 5-percent owner as defined in Code Section 416 at any time during the Plan Year ending with or within the calendar year in which such owner attains age 70 1/2. Once required minimum distributions have begun to a "5-percent owner," they must continue to be distributed, even if the Member ceases to be a "5-percent owner" in a subsequent year.

(g) **Effective Date of Application of Regulations and Transitional Rules.**

(1) The provisions of this Section will apply with respect to distributions under the Plan made for calendar years beginning on or after January 1, 2006.

(2) With respect to distributions under the Plan for calendar years beginning on or after January 1, 2002, and prior to January 1, 2006, the Plan will use the provisions of the 1987 proposed Regulations except that the parallel provisions of the 2002 temporary and proposed regulations are effective for "Distribution Calendar Years" that are on or after January 1, 2003, and prior to January 1, 2006.

(h) **Applicability Across the Plan.**

The mandatory distribution rules found in this Section 4.16 shall apply to all Members (anyone participating) in this Plan, including Members receiving benefits under Appendices B, C, D, E, and F.

4.17 Benefit Restrictions Under Code Section 436

(a) **Effective Date and Application of Section.**

(1) The provisions of this Section 4.17 apply to Plan Years beginning after December 31, 2007. However, the effective date of the provisions relating to

Regulation 1.436-1 are applicable to the Plan Years beginning on or after January 1, 2010.

(2) Notwithstanding anything in this Section to the contrary, the provision of Code Section 436 and the Regulations thereunder are incorporated herein by reference.

(3) For Plans that have a valuation date other than the first day of the Plan Year, the provisions of Code Section 436 and this Article will applied in accordance with Regulations.

(b) **Funding-Based Limitation on Shutdown Benefits and Other Unpredictable Contingent Event Benefits**

(1) In general. If a Member is entitled to an "unpredictable contingent event benefit" payable with respect to any event occurring during any Plan Year, then such benefit shall not be paid if the "adjusted funding target attainment percentage" for such Plan Year (A) is less than 60%, or (B) is 60% or more, but would be less than 60% if the "adjusted funding target attainment percentage" were redetermined applying an actuarial assumption that the likelihood of occurrence of the "unpredictable contingent event" during the Plan Year is 100%.

(2) Exemption. Paragraph (1) shall cease to apply with respect to any Plan Year, effective as of the first day of the Plan Year, upon payment by the Company of the contribution described in Regulation 1.436-1(f)2)(iii).

(c) **Limitations on Plan Amendments Increasing Liability for Benefits**

(1) In general. No amendment which 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 in a Plan Year if the "adjusted funding target attainment percentage" for such 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 "adjusted funding target attainment percentage."

(2) Exemption if contribution made. Paragraph (c)(1) above shall cease to apply with respect to a Plan amendment upon payment by the Employer of a contribution described in Regulation 1.436-1(f)(2)(iv).

(3) Exception for certain benefit increases. The limitation set forth in Paragraph (c)(1) does not apply to any amendment to the Plan that provides for a benefit increase under a plan formula which is not based on a Compensation, provided that the rate of such increase is not in excess of the contemporaneous rate of increase in average wages of Members covered by the amendment. Paragraph (c)(1) shall not apply to any other amendment permitted under Regulation 1.436-1(c)(4).

(d) **Limitations on Accelerated Benefit Distributions**

(1) Funding percentage less than 60%. Notwithstanding any other provisions of the Plan, if the Plan's “adjusted funding target attainment percentage” for a Plan Year is less than 60%, then 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 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 Paragraph (d)(1) does not apply to any payment of a benefit which under Code Section 411(a)(11) may be immediately distributed without the consent of the Member.

(2) 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 Company is a debtor in a case under Title 11, United States Code, or similar federal or state law. The preceding sentence shall not apply to payments made within a Plan Year with an Annuity Starting Date that occurs on or after the date on which the enrolled actuary of the Plan certifies that the “adjusted funding target attainment percentage” of the Plan is not less than 100%. In addition, during such period in which the Company 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 “adjusted funding target attainment percentage” for that Plan Year is not less than 100%. The limitation set forth in this Paragraph (2) does not apply to any payment of a benefit which under Code Section 411(a)(11) may be immediately distributed without the consent of the Member.

(3) Limited payment if percentage at least 60% but less than 80%.

(A) In general. Notwithstanding any other provision of the Plan, if the Plan's “adjusted funding target attainment percentage” for a Plan Year is 60% or greater but less than 80%, then a Member or Beneficiary is not permitted to elect, and the Plan shall not pay any “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 preceding sentence shall not apply if the present value (determined in accordance with Code Section 417(e)(3)) of the portion of the benefit that is being paid in a “prohibited payment” (which portion is determined under Paragraph (B)(ii) below) does not exceed the lesser of:

(i)50% of the present value (determined in accordance with Code Section 417(e)(3)) of the benefit payable in the optional form of benefit that includes the prohibited payment; or

(ii)100% of the PBGC maximum benefit guarantee amount (as defined in Regulation 1.436-1(d)(3)(iii)(C)).

The limitation set forth in this Subsection (3) does not apply to any payment of a benefit which under Code Section 411(a)(11) may be immediately distributed without the consent of the Member.

(B) Bifurcation if optional form unavailable.

(i)Requirement to offer bifurcation. If an optional form of benefit that is otherwise available under the terms of the Plan is not available as of the Annuity Starting Date because of the application of Regulation 1.436-1(d)(3)(i), then the Member or Beneficiary may elect to:

(1)Receive the unrestricted portion of that optional form of benefit (determined under the rules of Regulation 1.436-1(d)(3)(iii)(D)) at that Annuity Starting Date, determined by treating the unrestricted portion of the benefit as if it were the Participant's or Beneficiary's entire benefit under the Plan;

(2)Commence benefits with respect to the Member or Beneficiary's entire benefit under the Plan in any other optional form of benefit available under the Plan at the same Annuity Starting Date that satisfies Subsection (A)(i) or (ii) above; or

(3)Defer commencement of the payments in accordance with any general right to defer commencement of benefits under the Plan.

(ii)Rules relating to bifurcation. If the Member or Beneficiary elects payment of the unrestricted portion of the benefit as described in Regulation 1.436-1(d)(3)(ii)(A)(1), then the Member or Beneficiary may elect payment of the remainder of the Member's or Beneficiary's benefits under the Plan in any optional form of benefit at that Annuity Starting Date otherwise available under the Plan that would not have included a "prohibited payment" if that optional form applied to the entire benefit of the Member or Beneficiary. The rules of Regulation 1.417(e)-1 are applied separately to the separate optional forms for the "unrestricted portion of the benefit" and the remainder of the benefit (the "restricted portion").

(iii)Plan alternative that anticipates election of payment that includes a prohibited payment. With respect to every optional form of benefit that includes a "prohibited payment" and that is not permitted to be paid under Regulation 1.436-1(d)(3)(i), for which no additional information from the Member or Beneficiary (such as information regarding a Social Security leveling optional form of benefit) is needed to make that determination, rather than wait for the Member or Beneficiary to elect such optional form of benefit, the Plan will provide for separate elections with respect to the restricted and unrestricted portions of that optional form of benefit.

(C) Other Rules.

(i)One time application. Only one "prohibited payment" meeting the requirements of Subsection (3)(a) above may be made with respect to any

Participant during any period of consecutive Plan Years to which the limitations under Regulation 1.436-1(d) apply.

(ii) Treatment of Beneficiaries. For purposes of this Section 4.17(d)(3), benefits provided with respect to a Member and any Beneficiary of the Member (including an alternate payee, as defined in Code Section 414(p)(8)) are aggregated. If the only benefits paid under the Plan with respect to the Member are death benefits payable to the Beneficiary, then the determination of the "prohibited payment" is applied by substituting the lifetime of the Beneficiary for the lifetime of the Member. If the Accrued Benefit of a Member is allocated to such an alternate payee and one or more other persons, then the "unrestricted amount" is allocated among such persons in the same manner as the accrued benefit is allocated, unless a qualified domestic relations order (as defined in Code Section 414(p)(1)(A)) with respect to the Member or the alternate payee provides otherwise.

(iii) Treatment of annuity purchases and plan transfers. This Paragraph (iii) applies for purposes of applying Subsection (d)(3)(A) above and determining the unrestricted portion of a payment. In the case of a prohibited payment described in Regulation 1.436-1(j)(6)(i)(B) (relating to purchase from an insurer), the present value of the portion of the benefit that is being paid in a prohibited payment is the cost to the plan of the irrevocable commitment and, in the case of a prohibited payment described in Regulation 1.436-1(j)(6)(i)(C) (relating to certain plan transfers), the present value of the portion of the benefit that is being paid in a prohibited payment is the present value of the liabilities transferred (determined in accordance with Code Section 414(l)). In addition, the present value of the accrued benefit is substituted for the present value of the benefit payable in the optional form of benefit that includes the prohibited payment in Regulation 1.436-1(d)(3)(i)(A).

(4) Exception. This Subsection (d) shall not apply for any Plan Year if the terms of the Plan (as in effect for the period beginning on September 1, 2005, and ending with such Plan Year) provide for no benefit accruals with respect to any Member during such period.

(5) Right to delay commencement. If a Member or Beneficiary requests a distribution in an optional form of benefit that includes a "prohibited payment" that is not permitted to be paid under Section 4.17(d)(1), (2) or (3), then the Member retains the right to delay commencement of benefits in accordance with the terms of the Plan and applicable qualification requirements (such as Code Sections 411(a)(11) and 401(a)(9)).

(e) **Limitation on Benefit Accruals for Plans with Severe Funding Shortfalls**

(1) In general. If the Plan's "adjusted funding target attainment percentage" for a Plan Year is less than 60%, benefit accruals under the Plan shall cease as of the "Section 436 measurement date." In addition, if the Plan is required to cease benefit accruals under this Section 4.17(e), 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.

(2) Exemption. Paragraph (1) above shall cease to apply with respect to any Plan Year, effective as of the first day of the Plan Year, upon payment by the Company of a contribution described in Regulation 1.436-1(f)(2)(v).

(3) Temporary modification of limitation. In the case of the first Plan Year beginning during the period beginning on October 1, 2008, and ending on September 30, 2009, the provisions of Paragraph (e)(1) above shall be applied by substituting the Plan's "adjusted funding target attainment percentage" for the preceding Plan Year for such percentage for such Plan Year, but only if the "adjusted funding target attainment percentage" for the preceding year is greater.

(f) **Methods to Avoid or Terminate Benefit Limitations**

See Code Sections 436(b)(2), (c)(2), (e)(2), and (f) and Regulation 1.436-1(f) for rules relating to Company contributions and other methods to avoid or terminate the application of the limitations set forth in Sections 4.17(b), (c) and (d) for a Plan Year. In general, the methods the Company may use to avoid or terminate one or more of the benefit limitations under Sections 4.17 (b), (c) and (d) for a Plan Year include Company contributions and elections to increase the amount of plan assets which are taken into account in determining the "adjusted funding target attainment percentage," making a Company 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**

(1) Rules of operation for periods prior to and after certification of Plan's "adjusted funding target attainment percentage."

(A) In general. Code Section 436(h) and Regulation 1.436 1(h) set forth a series of presumptions that apply (i) before the Plan's enrolled actuary issues a certification of the Plan's "adjusted funding target attainment percentage" for the Plan Year and (ii) if the Plan's enrolled actuary does not issue a certification of the Plan's "adjusted funding target attainment percentage" for the Plan Year before the first day of the 10th month of the Plan Year (or if the Plan's enrolled actuary issues a range certification for the Plan Year pursuant to Regulation 1.436 1(h)(4)(ii) but does not issue a certification of the specific "adjusted funding target attainment percentage" for the Plan by the last day of the Plan Year). For any period during which a presumption under Code Section 436(h) and Regulation 1.436 1(h) applies to the Plan, the limitations under Sections 4.17(b), (c), (d) and (e) are applied to the Plan as if the "adjusted funding target attainment percentage" for the Plan Year were the presumed "adjusted funding target attainment percentage" determined under the rules of Code Section 436(h) and Regulation 1.436 1(h)(1), (2), or (3). These presumptions are set forth in the following subsections.

(B) Presumption of continued underfunding beginning first say of Plan Year. If a limitation under Subsection (b), (c), (d), or (e) of this Section 4.17 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 "adjusted funding target attainment percentage" for the Plan

for the current Plan Year, or, if earlier, the date Subsections (C) and (D) below applies to the Plan:

(i)The “adjusted funding target attainment percentage” of the Plan for the current Plan Year is presumed to be the “adjusted funding target attainment percentage” in effect on the last day of the preceding Plan Year; and

(ii)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 “adjusted funding target attainment percentage” for the Plan Year before the first day of the fourth month of the Plan Year and the Plan’s “adjusted funding target attainment percentage” 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 Regulation 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 “adjusted funding target attainment percentage” for the Plan for the current Plan Year, or, if earlier, the date Subsection (D) below applies to the Plan:

(i)The “adjusted funding target attainment percentage” of the Plan for the current Plan Year is presumed to be the Plan's ‘adjusted funding target attainment percentage” for the preceding Plan Year reduced by 10 percentage points; and

(ii)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 10th Month. If the Plan’s enrolled actuary has not issued a certification of the “adjusted funding target attainment percentage” for the Plan Year before the first day of the 10th month of the Plan Year (or if the Plan's enrolled actuary has issued a range certification for the Plan Year pursuant to Regulation 1.436-1(h)(4)(ii) but has not issued a certification of the specific “adjusted funding target attainment percentage” for the Plan by the last day of the Plan Year), then, commencing on the first day of the 10th month of the current Plan Year and continuing through the end of the Plan Year:

(i)The “adjusted funding target attainment percentage” of the Plan for the current Plan Year is presumed to be less than 60%; and

(ii)The first day of the 10th month of the current Plan Year is a “Section 436 measurement date.”

(2) New plans, plan termination, certain frozen plans, and other special rules.

(A) New plan exception. The limitations in Subsections (b), (c) and (e) of this Section 4.17 do not apply to a new Plan for the first five Plan Years of the Plan, determined under the rules of Code Section 436(i) and Regulation 1.436-1(a)(3)(i).

(B) Plan termination exception. The limitations on “prohibited payments” in Subsections (b) and (d) of this Section 4.17 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 4.17 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 Subsections (b) and (d) of this Section 4.17 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 Paragraph (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.

(4) Special rules relating to unpredictable contingent event benefits and plan amendments increasing benefit liability. During any period in which none of the presumptions under this Section 4.17(g) apply to the Plan and the Plan's enrolled actuary has not yet issued a certification of the Plan’s “adjusted funding target attainment percentage” for the Plan Year, the limitations under Subsection (b) and (c) of this Section 4.17 shall be based on the inclusive presumed “adjusted funding target attainment percentage” for the Plan, calculated in accordance Regulation 1.436-1(g)(2)(iii).

(3) Special rules under PRA 2010.

(A) Payments under Social Security leveling options. For purposes of determining whether the limitations under Subsection (d) of this Section 4.17 apply to payments under a Social Security leveling option, within the meaning of Code Section 436(j)(3)(C)(i), the “adjusted funding target attainment percentage” for a Plan Year shall be determined in accordance with the “Special Rule for Certain Years” under Code Section 436(j)(3) and any 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 Subsection (e) of this Section 4.17 applies to the Plan, the “adjusted funding target attainment percentage” for a Plan Year shall be determined in accordance with the “Special Rule for Certain Years” under Code Section 436(j)(3) (except as provided under Section 203(b) of the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (PRA 2010), if applicable).

(4) Special rules under MAP-21. The Plan may use the special rules relating to pension funding stabilization as set forth in the provisions of the Moving Ahead for Progress in the 21st Century Act (MAP-21) and as provided by guidance issued in Regulations or other guidance from the Internal Revenue Service, such as Notice 2012-61.

(5) 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 Members and Beneficiaries within 30 days after certain specified dates if the

Plan has become subject to a limitation described in Section 4.17(b)(1), (d)(1), (d)(2) or (d)(3).

(h) **Treatment of Plan as of Close of Prohibited or Cessation Period.**

(1) Application to prohibited payments and accruals.

(A) Resumption of prohibited payments. If a limitation on prohibited payments under Subsection (d) of this Section 4.17 applied to a 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 the limitation does not apply to benefits with "annuity starting dates" that are on or after that later "Section 436 measurement date."

After the Code "Section 436 measurement date" on which the limitation on "prohibited payments" under Sections 4.17(d)(1) and (3) cease to apply to the Plan, Participants or Beneficiaries who had an "annuity starting date" within the period during which that limitation applied to the Plan shall not be permitted to modify the form of benefit previously elected to a single sum payment at a new "annuity starting date" for the remaining value of the Participant or Beneficiary's benefit under the Plan.

(B) Resumption of benefit accruals. If a limitation on benefit accruals under Subsection (e) of this Section 4.17 applied to a 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 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 to the extent that the Plan provides that benefit accruals will not resume when the limitation ceases to apply. The Plan will comply with the rules relating to partial years of participation and the prohibition on double proration under Department of Labor Regulation 29 CFR Section 2530.204-2(c) and (d).

In addition, benefit accruals that were not permitted to accrue because of the application of Subsection (e) of this Section 4.17 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 "adjusted funding target attainment percentage" for the Plan Year would not be less than 60% taking into account any restored benefit accruals for the prior Plan Year.

(2) Shutdown and other "unpredictable contingent event benefits." If an "unpredictable contingent event benefits" with respect to an unpredictable contingent event that occurs during the Plan Year are not permitted to be paid after the occurrence of the event because of the limitations of Subsection (b) of this Section 4.17, but are 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 "adjusted funding target attainment percentage" for the Plan Year that meets the requirements of Regulation 1.436-1(g)(5)(ii)(B)), then that unpredictable contingent event benefits shall be paid, retroactive to the period that benefit would have been payable under the terms of the Plan (determined without regard to Subsection (b) of this Section 4.17). If the "unpredictable contingent event benefit" does not become payable during the same

Plan Year in accordance with the preceding sentence, then the Plan is treated as if it does not provide that benefit.

(3) 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 limitations of Subsection (c) or (e) of this Section 4.17, but is permitted to take effect later in the Plan Year (as a result of additional contributions or pursuant to the enrolled actuary's certification of the "adjusted funding target attainment percentage" for the Plan Year that meets the requirements of Regulation 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 Plan Year, then it must be treated as if it were never adopted, unless the Plan amendment provides otherwise.

(i) **Definitions**

For purposes of this Section 4.17, the following terms shall have the meanings ascribed to them in this Section 4.17(i). Terms not defined in this Section have the meaning assigned to them in the "Definitions" section of the Plan.

(a) **Adjusted funding target attainment percentage.** The term "adjusted funding target attainment percentage" means the adjusted funding target attainment percentage as defined in Regulation 1.436-1(j)(1).

(b) **Prohibited payment**. The term "prohibited payment" means a prohibited payment as defined in Regulation 1.436-1(j)(6).

(c) **Section 436 measurement date**. A "Section 436 measurement date" means the section 436 date as defined in Regulation 1.436-1(j)(8).

(d) **Unpredictable contingent event benefit**. The term "unpredictable contingent event benefit" means an unpredictable contingent event as defined in Regulation 1.436-1(j)(9).

ARTICLE 5 – ADMINISTRATION OF PLAN

5.01 Appointment of Plan Administration Committee

The responsibility for carrying out all phases of the administration of the Plan except those phases connected with the management of assets, shall be placed in a Plan Administration Committee of not less than three persons appointed from time to time by the Board of Directors to serve at the pleasure of the Board of Directors. The Board of Directors may also designate alternate members to act in the absence of the regular members. The Board of Directors shall designate a Chairman of the Plan Administration Committee from among the regular members and a Secretary who may be, but need not be, one of its members. Any member of the Plan Administration Committee may resign by delivering his or her written resignation to the Board of Directors and the Secretary of the Plan Administration Committee.

5.02 Pension and Savings Plan Committee

The responsibility for the management of the assets of the Plan shall be placed in a Pension and Savings Plan Committee of not less than three persons appointed from time to time by the Board of Directors to serve at the pleasure of the Board of Directors. The Board of Directors may also designate alternate members to act in the absence of the regular members. The Board of Directors shall designate a Chairman of the Pension and Savings Plan Committee from among the regular members and a Secretary who may be, but need not be, one of the members of the Pension and Savings Plan Committee. Any member of the Pension and Savings Plan Committee may resign by delivering his or her written resignation to the Board of Directors and the Secretary of the Pension and Savings Plan Committee.

5.03 Named Fiduciaries

The Plan Administration Committee and the Pension and Savings Plan Committee (hereinafter collectively referred to as the ("Committees") are designated as named fiduciaries within the meaning of Section 402(a) of ERISA. In addition, the Company and any officer of the Company appointed as a named fiduciary by the Plan Administration Committee shall also be "named fiduciaries" within the meaning of Section 402(a) of ERISA.

5.04 Meetings and Action of Majority

The Committees shall hold meetings upon such notice, at such place or places, and at such time or times as each may respectively determine. The action of at least a majority of the members, or alternate members, of a Committee expressed from time to time by a vote at a meeting or in writing without a meeting shall constitute the action of that Committee and shall have the same effect for all purposes as if assented to by all members of such Committee at the time in office. No member of either Committee shall receive any compensation for his or her service as such.

5.05 Duties of Committees

Each Committee may authorize one or more of its number or any agent to execute or deliver any instrument or make any payment on its behalf; may retain counsel, employ agents and such clerical, accounting and actuarial services as it may require in carrying out the provisions of the Plan for which it has responsibility; may allocate among its members or to other persons all or such portion of its duties hereunder as it, in its sole discretion, shall decide.

5.06 Management of Plan Assets

The Pension and Savings Plan Committee shall be responsible for managing the assets under the Plan. If it deems such action to be advisable, the Committee, subject to the provisions of the trust instrument(s) adopted for use in implementing the Plan pursuant to Section 7.01 hereof, may:

(a) provide direction to the trustee(s) thereunder, including, but not by way of limitation, the direction of investment of all or part of the Plan assets and the establishment of investment criteria, and

(b) appoint and provide for use of investment advisors and investment managers.

In discharging its responsibility, the Committee shall evaluate and monitor the investment performance of the trustee(s) and investment manager, if any.

5.07 Establishment of Rules and Rights of Plan Administration Committee

Subject to the limitations of the Plan, the Plan Administration Committee from time to time shall establish rules or regulations for the administration of the Plan and the transaction of its business. The Plan Administration Committee shall have full discretionary authority, except as to matters which the Board of Directors from time to time may reserve to itself, to interpret the Plan and to make factual determinations regarding any and all matters arising hereunder, including but not limited to, the right to determine eligibility for benefits and to construe the terms of the Plan including the right to remedy possible ambiguities, inequities, inconsistencies or omissions. The Plan Administration Committee shall also have the right to exercise powers otherwise exercisable by the Board of Directors hereunder to the extent that the exercise of such powers does not involve the management of Plan assets. In addition, the Plan Administration Committee shall have the further right to exercise such powers as may be delegated to the Plan Administration Committee by the Board of Directors. The Plan Administration Committee may delegate to any duly authorized officer, in writing, any or all of its authority and its right to exercise powers otherwise exercised or delegated by the Board of Directors.

Subject to applicable Federal and State Law, all interpretations, determinations and decisions of a duly authorized officer, the Plan Administration Committee or the Board of Directors in respect of any matter hereunder shall be final, conclusive and binding on all parties affected thereby.

5.08 Prudent Conduct and Limitation of Liability

The members of the Committees and any officer appointed pursuant to Section 5.03 shall use that degree of care, skill, prudence and diligence in carrying out their duties that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims. A member of either Committee and any officer appointed

pursuant to Section 5.03 shall not be liable for the breach of fiduciary responsibility of another fiduciary unless:

(a) the person participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other fiduciary, knowing such act or omission is a breach; or

(b) by the person's failure to discharge such person's duties solely in the interest of the Members and other persons entitled to benefits under the Plan, for the exclusive purpose of providing benefits and defraying reasonable expenses of administering the Plan not met by the Company, the person has enabled such other fiduciary to commit a breach; or

(c) the person has knowledge of a breach by such other fiduciary and does not make reasonable efforts to remedy the breach; or

(d) in the case of a member of either Committee, if the Committee of which the person is a member improperly allocates responsibilities among its members or to others and the person fails to review prudently such allocation.

5.09 Claims and Review Procedure

(a) Applications for benefits and inquiries concerning the Plan (or concerning present or future rights to benefits under the Plan) shall be submitted to the Company in writing. An application for benefits shall be submitted on the prescribed form and shall be signed by the Member, or in the case of a benefit payable after his death, by his Beneficiary.

(b) In the event that an application for benefits is denied in whole or in part, the Company shall notify the applicant in writing of the denial and of the right to review of the denial. The written notice shall set forth, in a manner calculated to be understood by the applicant, specific reasons for the denial, specific references to the provisions of the Plan on which the denial is based, a description of any information or material necessary for the applicant to perfect the application, an explanation of why the material is necessary, and an explanation of the review procedure under the Plan.

The written notice shall be given to the applicant within a reasonable period of time (not more than 90 days) after the Company received the application, unless special circumstances require further time for processing and the applicant is advised of the extension. In no event shall the notice be given more than 180 days after the Company received the application.

(c) An applicant whose application for benefits was denied in whole or in part, or the applicant's duly authorized representative, may appeal the denial by submitting to the Plan Administration Committee a request for a review of the application within 60 days after receiving written notice of the denial from the Company. The Company shall give the applicant or his representative an opportunity to review pertinent materials, other than legally privileged documents, in preparing the request for review. The request for a review shall be in writing and addressed to the Plan Administration Committee. The request for a review shall set forth all of the grounds on which it is based, all facts in support of the request and any other matters that the applicant deems pertinent. The Plan Administration Committee may require the applicant to submit such additional facts, documents, or other materials as it may deem necessary or appropriate in making its review.

(d) The Plan Administration Committee shall act on each request for a review within 60 days after receipt, unless special circumstances require further time for processing and the applicant is advised of the extension. In no event shall the decision on review be rendered more than 120 days after the Plan Administration Committee received the request for a review. The Plan Administration Committee shall give prompt written notice of its decision to the applicant and or the Company. In the event that the Plan Administration Committee confirms the denial of the application for benefits in whole or in part, the notice shall set forth, in a manner calculated to be understood by the applicant, the specific reasons for the decision and specific references to the provisions of the Plan on which the decision is based.

(e) The Plan Administration Committee shall adopt such rules, procedures, and interpretations of the Plan as it deems necessary or appropriate in carrying out its responsibilities under this Section 5.09.

(f) No legal action for benefits under the Plan shall be brought unless and until the claimant (i) has submitted a written application for benefits in accordance with Paragraph (a), (ii) has been notified by the Company that the application is denied, (iii) has filed a written request for a review of the application in accordance with Paragraph (c), and (iv) has been notified in writing that the Plan Administration Committee has affirmed the denial of the application; provided, however, that legal action may be brought after the Company or the Plan Administration Committee has failed to take any action on the claim within the time by Paragraphs (b) and (d) above.

ARTICLE 6 – CONTRIBUTIONS

6.01 Company Contributions

It is the intention of the Company to continue the Plan and make regular contributions to the Trustee each year in such amounts as are necessary to maintain the Plan on a sound actuarial basis and to meet minimum funding standards as prescribed by any applicable law. However, subject to the provisions of Article 8, the Company may reduce or suspend its contributions for any reason at any time. Any forfeitures shall be used to reduce the Company contributions otherwise payable, and will not be applied to increase the benefits any Member or other person would otherwise receive under the Plan.

6.02 Return of Contributions

(a) The Company's contributions to the Plan are conditioned upon their deductibility under Code Section 404. In the event that all or part of the Company's deductions under Code Section 404 for contributions to the Plan are disallowed by the Internal Revenue Service, the portion of the contributions to which such disallowance applies shall be returned to the Company without interest, but reduced by any investment loss attributable to those contributions. Such return shall be made within one year after the disallowance of deduction.

(b) The Company may recover without interest the amount of its contributions to the Plan made on account of a mistake in fact, reduced by any investment loss attributable to those contributions if recovery is made within one year after the date of those contributions.

ARTICLE 7 – MANAGEMENT OF FUNDS

7.01 Trustee

All the funds of the Plan shall be held by a Trustee or Trustees, which may include any member(s) of the Pension and Savings Plan Committee, appointed from time to time by said Committee or the Company, in one or more trusts under a trust instrument or instruments approved or authorized by said Committee or the Company for use in providing the benefits of the Plan and paying any expenses of the Plan not paid directly by the Company; provided, however, that the Pension and Savings Plan Committee may, in its discretion, also enter into any type of contract with any insurance company or companies selected by it for providing benefits under the Plan.

Notwithstanding any other provision contained in this Plan, the Trustee at the direction of the Plan Administration Committee shall transfer the interest, if any, of a Member's Accrued Benefit to another trust forming part of a pension, profit sharing, or stock bonus plan that meets the requirements of Code Section 401(a), provided that the trust to which such transfers are made permits the transfer to be made. However, the transfer of amounts from this Plan to a nonqualified foreign trust will be treated as a distribution from this Plan. Likewise, a transfer of assets and liabilities from this Plan to a plan that satisfies Section 1165 of the Puerto Rico Code will also be treated as distribution from this Plan.

7.02 Exclusive Benefit Rule

Prior to the satisfaction of all liabilities with respect to persons entitled to benefits, except for the payment of expenses, no part of the corpus or income of the funds shall be used for, or diverted to, purposes other than for the exclusive benefit of Members and other persons who are or may become entitled to benefits hereunder, under the Prior Salaried Plan, or under any trust instrument or under any insurance contract made pursuant to this Plan. Subject to applicable Federal and State law, no person shall have any interest in or right to any part of the corpus or income of the funds, except as and to the extent expressly provided in the Plan and in any trust instrument or under any insurance contract made pursuant to this Plan. Subject to applicable Federal and State law, the Company shall have no liability for the payment of benefits under the Plan nor for the administration of the funds paid over to the Trustee(s) or insurer(s) except as expressly provided under this Plan.

The Company may not transfer sponsorship of this Plan to any unrelated entity unless such transfer is in connection with the transfer of business assets or operations from the Company to the unrelated entity.

7.03 Investment in Company Securities or Real Property

Except as permitted by applicable Federal law, no part of the corpus or income of the trust shall be invested in securities of the Company or of any Associated Company or in real property and related personal property which is leased to the Company or any Associated Company or in the securities of the Trust or Trustees or their subsidiary companies, if any.

7.04 Appointment of Investment Managers

The Pension and Savings Plan Committee may, in 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 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 8 – CERTAIN RIGHTS AND LIMITATIONS

The following provisions shall apply in all cases whenever a Member or any other person is affected thereby.

8.01 Termination of the Plan

(a) 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 protected by law, if greater, 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 Section 6.02. However, any funds not required to satisfy all liabilities of the Plan for benefits because of erroneous actuarial computation shall be returned to the Company except as otherwise provided in Section 8.06. The Plan Administration Committee shall determine on the basis of an 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 only to the Members affected by that partial termination.

(b) Plan Merger or Consolidation. The Board of Directors may, in its sole discretion, merge this Plan with another qualified plan, subject to any applicable legal requirements. However, the Plan may not be merged or consolidated with, nor may its assets or liabilities be transferred to, any other plan unless each Member or other person entitled to a benefit 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 or she would have been entitled to receive immediately before the merger, consolidation, or transfer, if the Plan had then terminated; provided that, subject to the provisions of Article 10 on or after the date of the first occurrence of a Change in Control (i) no transfer of assets or liabilities, except as specifically permitted under Section 8.01(a), between the Plan and any Employee Benefit Plan, as hereinafter defined, (ii) no spin-off of Plan assets or Plan liabilities to any Employee Benefit Plan, (iii) no withdrawal of Plan assets, in the event such withdrawal is permitted under applicable law or (iv) no merger or consolidation of the Plan with any Employee Benefit Plan shall be permitted.

For purposes of this Section 8.01(b), Employee Benefit Plan has the same meaning as the term “employee benefit plan” has under Section 3(3) of ERISA.

8.02 Limitation Concerning Highly Compensated Employees or Highly Compensated Former Employees

(a) 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 (as those terms are defined in Code Section 414(q)) of the Company or an Associated Company and (ii) in any other event, to any Member or former Member who is one of the 25 highly compensated employees or highly compensated former employees of the Company or Associated Company with the greatest compensation in any Plan Year. The amount of the annual payments to any one of the Members or former Member to whom this Section applies

shall not be greater than an amount equal to the payments that would be made on behalf of the Member or former Member under a single life annuity that is of Equivalent Actuarial Value to the sum of the Member's or former Member's Accrued Benefit and any other benefits payable to the Member and former Member under the Plan.

(b) If, (i) after payment of an Accrued Benefit or other benefits to any one of the Members or to whom this Section applies, the value of Plan assets equals or exceeds 110% of the value of current liabilities (as that term is defined in Code Section 412(1)(7)) of the Plan, (ii) the value of the Accrued Benefit and other benefits of any one of the Members or former Members to whom this Section applies is less than 1% of the value of current liabilities of the Plan, or (iii) the value of the Accrued Benefit and other benefits of any one of the Members or former Members to whom this Section applies does not exceed $3,500 ($5,000 effective January 1, 1998), the provisions of Paragraph (a) above will not be applicable to the payment of benefits to the Member or former Member.

(c) Notwithstanding Paragraph (a) of this Section, in the event the Plan is terminated, the restriction 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 Code Section 401(a)(4).

(d) If it should subsequently be determined by statute, court decision acquiesced in by the Commissioner of Internal Revenue, or ruling by the Commissioner of Internal Revenue, 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.

8.03 Conditions of Employment Not Affected by Plan

The establishment of the Plan shall not be construed as conferring any legal rights upon any Employee or other person for a continuation of employment, nor shall it interfere with the rights of the Company to discharge any Employee or other person and to treat him or her without regard to the effect which such treatment might have upon him or her under the Plan.

8.04 Offsets

Unless the Board of Directors otherwise provides under written rules uniformly applicable to all Employees similarly situated, the Plan Administration Committee shall deduct from the amount of any retirement allowance or vested benefit under the Plan, any amount paid or payable to or on account of any Member under the provisions of any present or future law, pension or benefit scheme of any sovereign government, or any political subdivision thereof or any fund or organization or government agency or department on account of which contributions have been made or premiums or taxes paid by the Company, any Participating Unit, or any Associated Company with respect to any service which is Benefit Service for purposes of computation of benefits under the Plan; provided, however, that pensions payable for government service or benefits under Title II of the Social Security Act are not to be used to reduce the benefits otherwise provided under this Plan except as specifically provided herein.

8.05 Denial of Benefits

The Plan Administration Committee may prescribe rules on a basis uniformly applicable to all Employees similarly situated under which an Employee whose employment is terminated because of dishonesty, conviction of a felony or other conduct prejudicial to the Company may be denied any benefit or benefits for which he or she would otherwise be eligible under the Plan, except his or her retirement allowance pursuant to Section 4.01 or his or her vested benefit pursuant to Section 4.05; provided, however, that such denial is not contrary to applicable law.

8.06 Change in Control

In the event of a Change in Control the following restrictions shall apply:

(a) Notwithstanding any other provision of the plan, in the event of a Change in Control, neither the Board of Directors, its designee, the Plan Administration Committee nor the Trustee may merge or consolidate the Plan with any other plan, transfer any Plan assets to any other retirement or welfare benefit plan, transfer any other welfare or retirement benefit plan's liabilities to the Plan, spin-off or split-off any part of the Plan or group of Members in the Plan, or reduce future Plan benefits, or cause or permit the Plan to acquire any security or real or personal property of the Company or any Associated Company, during the five-year period commencing on the date on which the Change in Control occurs.

(b) Notwithstanding any other provision of the Plan, in the event of a Change in Control, neither the Board of Directors nor its designee may, during the five-year period commencing on the date on which the Change in Control occurs, designate any new Participating Units or designate any new groups of Employees as eligible to participate in the Plan.

(c) Notwithstanding any other provision of the Plan, if at any time during the five-year period commencing on the date on which a Change in Control occurs, the Plan is terminated, any Member who was an Employee on the date of the Change in Control shall, if not previously vested, become fully vested in all Plan benefits. If the Plan has surplus assets, all of the surplus assets shall be allocated to Plan Members who were Members as of the date on which a Change in Control occurs (including Members who terminated employment with entitlement to a retirement allowance and Members who are, on the date on which a Change in Control occurs, receiving a retirement allowance) on pro rata basis, in relation to the benefits accrued prior to the date of Change in Control and none of this surplus may be recovered by the Company, any successor or any Associated Company. For purposes of this Section 8.06(c) the amount of surplus assets will be determined as part of the process of purchasing non-participating group annuity contracts in connection with the termination of the Plan. In purchasing such annuities, the Plan shall seek competitive bids from at least three unrelated insurance companies. In no event shall the increase in the Retirement Allowance payable pursuant to this paragraph cause the retirement allowance to exceed the limitations in Section 4.08 of the Plan.

(d) Notwithstanding any other provision of the Plan, if at any time during the five-year period commencing on the date on which a Change in Control occurs (i) a Substantial Reduction in Force (as hereinafter defined) occurs or (ii) any action prohibited by Paragraph (a) or (b) of this Section 8.06 is taken, then any Member who was an Employee on the date of the Change in Control shall, if not previously vested, become fully vested in all Plan benefits.

Furthermore, if, as of the date either of the events described in (i) or (ii) above occurs, the fair market value of the Plan's assets exceeds the Plan's current liability pursuant to Code Section 412(l)(7) (based on the Plan's actuarial assumptions on the date the Change in Control occurs except that the interest rate shall be the maximum rate permitted under Code Section 412) the amount of such excess assets shall be applied to increase, as described below, the Accrued Benefit of all Plan Members who were Members as of the date on which a Change in Control occurs. For purposes of determining the increase in Accrued Benefit under this Section 8.06(d), Plan Member includes both Members who are Employees as well as former Employees, or Beneficiaries of former Employees either entitled to future benefits or currently in receipt of Plan benefits. The Equivalent Actuarial Value of each Plan Member's Accrued Benefit shall be increased by the amount determined by multiplying (a) the Plan's excess assets as defined in this Section 8.06(d) by (b) the ratio that the Current Liability of each Plan Member bears to the sum of the Current Liability of all Plan Members. Such increased present value will be converted into an enhanced Accrued Benefit for each Plan Member. In no event, however, shall such increase cause a Plan Member's Accrued Benefit to exceed the limitation of Section 4.08 of the Plan.

For purposes of this Section 8.06,

(i) a "Substantial Reduction in Force" shall mean the Involuntary Separation from employment, following a Change in Control, of the percentage of Members set forth below who were Employees when the Change in Control occurred:

(1) 10% or more within any consecutive 12-month period.

(2) 15% or more within any consecutive 24-month period.

(3) 20% or more within any consecutive 36-month period.

(4) 25% or more within any consecutive 48-month period.

(5) 30% or more within a 60-month period; and

(ii) "Involuntary Separation" shall mean the termination of a Member's employment with the Company as a result of Company action such as a discharge, a resignation after a reduction in pay, position or responsibilities, a retirement after the Company has requested such Member to resign or retire, a layoff, or any relocation of the work location of a Member to a place more than 35 miles from such Member's principal residence; provided, however, that an Involuntary Separation shall not be deemed to have occurred if a Member resigns or retires other than in response to a Company request, or is terminated for serious misconduct in connection with such Member's work.

(iii) In the event of a Change in Control, the Eligibility Service and Benefit Service of any Employee who receives any form of salary continuation under the Executive Severance Plan shall be increased by 36 months and 3 years shall be added to such Employee's attained age at his date of termination of employment, solely for purposes of benefit eligibility and determining the amount of reduction in benefit on account of payment commencing prior to the Employee's Normal Retirement Date. In addition, the term Compensation shall include the amounts payable under the Executive Severance Plan as Scheduled Severance Pay, as set forth in Section 4 of the Executive

Severance Plan, and as Bonus Severance, as set forth in Section 4 of the Executive Severance Plan. Scheduled Severance Pay shall be treated as base pay paid in equal amounts over the period for which it is to be paid, in accordance with the Applicable Tier Multiplier as set forth in Section 8 of the Executive Severance Plan. In addition, if the Employee's Applicable Tier Multiplier is less than 3, the Employee's Final Average Compensation shall be equal to the greater of his rate of base pay at the date of his termination of employment or the amount otherwise determined in accordance with Section 1.18 of the Plan. Notwithstanding the foregoing, in the event the Plan would fail to satisfy Code Section 401(a)(4) if all benefits to be provided under this Section 8.06(d)(iii) were included in the non-discrimination testing, the Highly Compensated Employees who receive benefits under this Section 8.06(d)(iii) in the highest rate group shall have their benefits reduced (but not below what they would have accrued without regard to this Section 8.06(d)(iii)) so as to cause the aggregate accrual percentages in that rate group to be equal to the aggregate accrual percentages in the next highest rate group. This process will be repeated until the non-discrimination test is passed.

(e) In the event the Internal Revenue Service makes a final determination that the utilization of surplus assets of the Plan (or any portion thereof) in accordance with Paragraph (c) or (d) of this Section 8.06 cannot be accomplished in any manner without disqualifying the Plan, the Company shall utilize such assets which cannot be so utilized to provide benefits to those Members who were Employees on the date of the Change in Control in any manner that the Company deems to be in the best interests of such Members and which would not disqualify the Plan. Such utilization may include the transfer of such assets to another employee benefit plan of the Company, including a voluntary employees' beneficiary association as described in Code Section 501(c)(9); provided, however, that in no event shall any such assets be transferred to any entity other than a trust devoted exclusively to providing benefits to employees and retirees who were Plan Members as of the date of the Change in Control.

8.07 Prevention of Escheat

If the Plan Administration Committee cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, the Plan Administration Committee may, no later than two 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 Plan Administration Committee or the Company. If such person has not made written claim therefor within three months of the date of the mailing, the Plan Administration 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 Company. Upon such cancellation, the Plan shall have no further liability therefor except that, in the event such person or his or her Beneficiary later notifies the Plan Administration Committee of his or her whereabouts and requests the payment or payments due to him or her under the Plan, the amount so applied shall be paid to him or her in accordance with the provisions of the Plan.

ARTICLE 9 – NONALIENATION OF BENEFITS

(a) Except as required by any applicable law or by Paragraph (e), no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge except any election to make a contribution necessary to provide post-retirement medical benefits under any Plan maintained by the Company, and any attempt so to do shall be void, except as specifically provided in the Plan, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy or liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit.

(b) Subject to applicable Federal and State law, in the event that the Plan Administration Committee shall find that any Member or other person who is or may become entitled to benefits hereunder has become bankrupt or that any attempt has been made to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any of his or her benefits under the Plan, except as specifically provided in the Plan, or if any garnishment, attachment, execution, levy or court order for payment of money has been issued against any of his or her benefits under the Plan, then such benefit shall cease and terminate. In such event the Plan Administration Committee shall hold or apply the payments to or for the benefit of such Member or other person who is or may become entitled to benefits hereunder, his or her spouse, children, parents or other blood relatives, or any of them.

(c) Notwithstanding the foregoing provisions of the Plan, payment shall be made in accordance with the provisions of any judgment, decree, or domestic relations order which:

(i) creates for, or assigns to, a spouse, former spouse, child or other dependent of a Member 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 spouse, child or dependent,

(ii) is made pursuant to the domestic relations law of any State (as such term is defined in Section 3(10) of ERISA,

(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 to be a "qualified domestic relations order" as determined by the Plan Administration Committee.

If the lump sum present value of any series of payments made under the criteria set forth in Paragraphs (i) through (iv) above amounts to $3,500 ($5,000 effective January 1, 1998) or less, then a lump sum payment of Equivalent Actuarial Value (determined in the manner described in Section 4.10) shall be made in lieu of the series of payments.

(d) The Plan Administration Committee shall resolve any questions arising under this Article 9 on a basis uniformly applicable to all persons similarly situated.

(e) 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 Code Section 401(a)(13).

ARTICLE 10 – AMENDMENTS

10.01 Subject to Section 10.02, the Board of Directors or its delegate reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan; provided that no such modification or 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 Members, spouses, or contingent annuitants or other persons who are or may become entitled to benefits hereunder prior to the satisfaction of all liabilities with respect to them; and that no modification or 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 attributable to Company contributions below that nonforfeitable percentage thereof computed under the Plan as in effect on the later of the date on which the amendment is adopted or becomes effective. Any action to amend the Plan by the Board of Directors shall be taken in such manner as may be permitted under the by-laws of the Company and any action to amend the Plan by a delegate of the Board of Director shall be in writing.

10.02 Notwithstanding the above, on or after the date a Change in Control first occurs, Section 8.01, Section 8.06 and this Article 10, as they pertain to events occurring on or after the date such Change in Control occurs, may not be further amended by the Board of Directors without written consent of not less than three-quarters of the Members and other persons then receiving benefits under the Plan.

SIGNATURE PAGE

IN WITNESS WHEREOF, the Company has caused this amended and restated Plan document to be executed this 27th day of June 2014, but effective as of January 1, 2014, unless the context indicates otherwise.

RAYONIER, INC.

/s/ JAMES L. POSZE

Signature

James L. Posze

Print Name

Sr. VP, HR

Print Title

APPENDIX A

TABLE OF FACTORS

APPENDIX B

RETIREMENT PLAN FOR SALARIED EMPLOYEES OF RAYONIER INC. (WOOD PRODUCTS FACILITIES HOURLY EMPLOYEES)

INTRODUCTION

This Appendix B, effective as of June 27, 2014, is applicable with respect to former employees of

(i) Rayonier Inc. at the Baxley Sawmill, Lumber City, Swainsboro and Inland Facilities (herein referred to as the "Company"); and

(ii) the Company's predecessor ITT Rayonier Incorporated, a subsidiary of ITT Corporation, at the Bunnell Lumber Division (known as Wadsworth Lumber Division prior to October 15, 1979), the Camak Lumber Division, the Manning South Carolina Division (on and after April 1, 1980), and the Baxley Sawmill Division (on and after January 1, 1982),

who are entitled to a Pension Benefit (as defined in this Appendix) under the Employees Retirement Income Plan for Rayonier Incorporated Hourly Employees at the Wood Products Facilities as of June 27, 2014 (referred to herein as the "Wood Products Plan"), and their spouses and beneficiaries as recognized by the Wood Products Plan.

Effective March 1, 2011, the Wood Products Plan was closed to new employees hired on or after March 1, 2011. Certain assets relating to the Wood Products Facilities were sold effective March 1, 2013. Participants whose employment with the Company was terminated as a result of the asset sale became fully vested in their benefits as of March 1, 2013. Participants who remained employed by Rayonier Inc. or its Associated Companies following the close of the Wood Products Facilities, continued to earn benefit eligibility service in the Woods Products Plan.

The Wood Products Plan has been merged into the Plan as of June 27, 2014. Immediately following the merger, some of the former Wood Products participants shall be part of a spinoff that will establish the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc.

This Appendix B constitutes an integral part of the Plan and sets forth the particulars regarding the accrued benefits, distribution requirements, payment options and protected benefits, if any, available under the Woods Product Plan. The provisions set forth in this Appendix shall have precedence over any contrary provisions of the Plan.

SECTION 1 – DEFINITIONS

The following definitions apply only to this Appendix. Capitalized terms used in this Appendix that are not defined in this Section 1 shall have the meaning ascribed to them in Article I of the Plan or elsewhere in the main body of the Plan.

1.01 **"Affiliated Company"** Any company which, prior to March 1, 1994, is a component member of a controlled group of corporations within the meaning of Code Section 1563(a), determined without regard to Code Section 1563(a)(4) or (e)(3)(C), which controlled group of corporations includes as a component member ITT Corporation. On or after March 1, 1994, the term applies to any company which is a component member of a controlled group of corporations, which controlled group of corporations includes as a component member Rayonier Inc. The term "Affiliated Company" shall also include any trade or business under common control (as defined in Code Section 414(c)) with the Company, any member of an affiliated service group (as defined in Code Section 414(m)) which includes the Company, and any other entity required to be aggregated with the Company pursuant to the regulations under Code Section 414(o).

1.02 **"Company"** Prior to March 1, 1994, the word "Company" shall mean ITT Rayonier Incorporated, a subsidiary of ITT Corporation, at the Bunnell Lumber Division (known as Wadsworth Lumber Division prior to October 15, 1979); the Camak Lumber Division; the Manning, South Carolina Division (on and after April 1, 1980); and the Baxley Sawmill Division (on and after January 1, 1982). Effective March 1, 1994, the word "Company" shall mean Rayonier Inc. at the Baxley Sawmill, Lumber City, Swainsboro and Inland (on or after April 3, 1995) Facilities. As of March 1, 2013, the word "Company" shall have the same meaning ascribed to it in the Plan.

1.03 **"Continuous Service"** Service recognized for purposes of determining eligibility for an early Pension Benefit, a Disability Benefit, a vested Pension Benefit, or a surviving spouse's benefit in accordance with Section 4.04 of this Appendix, determined as provided in Section 2.02 of this Appendix.

1.04 **"Disability Benefit"** The payments made pursuant to this Plan to Participants who upon termination of employment with the Company due to Total and Permanent Disability are entitled to receive benefits under this Plan.

1.05 **"Employee"** An hourly paid employee of the Company who is included in Schedule Two.

1.06 **"Participant"** Any person participating in the Wood Products Plan, as provided in Section 2 of this Appendix. The term "former Participant" refers to a Participant who is no longer an Employee but who is entitled or will be entitled to receive benefits from the Wood Products Plan on or after June 27, 2014.

1.07 **"Pension Benefit"** The payments payable pursuant to the Wood Products Plan to Participants who, upon termination of employment with the Company under the provisions of Section 3 or Section 5 of this Appendix, are entitled to receive benefits under the Wood Products Plan. This term shall also include the payments made to spouses and contingent annuitants who are entitled to receive benefits under the Wood Products Plan under the provisions of Section 4.03 or 4.04 of this Appendix.

1.08 **"Pensioner"** A Participant who is retired from the employment of the Company and who is currently receiving or is currently entitled to receive Pension Benefits or Disability Benefits under the terms of the Wood Products Plan or any other plan maintained by the Company or an Affiliated Company.

1.09 **"Public Disability Benefit"** Disability payments or lump sum payments under any workers' compensation or occupational diseases law, excluding fixed statutory payments for the loss of any bodily member, lump-sum payments for disfigurement, and except for reimbursement of legal fees, medical expenses, and expenses for training and rehabilitation, whether actual or anticipated. The amount of the deduction to be made from monthly Disability Benefits in respect to any lump-sum payments under any workers' compensation or occupational diseases law shall be determined by dividing the lump-sum payment by the maximum number of months or fractions thereof in the period provided by statute or regulation, provided the amount of such deduction shall be limited to the amount of monthly Disability Benefit and shall be applicable for the number of months and fractions thereof in such maximum period.

1.10 **"Retire, Retirement"** Termination of employment of a Participant with the Company under the provisions of Section 3 of this Appendix, or commencement of payments of a vested Pension Benefit to a former Participant under the provisions of Section 5 of this Appendix. These terms shall not include or refer to termination of employment due to quitting, discharge, absence or failure to report for duty or to give notice, except as provided in Section 5, all as provided from time to time by Company rules of uniform application.

1.11 **"Schedule One"** The tables of factors attached to this Appendix which are used in determining the amount of the various forms of benefits payable under the Wood Products Plan. Factors for ages other than those included shall be based on the same actuarial assumptions used to compute those tables.

1.12 **"Schedule Two"** An attachment to this Appendix containing the names of those Pensioners, surviving spouses and contingent annuitants whose benefits in the Wood Products Plan were merged into the Plan as of June 27, 2014, and made part of the Plan by this Appendix.

1.13 **"Schedule Three"** An attachment to this Appendix containing the names of those former Participants in the Wood Products Plan whose benefits in the Wood Products Plan were spun off from this Plan and made part of the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc. as of June 27, 2014, immediately following the merger of the Wood Products Plan into this Plan.

1.14 **"Total and Permanent Disability"** A Participant shall be deemed to be totally and permanently disabled if (1) through some unintentional cause, he has been totally disabled by bodily injury or disease or by mental derangement so as to be prevented thereby from engaging in any regular occupation or employment for remuneration or profit, and (2) such total disability is expected to be permanent and continuous during the remainder of his life, provided such disability is not incurred in service in the armed forces of any country. Each such element shall be determined by the Company on the basis of qualified medical evidence.

SECTION 2 – PARTICIPATION AND SERVICE

2.01 Participation

As of June 27, 2014, there are no Employees or active Participants in the Wood Products Plan. Each former Participant who is entitled to a benefit under the Wood Products Plan as of June 27, 2014, shall become an inactive Member in this Plan, and shall be considered a Member of the Plan only for the purposes of administration and distribution of the benefits earned and owing under the Woods Product Plan. All benefits accrued and owing to a former Participant, or the spouse or Beneficiary of a former Participant, under the Wood Products Plan as of June 27, 2014, shall be administered and paid by the Plan in accordance with this Appendix and the Plan.

Any former Participant in the Wood Products Plan that terminated employment with the Company and was subsequently rehired by Rayonier Inc. or an Associated Company on or after March 1, 2011, was not allowed to resume participation in the Wood Products Plan or accrue any additional benefit under the Wood Products Plan.

A list of former Participants (or their spouse or Beneficiaries) entitled to benefits under the Wood Products Plan as of June 27, 2014, is attached as Schedule Two. A list of former Participants entitled to benefits under the Wood Products Plan whose benefits were spun off to the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc. as of June 27, 2014, immediately following the merger of the Wood Products Plan into this Plan, is attached as Schedule Three.

2.02 Continuous Service

(1) Except as otherwise provided in the Wood Products Plan, for the purpose of meeting the eligibility requirements of the Wood Products Plan for retirement, disability retirement, vesting, or a surviving spouse's benefit in accordance with Section 4.04 of this Appendix, there shall be recognized as Continuous Service the total number of years and fractions thereof of uninterrupted employment as an Employee, measured from the date employment commences to the date employment terminates; and, in addition, the total number of years and fractions thereof of uninterrupted employment as an hourly employee of the Wadsworth Lumber Company or the Camak Lumber Company, measured from the date employment commences to the date employment terminates. Notwithstanding the foregoing, with respect to any calendar year in which an Employee completes at least 1,000 Hours there shall be included in his Continuous Service a full year of Continuous Service. Upon reemployment after a Break in Service, a Participant shall be considered a new Employee for purposes of this Plan, except as otherwise provided in this Section 2.02 or in Section 2.04 below.

(2) If an Employee who has not completed the eligibility requirements for a vested Pension Benefit has a Break in Service and he resumes employment with the Company on or after January 1, 1985, and if the length of his consecutive Breaks in Service is less than the greater of (i) five years or (ii) his Continuous Service prior to the Break in Service, his years and fractions thereof of Continuous Service prior to the Break in Service shall be restored for all purposes of the Plan after he completes one year of Continuous Service since his date of reemployment, and he shall again become a Participant retroactive to his date of

reemployment. If an Employee who has not completed the eligibility requirements for a vested Pension Benefit has a Break in Service and he resumes employment with the Company on or after January 1, 1985, and if the length of his consecutive Breaks in Service equals or exceeds the greater of (i) five years or (ii) his Continuous Service prior to the Break in Service, his Continuous Service prior to the Break in Service is never restored. If an Employee returned from a Break in Service prior to January 1, 1985, the Break in Service rules as in effect on the date he returned to service shall determine whether or not his Continuous Service prior to such Break is restored. If an Employee is entitled to a vested Pension Benefit at the time he terminates employment end if such Employee subsequently resumes employment with the Company, the provisions of Section 2.04 below shall be applicable.

(3) There shall be a Break in Service in any calendar year, other than the year in which the Employee is hired, in which he does not complete at least 500 Hours; provided that no Break in Service shall occur unless the Employee's employment with the Company or an Affiliated Company is terminated. For purposes of this Section 2.02, the length of an Employee's Break in Service shall be determined on the following basis:

(a) If the Employee completes at least 500 Hours in the calendar year in which his employment terminates, the date his Break in Service begins shall be the January 1 of the next following calendar year; otherwise the date his Break in Service begins shall be the date on which his employment terminates.

(b) If the Employee completes at least 500 Hours in the calendar year in which he is reemployed, the date his Break in Service ceases is the January 1 of the calendar year in which he reemployed; otherwise the date his Break in Service ceases is the date on which he is reemployed.

(4) Certain service rendered prior to March 1, 1994, in the employ of any division, subsidiary or Affiliated Company of ITT Corporation, or in the employ of any division, subsidiary, or Affiliated Company of Rayonier Inc. on or after March 1, 1994, but prior to June 27, 2014, or as other than an Employee as defined in Section 1.05 of this Appendix, is considered Continuous Service with the Company for purposes of meeting the eligibility requirements Section 8 of this Appendix.

(5) The period of any leave of absence granted in respect of service with the Armed Forces of the United States shall be considered as Continuous Service and shall not be considered as a termination of employment, provided the Employee shall have returned to the service of the Company or an Affiliated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment.

(6) The period of any leave of absence granted with respect to the birth, adoption, or placement of a child, or care for a spouse or other immediate family member with a serious illness, or for the Employee's own illness pursuant to the Family and Medical Leave Act of 1993 and its regulations shall be considered as Continuous Service and shall not be considered as a termination of employment, provided the Employee shall have complied with all of the requirements of such law and of the Company.

2.03 Credited Service

For purposes of determining the amount of a former Participant's benefits under this Appendix, the Plan Administration Committee will recognize the "Credited Service" credited to a former Participant under the Wood Products Plan in effect as of June 27, 2014, or, if earlier, the date the former Participant ceased to be a Participant.

2.04 Reemployment

(1) If a Pensioner is reemployed by the Company, all benefit payments, if they have commenced, shall be discontinued and any election of an optional benefit in effect shall become void. If he is married, his spouse shall be eligible for a Pension Benefit pursuant to Section 4.04 of this Appendix if he should die during his period of reemployment. Upon his subsequent retirement, benefits shall be determined under the applicable provisions of this Plan at such time based upon his Credited Service prior to his original retirement and his Credited Service accumulated during the period of reemployment, provided that such benefits shall be reduced by the value of the benefit, if any, other than a Disability Benefit, which he received prior to the earlier of his date of reemployment or his normal retirement date. The part of the Participant's Pension Benefit payable upon subsequent retirement with respect to the Credited Service he accrued prior to his original retirement, however, shall never be less than the amount of his previous Pension Benefit modified to reflect any option in effect on his later retirement. If a Participant has benefit accruals after his normal retirement date and completes less than 40 Hours of service in any month, the amount of Pension Benefit payable in accordance with the preceding two sentences shall never be less than the amount of benefit to which the Participant would have been entitled as of his normal retirement date, increased by the value of the monthly payments he did not receive for those months; the amount of any such monthly payment shall be redetermined each year, as if the Participant had retired as of the first day of the Plan Year during which the payment would have been made, to take into account additional accruals. For purposes of the preceding sentence, the value of those unreceived monthly payments shall be determined on the basis of the same underlying actuarial assumptions used to produce the factors in Schedule One. The provisions of this paragraph shall be administered in accordance with Title 29 of the Code of Federal Regulations, Section 2530.203-3, where applicable.

(2) If, after having qualified for a vested Pension Benefit, a former Participant is reemployed by the Company, his participation in the Plan shall be immediately resumed at the time of reemployment. The Participant's Continuous Service shall be restored, and he shall continue to be qualified for a vested Pension Benefit. Upon his subsequent retirement or termination of employment, his Pension Benefit shall be determined under the applicable provisions of this Plan at such time, based on his Credited Service accumulated during the period of reemployment, and if he did not receive a lump sum settlement upon his initial termination of service, his Credited Service in effect when his previous employment was terminated.

(3) If a former Participant who had not previously qualified for a vested Pension Benefit has a Break in Service and is reemployed by the Company, and if the length of his consecutive Breaks in Service is less than the greater of (i) five years or (ii) his Continuous Service prior to the Break in Service, his years and fractions thereof of Continuous Service prior to the Break in Service shall be restored for all purposes of the Plan after he completes one year of Continuous Service since his date of reemployment, and he shall again become a Participant

retroactive to his date of reemployment. If a former Participant who had not previously qualified for a vested Pension Benefit has a Break in Service and he is reemployed by the Company, and if the length of his consecutive Breaks in Service equals or exceeds the greater of (i) five years or (ii) his Continuous Service prior to the Break in Service, his Continuous Service prior to the Break in Service is never restored.

(4) The reemployment of a Pensioner shall not result in a duplication of any benefits.

SECTION 3 – TIME OF RETIREMENT

3.01 Normal Retirement

The normal retirement date for each Participant shall be the first day of the month following the month in which the Participant attains age 65.

3.02 Early Retirement

A Participant who has attained age 55 but not his normal retirement and has completed at least ten years of Continuous Service, whose employment is terminated for any reason, may elect to retire on an early Pension Benefit on the first day of the month next following receipt by the Plan Administration Committee of the Participant's written election to so retire early.

3.03 Disability

Any Participant who has attained age 50 and has completed at least 15 years of Continuous Service, who incurs a Total and Permanent Disability, may retire on the first day of the month following the month as of which the Participant is determined to be so disabled by the Company based on qualified medical evidence.

3.04 Delayed Retirement

A former Participant may delay distribution of his or her Pension Benefit until distribution is required to begin pursuant to Section 4.16 of the Plan (the required minimum distribution rules).

SECTION 4 – PENSION BENEFITS

4.01 Normal Pension Benefit

A Participant who attained age 65 while an Employee could retire from service and receive a monthly Pension Benefit or he could postpone his retirement and receive a monthly Pension Benefit that commenced upon his termination of employment with the Company and all Affiliated Companies. Prior to adjustment in accordance with Subsection (1) of Section 4.03 below, the monthly Pension Benefit payable to a Participant shall he computed as a monthly Pension Benefit payable for the life of the Participant equal to the product of the benefit rate noted below and his years of Credited Service for retirements occurring during the periods specified below:

Date of Retirement or Termination of Employment			
On or After	***But Before***	***For Credited Service***	***Benefit Rate***
1/1/91	6/1/01	Prior to 1/1/82	$ 4.00
		On or after 1/1/82	9.00
6/1/01	1/1/02	Prior to 1/1/82	$ 4.00
		On or after 1/1/82	11.00
1/1/02	1/1/03	Prior to 1/1/82	$ 4.00
		On or after 1/1/82	13.00
1/1/03	1/1/04	Prior to 1/1/82	$ 4.00
		On or after 1/1/82 and prior to 1/1/03	14.00
		On or after 1/1/03	15.00
1/1/04	1/1/05	Prior to 1/1/82	$ 4.00
		On or after 1/1/82 and prior to 1/1/03	14.00
		On or alter 1 1.03	17.00
1/1/2005	–	Prior to 1/1/82	$ 4.00
		On or after 1/1/82 And prior to 1/1/03	14.00
		On or after 1/1/03	18.00

The total years of Credited Service shall be those years immediately preceding his date of retirement and shall not exceed 35 years. In the event a Participant remained in service after his normal retirement date and completed less than 40 Hours of service in any month, the Pension Benefit payable to the Participant upon retirement at his postponed retirement date shall never be less than the amount of benefit to which the Participant would have been entitled as of his normal retirement date, increased by the value of the monthly payments he did not receive for those months. The amount of any such monthly payment shall be redetermined each year, as if the Participant had retired as of the last day of the Plan Year preceding the Plan Year during which the payment would have been made, to take into account additional accruals. For purposes of the preceding sentence, the value of any unreceived monthly payments shall he determined on the basis of the same underlying actuarial assumptions used to produce the factors in Schedule One to this Appendix.

4.02 Early Pension Benefit

(1) The monthly Pension Benefit payable to a Participant upon early retirement in accordance with Section 3.02 of this Appendix shall be a deferred benefit commencing on the first day of the month next following the Participant's normal retirement date. The Participant may elect to receive his early Pension Benefit commencing on the last day of the month in which his early retirement date occurs or on the last day of any month thereafter but before the Participant's normal retirement date, which commencement date shall be specified by the Participant in a written application filed with the Plan Administration Committee and shall be subject to the notice and timing requirements described in Subsection (3) of Section 4.03 below.

(2) Prior to adjustment in accordance with Subsection (1) of Section 4.03 below, a Participant's early Pension Benefit shall be equal to the monthly Pension Benefit determined in accordance with Section 4.01 above and computed on the basis of the benefit formula in effect on his early retirement date and his years of Credited Service, not in excess of 35 years, immediately preceding his early retirement date. Such early Pension Benefit shall be reduced by 1/180th for each of the first 60 months by which the date of commencement of his benefit precedes his normal retirement date and further reduced by 1/360th for each month in excess of 60 months by which the date of commencement of his benefit precedes his normal retirement date.

4.03 Forms of Pensions

(1) **Normal Form - Married**

(a) The Pension Benefit payable to a married Participant who retires under Section 3.01 or 3.02 of this Appendix, or who delays distribution under Section 3.04 of this Appendix, or terminates service and is entitled to receive a vested Pension Benefit pursuant to Section 5.01 of this Appendix, shall, unless he elects otherwise, be equal to the Pension Benefit computed m accordance with Section 4.01 above, 4.02 above, or Paragraph (1) or (2) of Section 5.02 of this Appendix, as the case may be, multiplied by the appropriate factor contained in Table 1 of Schedule One to this Appendix, and shall be payable during the Participant's life, with the provision that after his death a Pension Benefit at one-half the rate of the Pension Benefit payable to the Participant shall be paid during the life of, and to, his spouse, provided the spouse

shall have been married to the Participant on his Annuity Starting Date. The spouse shall not be entitled to receive a benefit under this Paragraph unless the Participant's death occurs after his Annuity Starting Date.

(b) A married Participant entitled to, but not in receipt of, a Pension Benefit as of August 23, 1984, who terminated service on or after November 1, 1975, but before January 1, 1976, may elect, during the period beginning on August 23, 1984, and ending on his Annuity Starting Date, to have his Pension Benefit payable in accordance with the provisions of Paragraph (a) above.

(2) **Normal Form — Unmarried**

The Pension Benefit payable to an unmarried Participant who retires under Section 3.01, 3.02 or 3.04 of this Appendix, or who terminates service and is entitled to receive a vested Pension Benefit pursuant to Section 5.01 of the Appendix, shall, unless he elects otherwise, be equal to the benefit determined in accordance with Section 4.01 above, Section 4.02 above, or Paragraph (1) or (2) of Section 5.02 of this Appendix, as the case may be.

(3) **Normal Form - Disability Retirement**

The Pension Benefit payable to a Participant who retires under Section 3.03 of this Appendix on account of Total and Permanent Disability shall be determined in accordance with Sections 7.02 and 7.03 of this Appendix.

(4) **Optional Forms**

(a) ***Forms Available***

Subject to (b), (c), (d), and (e) of this Subsection (4):

(1) A married Participant eligible to receive a Pension Benefit under the Wood Products Plan may elect to receive his benefit in accordance with Option 1 below, subject to Spousal Consent.

(2) Any Participant eligible to receive a Pension Benefit under Section 4.01 or 4.02 above may elect to receive his benefit in accordance with Option 2 or Option 4 below.

(3) Any Participant eligible to receive a Pension Benefit under Section 4.01 or 4.02 above and whose Annuity Starting Date is on or after January 1, 2008, may elect to receive his benefit in accordance with Option 3 below.

(4) Any married Participant eligible to receive a vested Pension Benefit under Section 5.01 of this Appendix and whose Annuity Starting Date is on or after January 1, 2008, may elect to receive his benefit in accordance with Option 3 below with his spouse as contingent annuitant.

Option 1. Life Annuity Option. A Pension Benefit payable during his life, with no benefit payable after his death.

Option 2. 50% Contingent Annuitant Option. A modified Pension Benefit payable during his life, with the provision that after his death a benefit at one-half the rate of such modified benefit shall be paid during the life of, and to, the contingent annuitant named in his election, if such person survives him.

Option 3. 75% Contingent Annuitant Option. A modified Pension Benefit payable during his life, with the provision that after his death a benefit at three-quarters the rate of such modified benefit shall be paid during the life of, and to, the contingent annuitant named in his election, if such person survives him**.**

Option 4. 100% Contingent Annuitant Option. A modified Pension Benefit payable during his life, with the provision that after his death it shall be paid during the life of, and to, the contingent annuitant granted in his election, if such person survives him.

(b) ***Election and Revocation***

The Plan Administration Committee shall provide to each Participant, no less than 30 days and no more than 180 days before the Annuity Starting Date, a written explanation of (i) the general terms and conditions of the normal forms of benefit described in Subsections (1) and (2) above, (ii) a general explanation of the eligibility conditions and other material features of the optional forms available under the Wood Products Plan, including the relative values of such options, (iii) any rights the Participant might have to defer commencement of his Pension Benefit, (iv) the requirement for spousal consent as provided below, and (v) the Participant's right to make, and to revoke, elections under this Subsection (4). An election of an optional form of benefit under this Subsection (4) shall be made by written notice received by the Plan Administration Committee during the 180-day period ending on the Annuity Starting Date.

(c) ***Accelerated Commencement Date***

A Participant may, after having received the written explanation of the terms and conditions of the normal and optional forms of benefit affirmatively elect to have his Pension Benefit commence sooner than 30 days following his receipt of the notice, provided all of the following requirements are met:

(i) the Plan Administration Committee clearly informs the Participant that he has a period of at least 30 days after receiving the notice to decide when to have his Pension Benefit begin, and if applicable, to choose a particular optional form of payment;

(ii) the Participant affirmatively elects a date for his Pension Benefit to begin, and if applicable, an optional form of payment, after receiving the notice;

(iii) the Participant permitted to revoke his election until the later of his Annuity Starting Date or seven days following the day he received the notice;

(iv) payment does not commence less than 7 days following the day after the notice is received by the Participant; and

(v) in the event a Participant who is scheduled to commence receipt of a Pension Benefit prior to his or her normal retirement date or who retires on a normal or postponed retirement date elects an Annuity Starting Date that precedes the date he or she received the notice (the "retroactive Annuity Starting Date"), the following requirements are met:

(A) the Participant's benefit must satisfy the provisions of Code Sections 415 and 417(e)(3), both at the retroactive Annuity Starting Date and at the actual commencement date;

(B) a payment equal in amount to the payments that would have been received by the Participant had his benefit actually commenced on his retroactive Annuity Starting Date, plus interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually, shall he paid to the Participant on his actual commencement date; and

(C) The Participant elects within the 120 day period following the Participant's termination of employment with the Company and all Affiliated Companies to receive benefits as of a retroactive Annuity Starting 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 Participant 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 Participant is not married on the actual commencement date, and the Participant's spouse on the retroactive Annuity Starting Date is not treated as his spouse under a qualified domestic relations order.

(E) Notwithstanding the foregoing, Subsections (A) through (D) above shall not apply to a Participant in receipt of a Disability Benefit pursuant to Section 7.02 of this Appendix.

(d) ***Effective Date of Election***

The election of an optional benefit shall become effective on the Participant's Annuity Starting Date, unless a Participant who remains in service after his normal retirement date elects by written notice to the Plan Administration Committee to have Option 2 become effective on the first day of the month next following receipt by the Plan Administration Committee of such notice, provided that, if he is married, he must first

make an effective waiver of spousal coverage in accordance with Section 4.04(6) of this Appendix. The Participant may revoke his option by written notice to the Plan Administration Committee prior to his Annuity Starting Date. An election shall be deemed to be revoked in the event the contingent annuitant named under Option 2, Option 3, or Option 4 above shall die prior to the Annuity Starting Date. If a Participant who has elected an option shall die prior to the effective date of his election, his contingent annuitant under Option 2, Option 3, or Option 4 above shall not be entitled to any payments under the Wood Products Plan. A Participant may change the contingent annuitant under Option 2, Option 3, or Option 4 named in his election at any time prior to his Annuity Starting Date. Notwithstanding the foregoing, an election upon retirement of Option 1, or an election of Option 2, Option 3, or Option 4 by a married Participant where his spouse is not the contingent annuitant, shall be effective only if (i) it is made within 180 days of the Annuity Starting Date, (ii) the spouse consents in writing to such election, (iii) such election designates a specific contingent annuitant (or form of benefit) which may not be changed without further spousal consent (or, alternatively, the consent of the spouse expressly permits a change in designation without requiring further spousal consent), and (iv) the spouse's consent acknowledges the effect of such election on the spouse and is witnessed by notary public, The requirement for spousal consent shall be waived by the Plan Administration Committee if it is established that there has been a legal separation, the spouse cannot be located, or for such other circumstances as shall he prescribed by applicable regulations.

(e) ***Adjustment to Pension Benefit***

The Pension Benefit of a Participant who elects Option 2 shall be equal to the benefit otherwise payable multiplied by the appropriate factor contained in Table 1 of Schedule One to this Appendix, determined as of the Annuity Starting Date. The Pension Benefit of a Participant who elects Table 2 or Table 3 shall be equal to the benefit otherwise payable multiplied by the appropriate factor contained in Table 2 and Table 3, respectively, of Schedule One determined as of the Annuity Starting Date. If the contingent annuitant under Option 2, Option 3, or Option 4 above is other than the Participant's spouse, the benefit payable to the contingent annuitant cannot exceed a certain percentage of the benefit payable to the Participant, as determined in accordance with Code Section 401(a)(9)(G) and its Regulations. If, after the Annuity Starting Date, the contingent annuitant under Option 2, Option 3, or Option 4 shall die prior to the Participant, the monthly installments payable to such Participant during retirement shall be in the modified amount determined in accordance with such option.

(f) ***Delayed Commencement of Normal Retirement Benefit***

(i) In the event a Participant who has retired or otherwise terminated employment with the Company and all Affiliated Companies prior to his normal retirement date has not filed an election designating an Annuity Starting Date prior to the 181st day preceding his normal retirement date, the Plan Administration Committee shall mail the notice described in Section 4.03(4)(b) of this Appendix to the Participant's last known address as indicated on plan records at least 30 days prior to the Participant's normal retirement date. The Participant's normal

retirement date shall be deemed to be the Participant's Annuity Starting Date. In the absence of a benefit election filed by the Participant prior to his normal retirement date in accordance with the provisions of Section 4.03(4), distribution of the Participant's Pension Benefit shall be deemed to commence to the Participant on his normal retirement date in the normal form applicable to the Participant as determined on the basis of Plan records. Such payments shall be held in the Plan's trust and deemed forfeited until claim has been made by the Participant.

(ii) In the event the Participant subsequently files a claim for payment, payment shall commence to the Participant as soon as practicable in the amount that would have been payable to the Participant if payments had commenced on the Participant's normal retirement date. In addition, one lump sum payment shall be paid to the Participant equal to the sum of the monthly payments that the Participant would have received during the period beginning on his normal retirement date and ending with the month preceding his actual commencement date, together with interest the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined as of the Participant's normal retirement date on the basis of the actual form of payment in which the Participant's Pension Benefit is payable under Section 4.03 of this Appendix. The lump sum shall be paid on or as soon as practicable following the date the Participant's Pension Benefit commences. In the event a Participant's marital status used to compute the Participant's Pension Benefit under Paragraph (i) above was not accurate, the amount of the Participant's Pension Benefit payable under this Paragraph (ii) shall be adjusted to reflect the Participant's correct marital status.

(iii) In the event a Participant entitled to a Pension Benefit under the provisions of Paragraph (i) above dies prior to the commencement of his Pension Benefit, upon claim by the Participant's personal representative, or if none, his estate, one lump sum payment shall be paid to the claimant equal to the lump sum amount calculated under Paragraph (ii) above that would have been paid to the Participant for the period commencing on the Participant's normal retirement date and ending with the month prior to his death, plus interest on that amount at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually, from the Participant's Normal Retirement Date to the date of payment of the lump sum amount to the Participant's personal representative, or if none, to his estate.

(iv) In the event a Participant who is entitled to a Pension Benefit under the provisions of Paragraph (i) above dies prior to commencement of his Pension Benefit and is survived by a spouse to whom he was married on his normal retirement date, the Participant's surviving spouse shall be entitled to the survivor portion of the Participant's Pension Benefit under the provisions of Section 4.01(1) above, assuming the Participant commenced payment under Section 4.03

above on his normal retirement date. Such survivor Pension Benefit shall commence as soon as practicable following the surviving spouse's claim for the Pension Benefit. In addition, one lump sum payment shall be paid to the surviving spouse equal to the sum of the monthly payments the surviving spouse would have received for the month of the Participant's date of death through the month preceding the month in which the survivor Pension Benefit commences, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually.

(v) In the event a Participant's Pension Benefit otherwise scheduled to commence on his normal retirement date is delayed because the Plan Administration Committee is unable to locate the Participant and the Plan Administration Committee does not mail the notice described in Subsection 4.03(4)(b) of this Appendix at least 30 days prior to the Participant's normal retirement date, the Plan Administration Committee shall commence payment within 60 days after the date the Participant is located. Unless the Participant elects an optional form of payment in accordance with the provisions of this Subsection 4.03(4), payment shall commence in the normal form applicable to the Participant on his or her Annuity Starting Date. The Pension Benefit payable to the Participant shall be of equivalent actuarial value, based on the actuarial assumptions used to compute the tables in Schedule One to this Appendix, to the Pension Benefit otherwise payable to the Participant on his normal retirement date. In the event a Participant whose Pension Benefit is delayed beyond his or her normal retirement date, as described above dies prior to his or her Annuity Starting Date, and is survived by a spouse, the spouse shall be entitled to receive a survivor annuity under the provisions of Section 4.04 of this Appendix computed on the basis of the equivalent actuarial value, based on the actuarial assumptions used to compute the tables in Schedule One, of the Pension Benefit payable to the Participant on his normal retirement date.

(vi) Notwithstanding the provisions of Subsection (4)(f)(v) above, a Participant described in the preceding subparagraph whose Pension Benefit will be paid in the form of an annuity may elect, in lieu of the Pension Benefit otherwise payable under Subsection (4)(f)(v), to receive:

(A) a lump sum payment equal to the sum of the monthly payments the Participant would have received from his normal retirement date to his Annuity Starting Date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined on the basis of the form of payment in which the Participant's Pension Benefit is payable under Section 4.03(4)(a) of this Appendix, as applicable; and

(B) A Pension Benefit in the amount that would have been payable to the Participant if payments had commenced on the Participant's normal retirement date in the form elected by the Participant.

An election under this Subsection (vi) shall be subject to the notice and spousal consent requirements set forth in Subsections (4)(b) and (4)(c) above applicable to the election of an optional form of payment.

4.04 Death Benefit Payable to Spouse

(1) **Eligibility**

The spouse of a Participant shall be eligible for a Pension Benefit payable to, and for the lifetime of, such spouse if the Participant should die:

(a) while in active service after completing the eligibility requirements Pension Benefit, provided that the Participant had not, by timely written notice to the Plan Administration Committee and with his spouse's consent, elected to waive such benefit, or

(b) after retirement with entitlement to any Pension Benefit (other than a Disability Benefit), but prior to his Annuity Starting Date, or

(c) after termination of employment on or after August 23, 1984, with entitlement to a vested Pension Benefit, but prior to his Annuity Starting Date, provided that the Participant had not, by timely written notice to the Plan Administration Committee and with his spouse's consent, elected to waive such benefit.

(2) **Date of Commencement**

The Pension Benefit payable to the spouse covered under Subparagraph (1) above shall begin as of the month in which the Participant's normal retirement date would have occurred (or next following the month in which the Participant's date of death occurred, if later). However:

(a) if the Participant dies in active service after having met the requirements for an early Pension Benefit, or after retiring early but before payments commence, the spouse may elect to begin receiving payments as of any month following the month in which the Participant's date of death occurred and prior to what would have been his normal retirement date; and

(b) in the case of the death of any other Participant prior to attaining his normal retirement date, the spouse may elect to begin receiving payments as of any month following the month in which the Participant's 55th birthday would have occurred (or following the month in which his date of death occurred, if later) and prior to what would have been his normal retirement date.

(3) **Amount of Benefit to Spouse**

Prior to its reduction in accordance with Subsection (4) below, if applicable, the Pension Benefit payable to the spouse covered under Subsection (1) above shall be equal to the amount of benefit the spouse would have received if the Pension Benefit to which the Participant was entitled at his date of death had commenced as of the month next following the month in which his normal retirement date would have occurred (or next following the month in which his date of death occurred, if later) in accordance with Section 4.03(1) of this Appendix, and the Participant had died immediately thereafter. However, if a Participant had elected Option 3 or Option 4 of Section 4.03(4) within the 180-day period preceding his Annuity Starting Date, with his spouse as his contingent annuitant, the Pension Benefit payable to the spouse shall be calculated in accordance with the provisions of such elected Option, in lieu of the provisions of Section 4.03(1). The Pension Benefit payable to the spouse shall be further adjusted to reflect its commencement prior to the Participant's normal retirement date if the spouse elects early commencement in accordance with Section 4.04(2) above, the amount of Pension Benefit payable to the spouse shall be based on the amount of early Pension Benefit or vested Pension Benefit to which the Participant would have been entitled if he had requested benefit commencement at that earlier date, reduced in accordance with Section 4.02(2) of this Appendix or Section 5.01(2) of this Appendix, whichever is applicable.

(4) **Charge for Coverage**

The Pension Benefit payable to a former Participant whose spouse is covered under Subsection (1)(c) above, or if applicable, to his spouse upon his death, shall be equal to the vested Pension Benefit to which he would otherwise be entitled, reduced by the applicable percentages shown below for the period, or periods, that coverage under Subsection (1)(c) above was in effect;

Annual Reduction for Spouse's Coverage After Termination of Employment
Other than Retirement

Age	Reduction
60 – 64	1% per year
55 – 59	5/10 of I% per year
50 – 54	3/10 of 1% per year
40 – 49	2/10 of 1% per year
Prior to 40	1/10 of 1% per year

Such annual reduction shall be prorated to include months in which coverage was in effect for at least one day. No reduction shall be made with respect to any period (a) while in active service or (b) after retirement but before payments commence. Under rules uniformly applicable to all former Participants similarly situated, the Plan Administration Committee reserves the right to waive the reduction for spouse's coverage until the former Participant is given a reasonable period of time to waive such coverage and thereby avoid the charge.

(5) **Effective Date of Coverage**

Coverage under Subsection (1)(a) above shall become effective upon completing the eligibility requirements for any Pension Benefit. Coverage under Subsection (1)(b) above shall become effective on a Participant's retirement date under Section 3 of this Appendix. Coverage under Subsection (1)(c) above shall become effective on a Participant's termination of employment on or after August 23, 1984, under Section 5.01 of this Appendix. If the Participant or his spouse dies prior to the time such coverage becomes effective, no benefit shall be payable. Coverage under Subsection (1) above shall cease to be effective (a) upon a Participant's Annuity Starting Date, (b) upon the date a Participant's divorce or election of an optional benefit under Section 4.03 above becomes effective, (c) upon the death of either the Participant or the spouse, or (d) upon an effective waiver of coverage pursuant to Subsection (6) below, whichever ever shall first occur.

(6) **Waiver of Coverage**

The Plan Administration Committee shall furnish to each Participant who either attains his normal retirement date or terminates employment with entitlement to a vested Pension Benefit a written explanation in nontechnical language which describes (a) the terms and conditions of the spouse's Pension Benefit, (b) the Participant's right to make, and the effect of, an election to waive the spouse's Pension Benefit, (c) the rights of the Participant's spouse, and (d) the right to make, and the effect of, a revocation of such a waiver. Such written explanation shall be furnished (a) in the case of a Participant who wishes to make an in-service election of Option 2 in accordance with the provisions of Subsection (4)(b) of Section 4.03 of this Appendix, within the period beginning one year prior to his attainment of his normal retirement date and ending one year after his attainment thereof; and (b) in the case of a Participant who terminates employment with entitlement to a vested Pension Benefit, within the period beginning one year prior to his termination of employment and ending one year after such termination. An election to waive the spouse's Pension Benefit, or any revocation of that election, may be made at any time during the period (a) which begins on the date a Participant's employment terminates, or (b) which begins on the first day of the Plan Year in which the Participant will attain his normal retirement date (in the case of a Participant remaining in active service), and ends on the date of the Participant's death. An election to waive the spouse's Pension Benefit or any revocation of that election shall be made on a form provided by the Plan Administration Committee, and any such waiver of coverage shall be effective only if (a) the spouse consents in writing to such election and (b) the spouse's consent acknowledges the effect of such election on the spouse and is witnessed by a notary public. The requirement for spousal consent shall be waived by the Plan Administration Committee if it is established that there has been a legal separation, that the spouse cannot be located, or for such other circumstances as shall be prescribed by applicable regulations. The election or revocation shall be effective when the completed form is filed with the Plan Administration Committee.

(7) **Election of Coverage by Former Participants**

Notwithstanding the provisions of Subsection 4.04(1) above, a former Participant whose employment terminated on or after January 1, 1976, and prior to August 23, 1984, and who is entitled to a vested Pension Benefit pursuant to the provisions of Section 5 of this Appendix, but who is not yet in receipt thereof, may elect, on or after August 23, 1984, and

prior to the commencement of such vested Pension Benefit, to have the provisions of this Section 4.04 apply to him.

SECTION 5 – VESTED PENSION BENEFITS

5.01 Eligibility

Effective March 1, 2013, with the exception of the following paragraph of this Section, any Participant who has completed at least five years of Continuous Service and whose employment is terminated for any reason other than death or retirement, shall, upon proper application, be entitled to a vested Pension Benefit commencing on the last day of the month in which his normal retirement date occurs.

A Participant whose employment terminated as a result of the asset sale that was effective March 1, 2013, shall be fully vested regardless of his years of Continuous Service.

5.02 Benefit Formula

(1) Prior to adjustment in accordance with Subsection 4.03(1) of this Appendix, the monthly Pension Benefit payable to a Participant who has met the requirements of Section 5.01 above shall be equal to the Pension Benefit computed in accordance with Section 4.01 of this Appendix as in effect at the time his employment is terminated and based on his Credited Service at the time of such termination, not in excess of 35 years.

(2) A former Participant entitled to receive a vested Pension Benefit shall, on or after his attainment of age 55, be eligible to receive a vested Pension Benefit commencing on the last day of the month next following the month in which the Plan Administration Committee receives written application therefor, which shall be equal to the vested Pension Benefit determined in accordance with Paragraph (1) above, reduced by $1/180^{th}$ for each of the first 60 months by which the date benefit payments commence precedes his normal retirement date, and further reduced by $1/360^{th}$ for each month in excess of 60 months by which the date benefit payments commence precedes his normal retirement date.

SECTION 6 – BENEFIT PAYMENTS

6.01 Period of Payment

Subject to the provisions of Section 6.05 below, the first Pension Benefit or Disability Benefit will be paid for:

(1) the month in which the Participant retires, or if later, the month following the month in which application is filed for benefits;

(2) in the case of a surviving spouse or contingent annuitant who is eligible for a Pension Benefit under the provisions of Subsection (1) or (4) of Section 4.03 of this Appendix, the month in which the Participant dies, or if later, the month following the month in which application is filed for benefits;

(3) the month following the month in which the Participant dies, or if later, the month following the month in which application is filed for benefits, but not earlier than the month following the month in which his 65th birthday would have occurred, in the case of a married Participant who dies before such date with a surviving spouse who is eligible for a Pension Benefit under the provisions of Section 4.04(1) of this Appendix, unless the surviving spouse elects earlier commencement in accordance with Section 4.04(2); or

(4) in the case of a Participant who elects to defer his early Pension Benefit or a former Participant entitled to a vested Pension Benefit, the month following the month in which he files an application for benefits, but not earlier than the month following the month in which his 55th birthday occurs.

Notwithstanding the foregoing, if late application is filed in the case of clause (1) above, a payment equal to the monthly payments which would have been payable to the retired Participant since the month in which the Participant retires shall be paid to such person. If late application is filed in the case of clause (2) above, a payment equal to the monthly payments which would have been payable to the Participant's spouse or contingent annuitant since the month in which the Participant dies (or would have attained age 65, if applicable) shall be paid to such person. If late application is filed in the case of clause (3) above, a payment equal to the monthly payments which would have been payable to the Participant's spouse since the month following the month in which the Participant would have attained age 63, or the month following the month in which the Participant dies, if later, shall be paid to such spouse. If, in the case of clause (4) above, application is filed after the 65th birthday of the Participant or former Participant, a payment equal to the monthly payments which would have been payable to the Participant or former Participant since the month following the month in which his 65th birthday occurs shall he paid to him. If late application is filed in any case, payments shall not be made to a Participant, former Participant, spouse or contingent annuitant for any month preceding such application during which the Participant or former Participant is employed by the Company or an Affiliated Company. Monthly benefit payments will be paid on the last day of each month. The last monthly benefit check to the Pensioner shall be paid for the month preceding the month in which the Pensioner dies or ceases to be totally and permanently disabled. The last benefit check payable to a spouse or contingent annuitant under Section 4.03 or 4.04 of this Appendix will be paid for the month proceeding the month in which the spouse or contingent annuitant dies. Any benefit

payment owing to a deceased Pensioner, spouse or contingent annuitant may be paid to a person or persons determined by the Plan Administration Committee to be equitably entitled thereto, and such payment shall be a complete discharge of any liability under the Wood Products Plan and the Plan. All benefit checks must be endorsed personally by the payee, or by his duly qualified legal representative. If a Participant dies after his Annuity Starting Date, any payments continuing on to his spouse or contingent annuitant shall be distributed at least as rapidly as under the method of distribution being used as of the Participant’s date of death.

SECTION 7 – DISABILITY BENEFITS

7.01 Benefit Formula

There shall be payable to a Participant retired in accordance with Section 3.03 of this Appendix a monthly Disability Benefit equal to the Pension Benefit computed in accordance with Section 4.01 of this Appendix as in effect at the time of his retirement due to Total and Permanent Disability; provided, however, that the total years of Credited Service shall be those years immediately preceding retirement due to Total and Permanent Disability and shall not exceed 35 years. If the Participant is awarded a Public Disability Benefit, the Disability Benefit under this Section payable prior to his normal retirement date shall be reduced by the amount of the Company-provided Public Disability Benefit.

7.02 Payment of Benefit Prior to Normal Retirement Date

The Disability Benefit payable to a Participant prior to attaining his normal retirement date shall be computed in accordance with Section 7.01 above, without any adjustment, and shall be payable in that form until the Participant attains his normal retirement date (or until his date of death, if earlier). If the Participant dies before attaining his normal retirement date, a Pension Benefit shall be paid during the life of, and to, his surviving spouse, if any, equal to the Pension Benefit payable to the Participant multiplied by (i) the appropriate factor contained in Table 1 of Schedule One based on the ages of the Participant and his surviving spouse as of the first day of the month in which the Participant's death occurs, and then (ii) 50 percent.

7.03 Recomputation at Normal Retirement Date

When a Disability Pensioner attains his normal retirement date, his Disability Benefit shall he payable in accordance with Sections 4.03(1)(a) or 4.03(2) of this Appendix, whichever is applicable; however, a married participant may elect Option 1 or elect Option 4 with his spouse as contingent annuitant provided that the requirements of Subparagraph (4) of Section 4.03 are met. Notwithstanding the provisions of the preceding sentence, if the benefit payable to a Participant who retired on or after October 1, 1981, was increased so as to satisfy the minimum benefit provisions of this Section 7 as in effect on his date of disability retirement, then the recomputation of his benefit at normal retirement date shall be based on the amount of such minimum benefit (prior to the application of any adjustment factor).

7.04 Benefit Discontinuance

In the event that such Participant's Disability Benefit is discontinued as herein provided and he is not restored to service as an employee, he shall be entitled to retire on an early Pension Benefit as of the first day of the calendar month next following such discontinuance or to receive a vested Pension Benefit commencing on the last day of the month in which his normal retirement date occurs, provided that, in the case of early retirement, at the date of his disability retirement he had completed the eligibility requirements for such benefit. In either case, the benefit shall be computed on the basis of his Credited Service at the time of his disability retirement (counting each month of Credited Service as one-twelfth of a year).

7.05 Medical Examination

Any Participant who has not reached his normal retirement date and who is claiming to be totally and permanently disabled may be required by the Company to submit to examination in a clinic or by a physician or physicians selected by the Company, and any question as to existence of such disability shall be settled on the basis of such examination. Should any Pensioner refuse to submit to such medical examination, his Disability Benefit shall be discontinued until his withdrawal of such refusal, and should his refusal continue for a year, all rights in and to the Disability Benefit shall cease; provided that he shall be entitled to have his original Disability Benefit restored, prior to his normal retirement date, if, on the basis of a medical examination by a physician or physicians designated by the Company, the Company finds that he has again lost earning capacity because of the same disability.

SECTION 8
EMPLOYMENT WITH RAYONIER INC.
OTHER THAN AS AN EMPLOYEE OF THE COMPANY

8.01 Employment with the Company as a Salaried Employee

1. Anything contained herein to the contrary notwithstanding, the provisions of this Section 8.01 shall apply to

   (a) Any Participant who ceases to be an Employee as defined in Section 1.05 of this Appendix and who (i) remains in the employ of the Company as a salaried employee, or (ii) terminates employment with the Company on or after June 27, 2014, and is later reemployed by the Company as a salaried employee.

   (b) Any salaried employee in the employ of the Company who (i) ceases such employment and simultaneously becomes an Employee as defined in Section 1.05 of this Appendix, or (ii) terminates employment with the Company on or after June 27, 2014, and is later reemployed by the Company as such an Employee.

2. Upon (a) transfer of a Participant from employment as an Employee to other employment with the Company as a salaried employee, or (b) upon termination of employment with the Company as an Employee, and later reemployment by an applicable Company as a salaried employee, the Employee's participation under the Plan shall be continued, or reinstated in accordance with the provisions of Section 2.02(2) of this Appendix with respect to Breaks in Service. Any employment rendered on and after the date of such transfer or reemployment shall be recognized under the Plan for the sole purpose of determining eligibility for benefits under the Plan, and the benefits payable under the Plan shall be determined on the basis of the terms of the Plan as in effect on the date of transfer or termination of employment, and only on the basis of Credited Service accrued while he was an Employee as defined in Section 1.05 of this Appendix.

3. All employment rendered by an Employee in the employ of an applicable Company as a salaried employee prior to his employment as an Employee as defined in Section 1.05 of this Appendix shall be included as Continuous Service as defined under this Appendix for sole purpose of determining eligibility for membership and benefits, but not for the purpose of determining the amount of any benefit; provided, however, that the period of such employment that is to be included as Continuous Service pursuant to this Paragraph 3 shall not be more than the Continuous Service included for similar eligibility purposes for other Employees under the Plan as defined in Section 2.02 of this Appendix (subject to the following sentence; and further provided that the provisions of Paragraph (2) of Section 2.02 with respect to Breaks in Service shall apply. In the case of an employee of the Company who is covered by the Plan or the ITT Salaried Plan (as defined in section 4.01(b)(4) of the Plan) (any or all of them), (any of such plans hereinafter referred to in this Appendix as the "Salaried Plan"), his Continuous Service immediately after the date of such transfer or reemployment shall be equal to:

   (a) the number of full years of eligibility service credited to him under the Salaried Plan prior to his employment as an Employee, plus

(b) a fractional year of Continuous Service determined by crediting him with 45 Hours for each week in any fractional year of eligibility service credited to him under the Salaried Plan prior to his employment as an Employee; the Hours so determined shall be credited for purposes of Section 2.02 of this Appendix to the Plan Year in which such transfer or reemployment occurs.

8.02. Employment with any Division, Subsidiary or Affiliated Company of ITT Corporation or Rayonier Inc.

1. Anything contained herein to the contrary notwithstanding, the provisions of this Section 8.02 shall apply to (a) any Participant who, on or after November 1, 1975, ceases to be an Employee as defined in Section 1.05 of this Appendix and is employed prior to March 1, 1994, by any division, subsidiary, or Affiliated Company of ITT Corporation or by any division, subsidiary, or Affiliated Company of Rayonier Inc. on or after March 1, 1994, including the Company as other than an Employee, and (b) any employee in the employ of any division, subsidiary, or Affiliated Company of ITT Corporation with respect to the period of employment prior to March 1, 1994, or by any division, subsidiary, or Affiliated Company of Rayonier Inc. on or after March 1, 1994, including the Company as other than an Employee as defined in Section 1.05 of this Appendix who ceases such employment (hereinafter referred to as "other ITT/Rayonier service") on or after November 1, 1975, and who is employed as an Employee after such date.

(2) Upon employment prior to March 1, 1994, by any division, subsidiary, or Affiliated Company of ITT Corporation as other than an Employee, or by any division, subsidiary, or Affiliated Company of Rayonier Inc. on or after that date, the former Employee's participation under the Plan shall be continued, or reinstated in accordance with the provisions of Section 2.02(2) of this Appendix with respect to Breaks in Service. Any other ITT/Rayonier service with ITT Corporation prior to March 1, 1994, or Rayonier Inc. on or after that date shall be recognized under the Plan for the sole purpose of determining eligibility for benefits under the Plan and the benefits payable under the Plan shall be determined on the basis of the terms of the Plan as in effect on the date he ceased to be an Employee as defined in Section 1.05 of this Appendix, and only on the basis of Credited Service accrued while he was such an Employee.

(3) All other ITT/Rayonier service prior to his employment as an Employee shall be included as Continuous Service as defined under this Plan for the sole purpose of determining eligibility for membership and benefits but not for the purpose of determining the amount of any benefit; provided, however, that the period of such other ITT/Rayonier service shall not be more than the Continuous Service included for similar eligibility purposes for other Employees under the Plan as defined under Section 2.02 of this Appendix, and further provided that the provisions of Paragraph (2) of Section 2.02 with respect to Breaks in Service shall apply. If such other ITT/Rayonier service was recognized under a pension plan that determines service on an "elapsed time" basis, it shall be converted to Continuous Service in a manner consistent with the provisions of Section 8.01(3) of this Appendix, governing the crediting of prior employment under the Salaried Plan.

8.03 Suspension of the Right to Receive Pension Benefits

(1) Upon transfer or reemployment of a former Employee as provided in either Section 8.01 or 8.02 of this Appendix, his benefit payments, if they have commenced, shall be discontinued, and no payments to such an Employee shall commence under the Plan during his period of

employment with the Company or an Affiliated Company, but in no event shall payments be discontinued if such discontinuance would violate regulations promulgated by the applicable Federal agencies.

(2) If a former Employee who was a Pensioner shall die during his period of employment under Section 8.01 or 8.02 of this Appendix, any payments under the Plan to his spouse or contingent annuitant (if an optional benefit has become effective with respect to his discontinued benefit payment) shall commence and shall be payable as if he were not employed on the date of his death by the Company or an Affiliated Company. If any other former Employee shall die during his period of employment, any payments under the Plan to his spouse or contingent annuitant shall commence and shall be payable in accordance with the provisions of the Plan on the date he ceased to be an Employee as defined in Section 1.05 of this Appendix.

(3) Upon his subsequent retirement or termination, a former Employee whose benefit payments were discontinued shall be entitled to his original Pension Benefit. Upon the retirement or termination of any other former Employee, his Pension Benefit shall be determined under the provisions of the Plan on the date he ceased to be an Employee as defined in Section 1.05 of this Appendix.

8.04 Employment with the Company or an Affiliated Company as a Leased Employee

Any person who is considered a “leased employee” in accordance with Code Section 414(n), by virtue of his performance of services for the Company or an Affiliated Company, shall not be eligible to participate in the Plan. However, if such a person subsequently becomes an Employee as defined in Section 1.05 of this Appendix, or if an Employee as defined in Section 1.05 subsequently becomes employed as a leased employee, any service rendered with the Company or an Affiliated Company as a leased employee, subject to the provisions of Code Section 414(n)(4), shall be counted for the sole purpose of determining eligibility for membership and benefits, but not for the purpose of determining the amount of any benefit. The period of such employment shall not be more than the Continuous Service included for similar eligibility purposes for other Employees under the Plan, as defined in Section 2.02 of this Appendix, and further provided that the provisions of Section 2.02(2) with respect to Breaks in Service shall apply.

APPENDIX B

SCHEDULE ONE

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APPENDIX B

SCHEDULE ONE

TABLE 4

FACTORS FOR DETERMINING LUMP SUM PAYMENT EQUAL TO PRESENT VALUE OF ANNUAL PENSION PAYABLE
COMMENCING AT AGE 65 FOR LUMP SUMS PAID PRIOR TO MARCH 28,2005

AGE	FACTOR	AGE	FACTOR
24	0.266	50	2.289
25	0.289	51	2.491
26	0.314	52	2.710
27	0.341	53	2.950
28	0.370	54	3.212
29	0.402	55	3.498
30	0.436	56	3.812
31	0.474	57	4.156
32	0.515	58	4.533
33	0.559	59	4.949
34	0.607	60	5.406
35	0.659	61	5.912
36	0.715	62	6.471
37	0.777	63	7.092
38	0.844	64	7.782
39	0.916	65	8.552
40	0.995	66	8.364
41	1.081	67	8.172
42	1.174	68	7.977
43	1.276	69	7.781
44	1.387	70	7.582
45	1.507	71	7.381
46	1.638	72	7.179
47	1.780	73	6.975
48	1.936	74	6.770
49	2.105	75	6.565

84GBB@ 8112%

APPENDIX C

RETIREMENT PLAN FOR SALARIED EMPLOYEES OF RAYONIER INC.

(The Vanillin Operation of the Northwest Chemical Products Division of Rayonier Inc.)

This Appendix C, effective as of September 1, 1995, is applicable with respect to employees or former employees of Rayonier Inc. (or its predecessor ITT Rayonier Incorporated) who are entitled to a pension benefit under The Vanillin Operation of the Northwest Chemical Products Division of Rayonier Inc. Pension Plan for Hourly Employees as of August 31, 1995, and their spouses and beneficiaries. This Appendix C constitutes an integral part of the Plan and sets forth the particulars concerning:

(i) The definition of "Accrued Benefit," "Annuity Starting Date," "Equivalent Actuarial Value," "Final Average Compensation," "Normal Retirement Date," "Public Disability Benefit," "Total and Permanent Disability" and "Vanillin Plan."

(ii) The determination of Eligibility Service as referred to in Section 2.01 of the Plan.

(iii) The determination of Benefit Service as referred to in Section 2.02 of the Plan.

(iv) The eligibility requirements for membership as referred to in Article 3 of the Plan.

(v) The determination of the amount of normal retirement allowance as referred to in Section 4.01(b) of the Plan.

(vi) The determination of the amount of postponed retirement allowance as referred to in Section 4.02(b) and (c) of the Plan.

(vii) The eligibility requirements for the standard early retirement allowance referred to in Section 4.03(a) of the Plan.

(viii) The determination of the amount of the standard early retirement allowance referred to in Section 4.03(b) of the Plan.

(ix) The eligibility requirements for a disability retirement allowance.

(x) The determination of the amount of a disability retirement allowance.

(xi) The eligibility requirements for a vested benefit as referred to in Section 4.05(a) of the Plan.

(xii) The determination of the amount of vested benefit as referred to in Section 4.05(b) of the Plan.

(xiii) The forms of benefit payment after retirement as referred to in Section 4.06 of the Plan.

(xiv) The survivor's benefit applicable before retirement as referred to in Section 4.07 of the Plan.

(xv) The provisions for payment of benefits as referred to in Section 4.10(a) of the Plan.

(xvi) The determination of the amount of an automatic lump sum payment as referred to in Section 4.10(b) of the Plan.

(xvii) The effect of reemployment on the election of an optional form of benefit as referred to in Section 4.11(b) of the Plan.

(xviii) The determination of the amount of benefit payable to a reemployed Member upon his or her subsequent retirement as referred to in Section 4.11(c) of the Plan.

(xix) The minimum adjusted benefit payable under the Plan.

Effective 11:59 p.m. on June 27, 2014, the Members and benefits represented by this Appendix shall be spun off from the Plan and transferred to the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc. Following such spinoff and transfer, this Appendix shall cease to be part of the Plan.

Unless otherwise indicated, the section and paragraph references in this Appendix are to sections and paragraphs contained within this Appendix.

ARTICLE 1 – DEFINITIONS

1.01 **Accrued Benefit** shall mean, as of any date of determination, the retirement allowance computed under Section 4.01(b) on the basis of the Member's Benefit Service and applicable components of the Plan formula as of the determination date.

1.02 **Annuity Starting Date** shall mean the first day of the first period for which an amount is due on behalf of a Member or former Member as an annuity or any other form of payment under the Plan; provided, however, that in the case of a Member who retires under Section 4.04, Annuity Starting Date shall mean his or her Normal Retirement Date.

1.16 **Equivalent Actuarial Value** shall mean equivalent value of a benefit under the Plan determined on the basis of the applicable factors set forth in Schedule I, except as otherwise specified in the Plan. In any other event, Equivalent Actuarial Value shall be determined on the same actuarial basis utilized to compute the factors set forth in Schedule I.

1.18 **Final Average Compensation** shall mean the Member's "Pensionable Compensation" under the Vanillin Plan as of August 31, 1995.

1.25 **Normal Retirement Date** shall mean the last day of the calendar month in which the former employee attains age 65, which is his Normal Retirement Age.

1.43 **Public Disability Benefit** shall mean disability payments or lump sum payments under any workers' compensation or occupational diseases law, except fixed statutory payments for the loss of any bodily member and except lump-sum payments for disfigurement. The amount of the deduction to be made from monthly disability retirement allowances in respect to any lump-sum payments under any workers' compensation or occupational diseases law shall be determined by dividing the lump-sum payment by the maximum number of months or fractions thereof in the period provided by statute or regulation, provided the amount of such deduction shall be limited to the amount of monthly disability retirement allowance and shall be applicable for the number of months and fractions thereof in such maximum period.

1.44 **Total and Permanent Disability** shall mean the total and permanent disablement of a Member if (a) through some unintentional cause, he or she has been totally disabled by bodily injury or disease or by mental derangement so as to be prevented thereby from engaging in any regular occupation or employment for remuneration or profit, and (b) such total disability is expected to be permanent and continuous during the remainder of his or her life, provided such disability is not incurred in service in the armed forces of any country, each as determined by the Company on the basis of qualified medical evidence.

1.45 **Vanillin Plan** shall mean The Vanillin Operation of the Northwest Chemical Products Division of Rayonier Inc. Pension Plan for Hourly Employees as in effect on the date specified in the Plan.

ARTICLE 2 – SERVICE

2.01 Eligibility Service

(a) **Eligibility Service On and After September 1, 1995**. Except as otherwise provided in this Article 2, all uninterrupted employment with the Company or with an Associated Company rendered on and after September 1, 1995 and prior to the date such Member's employment terminates shall be recognized as Eligibility Service for all Plan purposes. Notwithstanding the foregoing, with respect to any calendar year in which the employee completes at least 1,000 Hours of Service there shall be included in his or her Eligibility Service a full year of Eligibility Service.

(b) **Hours of Service**. "Hours of Service" shall include hours worked and hours for which a person is compensated by the Company or by an Associated Company for the performance of duties for the Company or an Associated Company, although he or she has not worked (such as: paid holidays, paid vacation, paid sick leave, paid time off and back pay for the period for which it was awarded), and each hour shall be computed as only one hour, even though he or she is compensated at more than the straight time rate. This definition of "Hours of Service" shall be applied in a consistent and non-discriminatory manner in compliance with 29 Code of Federal Regulations, Section 2530.200b-2(b) and (c) as promulgated by the United States Department of Labor and as may hereafter be amended.

(c) **Certain Absences to be Recognized as Eligibility Service**. Except as otherwise indicated in this Article 2, the period of any leave of absence granted in respect of service with the armed forces of the United States shall be recognized as Eligibility Service under the Plan and shall not be considered as a break in service, provided the employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment. If an employee fails to return to active employment upon expiration of the approved absence set forth in the prior sentence, such period of approved absence shall not be considered as Eligibility Service under the Plan.

(d) **Breaks in Service**. If an employee does not complete more than 500 Hours of Service in any calendar year, other than the calendar year in which the employee was hired, he or she shall incur a one-year break in service; provided that no break in service shall occur unless the employee's employment with the Company or an Associated Company is terminated. For purposes of this Section 2.01, the length of an employee's break in service shall be determined on the following basis:

(i) If the employee completes at least 500 Hours of Service in the calendar year in which his or her employment terminates, the date his or her break in service begins shall be the January 1 of the next following calendar year; otherwise, the date his or her break in service begins shall be the date on which his or her employment terminates.

(ii) If the employee completes at least 500 Hours of Service in the calendar year in which he or she is reemployed, the date his or her break in service ceases is the January 1 of the calendar year in which he or she is reemployed; otherwise, the date his or her break in service ceases is the date on which he or she is reemployed.

Solely for purposes of determining whether such an employee has incurred a break in service, hours shall include each Hour of Service for which such employee would otherwise have been credited under paragraph (a) above were it not for the employee's absence due to Parental Leave. Hours of Service credited under the preceding sentence shall not exceed the number of hours needed to avoid a break in service in the computation period in which the Parental Leave began, and in any event shall not exceed 501 hours; if no hours are needed to avoid a break in service in such computation period, then the provisions of the preceding sentence shall apply as though the Parental Leave began in the immediately following computation period.

(e) **Bridging Breaks in Service**. If an employee has a break in service, except as otherwise provided in Section 4.11, employment both before and after the employee's absence shall be immediately recognized as Eligibility Service, subject to the provisions of this Section 2.01, upon his or her return to the employ of the Company or an Associated Company.

(f) **Eligibility Service Prior to September 1, 1995**. Notwithstanding any foregoing provisions to the contrary, a Member's Eligibility Service shall include the "Continuous Service" credited to such Member under the Vanillin Plan as of August 31, 1995.

2.02 Benefit Service

For purposes of determining the amount of a Member's retirement allowance or vested benefit under this Appendix, there shall be recognized as Benefit Service the "Credited Service" credited to such Member under the Vanillin Plan as of August 31, 1995.

ARTICLE 3 – MEMBERSHIP

Any former employee of Rayonier Inc. (or its predecessor ITT Rayonier Incorporated) who is entitled to a pension benefit under the Vanillin Plan as of August 31, 1995 shall become a Member of the Plan on September 1, 1995, but he or she shall not accrue any Benefit Service for purposes of this Appendix after such date, and unless he or she is reemployed by the Company or an Associated Company, he or she shall not accrue any Eligibility Service under the Plan after such date. Such Member, or his or her spouse or beneficiary, shall be eligible for and shall receive from this Plan benefits in the same amount and payable in accordance with the same terms as the pension benefit to which he or she was entitled under the Vanillin Plan as of August 31, 1995.

4.01 Normal Retirement Allowance

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the annual normal retirement allowance payable on a lifetime basis upon retirement at a Member's Normal Retirement Date shall be equal to 70% of the Member's Average Final Compensation, minus 50% of his or her Social Security Benefit; provided, however, that if the Member has completed less than 40 years of Benefit Service, the resulting monthly retirement allowance shall be reduced in proportion that the number of years of his or her Benefit Service bears to 40. The annual normal retirement allowance shall not be less than the greatest annual early retirement allowance which would have been payable to a Member had he or she retired under Section 4.03 at any time before his or her Normal Retirement Date, but based on the Federal Social Security Act in effect at the time of the Member's actual retirement, or Normal Retirement Date, if earlier.

4.02 Postponed Retirement Allowance

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Section 4.06(a) and 4.07(b), the annual postponed retirement allowance payable on a lifetime basis upon retirement at a Member's Postponed Retirement Date shall be equal to the greater of:

(i) an amount determined in accordance with Section 4.01(b) but based on the Member's Benefit Service, Social Security Benefit and Average Final Compensation as of his or her Postponed Retirement Date; or

(ii) the annual normal retirement allowance to which the Member would have been entitled under Section 4.01(b) had he or she retired on his or her Normal Retirement Date, increased by an amount which is the Equivalent Actuarial Value of the monthly payments which would have been payable with respect to each month in which he or she completed less than 40 Hours of Service. Any monthly payment determined under this paragraph (b)(ii) with respect to any such month in which the Member completed less than 40 Hours of Service shall be computed as if the Member had retired on his or her Normal Retirement Date.

(c) **Benefit for Member in Active Service After He or She Attains Age 70½**. In the event a Member's retirement allowance is required to begin under Section 4.10 while the Member is in active service, the January 1 immediately following the calendar year in which the Member attained age 70½ shall be the Member's Annuity Starting Date for purposes of this Article 4 and the Member shall receive a postponed retirement allowance commencing on that January 1 in an amount determined as if he or she had retired on such date. As of each succeeding January 1 prior to the Member's actual Postponed Retirement Date and as of his or her actual Postponed Retirement Date, the Member's retirement allowance shall be reduced by the Equivalent Actuarial Value of the total payments of his or her postponed retirement allowance made with respect to each month of continued employment in which he or she completed at least 40 Hours of Service which were paid prior to each such recomputation, provided that no such reduction shall reduce the Member's postponed

retirement allowance below the amount of postponed retirement allowance payable to the Member immediately prior to the recomputation of such retirement allowance.

4.03 Standard Early Retirement Allowance

(a) **Eligibility**. A Member who has not reached his or her Normal Retirement Date but has, prior to his or her termination of employment reached the 55th anniversary of his or her birth and completed ten years of Eligibility Service, is eligible to retire on a standard early retirement allowance on the last day of the calendar month in which the Member terminates employment, which date shall be the Member's Early Retirement Date.

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(b) the standard early retirement allowance shall be an allowance deferred to commence on the first day of the calendar month next following the Member's Normal Retirement Date and shall be equal to the Member's Accrued Benefit earned up to his or her Early Retirement Date, computed on the basis of his or her Benefit Service, Final Average Compensation and Social Security Benefit as of his or her Early Retirement Date, with the Social Security Benefit determined on the assumption that the Member had no earnings after his or her Early Retirement Date. The Member may, however, elect to receive an early retirement allowance commencing on the first day of the calendar month next following his or her Early Retirement Date or on the first day of any calendar month before his or her Normal Retirement Date specified in his or her later request therefor in a reduced amount which, prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), shall be equal to his or her Accrued Benefit, reduced by 1/3 of 1% per month for each month by which the commencement date of his or her retirement allowance precedes his or her Normal Retirement Date.

4.04 Disability Retirement Allowance

(a) **Eligibility**. A Member who has reached the 50th anniversary of his or her birth and completed 15 years of Eligibility Service, who incurs a Total and Permanent Disability, is eligible to retire on a disability retirement allowance on the last day of the calendar month as of which the Member is determined to be so disabled by the Company based on a qualified medical evidence.

(b) **Benefit**. The disability retirement allowance shall commence on the first day of the calendar month next following the date the Member meets the eligibility requirements in paragraph (a) above, and prior to the Member's Normal Retirement Date, shall be equal to his or her Accrued Benefit earned up to his or her date of disability, computed on the basis of his or her Benefit Service, Final Average Compensation and Social Security Benefit as of his or her date of disability, with the Social Security Benefit determined on the basis of the Federal Social Security Act as in effect on the Member's date of disability. Notwithstanding the preceding sentence, if a Member is awarded a Public Disability Benefit, the disability retirement allowance payable prior to his or her Normal Retirement Date shall be reduced by the amount of the Company-provided Public Disability Benefit. On and after the first day of the calendar month next following the Member's Normal Retirement Date, the disability retirement allowance shall be adjusted, if applicable, in accordance with Sections 4.06(a) and 4.06(b).

4.05 Vested Benefit

(a) **Eligibility**. A Member shall be vested in, and have a nonforfeitable right to, his or her Accrued Benefit upon completion of five years of Eligibility Service, or if the Member terminated employment on or after January 1, 1993, on his or her date of termination, if earlier.

If such Member's services are subsequently terminated for reasons other than death or early retirement prior to his or her Normal Retirement Date, he or she shall be entitled to a vested benefit under the provisions of this Section 4.05.

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(a), the vested benefit payable to a Member shall be a benefit deferred to commence on the first day of the calendar month next following the former Member's Normal Retirement Date and shall be equal to 1.75% of his or her Final Average Compensation multiplied by his or her years of Benefit Service, not in excess of 40 years, minus the lesser of:

(i) 1.25% of the Member's Social Security Benefit multiplied by his or her years of Benefit Service, not in excess of 40 years; or

(ii) 50% of the Member's Social Security Benefit multiplied by a fraction, the numerator of which is the number of years of Benefit Service to date of termination and the denominator of which is the number of years of Benefit Service the Member would have had, had he or she continued in service to his or her Normal Retirement Date.

The Social Security Benefit shall be determined on the assumption that the Member continued in service to his or her Normal Retirement Date at the Member's rate of compensation in effect as of his or her date of termination.

On or after the date on which the former Member shall have reached the 55th anniversary of his or her birth, he or she may elect to receive a benefit commencing on the first day of any calendar month next following the 55th anniversary of his or her birth and prior to his or her Normal Retirement Date as specified in his or her request therefor, after receipt by the Plan Administration Committee of written application therefor made by the former Member and filed with the Plan Administration Committee. Upon such earlier payment, the vested benefit otherwise payable shall be reduced by 1/180th for each month up to 60 months by which the commencement date of such payments precedes his or her Normal Retirement Date and further reduced by 1/360th for each such month in excess of 60 months.

4.06 Forms of Benefit Payment After Retirement

(a) **Automatic Forms of Payment**

(i) ***Automatic Joint and Survivor Annuity***. If a Member or former Member who is married on his or her Annuity Starting Date has not made an election of an optional form of payment as provided in Section 4.06(b), the retirement allowance or vested benefit payable to such Member or former Member commencing on his or her Annuity Starting Date shall automatically be adjusted to provide (A) a reduced benefit payable to the Member or former Member during his or her life equal to his or her benefit otherwise payable without optional modification computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, multiplied by the

appropriate factor contained in Table 1 of Schedule I and (B) a benefit payable after his or her death to his or her surviving spouse equal to 50% of the reduced benefit payable to the former Member.

(ii) ***Automatic Life Annuity***. If a Member or former Member is not married on his or her Annuity Starting Date, the retirement allowance or vested benefit computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, shall be paid to the Member or former Member in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death, unless the Member or former Member is eligible for and makes an election of an optional form of payment under Section 4.06(b).

(b) **Optional Forms of Payment**

(i) ***Life Annuity Option***. Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit, may elect, in accordance with the provisions of Section 4.06(d), to provide that the retirement allowance payable to him or her under Section 4.01, 4.02, 4.03, or 4.04 or the vested benefit payable to him or her under Section 4.05 shall be in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death.

(ii) ***Contingent Annuity Option***. Any Member or former Member who retires or terminates employment with the right to a retirement allowance in accordance with the provisions of Section 4.01, 4.02, or 4.03 may elect, in accordance with the provisions of Section 4.06(d), to convert the benefit otherwise payable to him or her without optional modification under Section 4.01, 4.02, or 4.03, as the case may be, into Option 1 or Option 2 below in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective, was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance otherwise payable without optional modification under Section 4.01, 4.02, or 4.03.

Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit and whose Annuity Starting Date is on or after January 1, 2008, may elect, in accordance with the provisions of Section 4.06(d), to convert the retirement allowance or vested benefit otherwise payable to him or her without optional modification into Option 3 below in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance or vested benefit otherwise payable without optional modification.

Option 1. A reduced retirement allowance payable during the Member’s or former Member’s life with the provision that after his or death a benefit equal to 100% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 2. A reduced retirement allowance payable during the Member’s or former Member’s life with the provision that after his or her death a benefit

equal to 50% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 3. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or her death a benefit equal to 75% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

(c) **Required Notice**. No less than 30 days and no more than 180 days before his or her Annuity Starting Date, the Plan Administration Committee shall furnish to each Member or former Member a written explanation in non-technical language of the terms and conditions of the Automatic Joint and Survivor Annuity and the Automatic Life Annuity as described in Section 4.06(a) and the optional forms of benefits described in Section 4.06(b). Such explanation shall include (i) a general description of the eligibility conditions for, the material features of and the relative values of the optional forms of payment under the Plan, (ii) any rights the Member or former Member may have to defer commencement of his or her retirement allowance or vested benefit, (iii) the requirement for Spousal Consent as provided in Section 4.06(d) and (iv) the right of the Member or former Member, prior to his or her Annuity Starting Date to make and to revoke elections under Section 4.06.

(d) **Election of Options**. Subject to the provisions of this Section 4.06(d) and in lieu of the automatic forms of payment described in Section 4.06(a):

(i) a Member may elect to receive his or her retirement allowance or vested benefit in the optional form of payment described in Section 4.06(b)(i);

(ii) a Member who retires under the provisions of Section 4.01, 4.02, 4.03 or 4.04 may elect to receive his or her retirement allowance in one of the optional forms of payment described in Section 4.06(b)(ii) or in the form of Option 1 or Option 2 under 4.06(b)(iii); and

(iii) a Member who retires or terminates employment with the right to a retirement allowance or vested benefit and whose Annuity Starting Date is on or after January 1, 2008, may elect to receive his or her retirement allowance or vested benefit in the form of Option 3 under Section 4.06(b)(iii).

Notwithstanding the preceding sentence, a Member who retired on a disability retirement allowance may only elect an optional form of payment to take effect on the first day of the calendar month next following his or her Normal Retirement Date. A married Member's or a married former Member's election of a Life Annuity form of payment under Section 4.06(b)(i) or any optional form of payment under Section 4.06(b)(ii), which does not provide for monthly payments to his or her spouse for life after the Member's or former Member's death, in an amount equal to at least 50% but not more than 100% of the monthly amount payable under that form of payment to the Member or former Member and which is not of Equivalent Actuarial Value to the Automatic Joint and Survivor Annuity described in Section 4.06(a)(i), shall be effective only with Spousal Consent; provided that such Spousal Consent to the election has been received by the Plan Administration Committee.

Any election made under Section 4.06(a) or Section 4.06(b) shall be made on a form approved by the Plan Administration Committee and may be made during the 180-day period ending on the Member's Annuity Starting Date, but not prior to the date the Member

or former Member receives the written explanation described in Section 4.06(c). Any such election shall become effective on the Member's or former Member's Annuity Starting Date, provided the appropriate form is filed with and received by the Plan Administration Committee and may not be modified or revoked after his or her Annuity Starting Date. Any election made under Section 4.06(a) or Section 4.06(b) after having been filed, may be revoked or changed by the Member or former Member only by written notice received by the Plan Administration Committee before his or her election becomes effective on his or her Annuity Starting Date. Any subsequent elections and revocations may be made at any time and from time to time during the 180-day period ending on the Member's or former Member's Annuity Starting Date. A revocation shall be effective when the completed notice is received by the Plan Administration Committee. A re-election shall be effective on the Member's or former Member's Annuity Starting Date. If, however, the Member or the spouse or the contingent annuitant designated in the election dies before the election has become effective, the election shall thereby be revoked.

Notwithstanding the provisions of paragraph (c) above, a Member may, after having received the notice, affirmatively elect to have his or her retirement allowance or vested benefit commence sooner than 30 days following his or her receipt of the notice, provided all of the following requirements are met:

(i) the Plan Administration Committee clearly informs the Member that he or she has a period of at least 30 days after receiving the notice to decide when to have his or her retirement allowance or vested benefit begin, and if applicable, to choose a particular optional form of payment;

(ii) the Member affirmatively elects a date for his or her retirement allowance or vested benefit to begin, and if applicable, an optional form of payment, after receiving the notice;

(iii) the Member is permitted to revoke his or her election until the later of his or her Annuity Starting Date or seven days following the day he or she received the notice;

(iv) payment does not commence less than seven days following the day after the notice is received by the Member; and

(v) in the event a Member who is scheduled to commence receipt of a retirement allowance prior to his or her Normal Retirement Date or who retires on a Normal or Postponed Retirement Date elects an Annuity Starting Date that precedes the date he or she received the notice (the "retroactive Annuity Starting Date"), the following requirements are met:

(A) the Member's benefit must satisfy the provisions of Code Sections 415 and 417(e)(3), both at the retroactive Annuity Starting Date and at the actual commencement date;

(B) a payment equal in amount to the payments that would have been received by the Member had his or her benefit actually commenced on his retroactive Annuity Starting Date, plus interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in

which interest is paid, compounded annually, shall be paid to the Member on his or her actual commencement date; and

(C) the Member elects within the 120 day period following the Member's termination of employment with the Company and all Associated Companies to receive benefits as of a retroactive Annuity Starting 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 is not married on the actual commencement date and the Member's spouse on the retroactive Annuity Starting Date is not treated as his spouse under a qualified domestic relations order.

(e) **Delayed Commencement of Normal Retirement Allowance**

(i) In the event a Member who has retired or otherwise terminated employment with the Company and all Associated Companies prior to his Normal Retirement Date has not filed an election designating an Annuity Starting Date prior to the 91st day preceding his Normal Retirement Date, the Plan Administration Committee shall mail the notice described in Section 4.06(c) to the Member's last known address as indicated on Plan records at least 30 days prior to the Member's Normal Retirement Date. The Member's Normal Retirement Date shall be deemed to be the Member's Annuity Starting Date. In the absence of a benefit election filed by the Member prior to his Normal Retirement Date in accordance with the provisions of Section 4.06(d), distribution of the Member's retirement allowance shall be deemed to commence to the Member on his Normal Retirement Date in the normal form applicable to the Member as determined on the basis of Plan records. Such payments shall be held in the Plan's trust and deemed forfeited until claim has been made by the Member.

(ii) In the event the Member subsequently files a claim for payment, payment shall commence to the Member as soon as practicable in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date. In addition, one lump sum payment shall be paid to the Member equal to the sum of the monthly payments that the Member would have received during the period beginning on his Normal Retirement Date and ending with the month preceding his actual commencement date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined as of the Member's Normal Retirement Date on the basis of the actual form of payment in which the Member's retirement allowance is payable under Section 4.06(a) or Section 4.06(b). The lump sum shall be paid on or as soon as practicable following the date the Member's retirement allowance commences.

In the event a Member's marital status used to compute the Member's retirement allowance under Section 4.06(a) was not accurate, the amount of the Member's retirement allowance payable under this Section 4.06(e) shall be adjusted to reflect the Member's correct marital status.

(iii) In the event a Member entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to the commencement of his retirement allowance, upon claim by the Member's personal representative, or if none, his estate, one lump sum payment shall be paid to the claimant equal to the lump sum amount calculated under Section 4.06(e)(ii) above that would have been paid to the Member for the period commencing on the Member's Normal Retirement Date and ending with the month prior to his death, plus interest on that amount at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan year in which interest is paid, compounded annually, from the Member's Normal Retirement Date to the date of payment of the lump sum amount to the Member's personal representative, or if none, to his estate.

(iv) In the event a Member who is entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to commencement of his retirement allowance and is survived by a spouse to whom he was married on his Normal Retirement Date, the Member's surviving spouse shall be entitled to the survivor portion of the Member's retirement allowance under the provisions of Section 4.06(a)(i), assuming the Member commenced payment under Section 4.06(a)(i) effective on his Normal Retirement Date. Such survivor retirement allowance shall commence as soon as practicable following the surviving spouse's claim for the retirement allowance. In addition, one lump sum payment shall be paid to the surviving spouse equal to the sum of the monthly payments the surviving spouse would have received for the month of the Member's date of death through the month preceding the month in which the survivor retirement allowance commences, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period for each Plan Year in which interest is paid, compounded annually.

(v) In the event a Member's retirement allowance otherwise scheduled to commence on his Normal Retirement Date is delayed because the Plan Administration Committee is unable to locate the Member and the Plan Administration Committee does not mail the notice described in Section 4.06(c) at least 30 days prior to the Member's Normal Retirement Date, the Plan Administration Committee shall commence payment within 60 days after the date the Member is located. Unless the Member elects an optional form of payment in accordance with the provisions of Section 4.06(b), payment shall commence in the normal form applicable to the Member on his or her Annuity Starting Date. The retirement allowance payable to the Member shall be of Equivalent Actuarial Value to the retirement allowance otherwise payable to the Member on his Normal Retirement Date.

In the event a Member whose retirement allowance is delayed beyond his or her Normal Retirement Date as described above dies prior to his or her Annuity Starting Date, and is survived by a spouse, the spouse shall be entitled to receive a survivor annuity under the provisions of Section 4.07(a)(ii) computed on the basis of the

Equivalent Actuarial Value of the retirement allowance payable to the Member on his Normal Retirement Date.

(vi) Notwithstanding the provisions of Section 4.06(e)(v) above, a Member described in the preceding subparagraph whose retirement allowance will be paid in the form of an annuity may elect, in lieu of the retirement allowance otherwise payable under Section 4.06(e)(v) above, to receive:

(A) a lump sum payment equal to the sum of the monthly payments the Member would have received from his Normal Retirement Date to his Annuity Starting Date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined on the basis of the form of payment in which the Member's retirement allowance is payable under Section 4.06(a), as applicable; and

(B) a retirement allowance in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date in the form elected by the Member.

An election under this Section 4.06(e)(vi) shall be subject to the notice and spousal consent requirements set forth in Section 4.06(d) applicable to the election of an optional form of payment.

(f) If a Member dies after his or her Annuity Starting Date, any payment continuing on to his or her spouse or contingent annuitant shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

4.07 Survivor's Benefit Applicable Before the Annuity Starting Date

(a) **Automatic Pre-Retirement Spouse's Benefit**

(i) ***Automatic Pre-Retirement Spouse's Benefit Applicable Before Termination of Employment***. The surviving spouse of a Member who has completed five years of Eligibility Service or who is receiving a disability retirement allowance under Section 4.04 shall automatically receive a benefit payable under the automatic Pre-Retirement Spouse's Benefit of this Section 4.07(a)(i) in the event said Member should die after the effective date of coverage hereunder and before termination of employment (or Normal Retirement Date, in the case of a Member receiving a disability retirement allowance). The benefit payable to the Member's spouse shall be equal to the benefit the Member's spouse would have received if the retirement allowance or vested benefit the Member was entitled to at his or her date of death had commenced as of the month next following the month in which his or her Normal Retirement Date would have occurred (or the month next following the month in which the Member's date of death occurred, if later) in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a)(i). Such benefit shall be payable for the life of the spouse commencing on the first day of the calendar month next following what would have been the Member's Normal Retirement Date (or next following the month in which the Member's date of death occurred, if later).

However, the Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the first day of any calendar month after the date the former Member would have reached the 55th anniversary of his or her birth; provided, however, if the Member dies while receiving a disability retirement allowance under Section 4.04, payments begin under this automatic Pre-Retirement Spouse's Benefit as of the first day of the month following the Member's death.

If payment of the automatic Pre-Retirement Spouse's Benefit commences prior to what would have been the Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on (i) the standard early retirement allowance or vested benefit to which the Member would have been entitled, had the Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b), or in the case of a Member who dies while receiving a disability retirement allowance under Section 4.04, the disability retirement allowance the Member was receiving on his date of death.

Coverage hereunder shall be applicable to a married Member in active service who has satisfied the eligibility requirements for a retirement allowance under Section 4.01(a), 4.02(a), 4.03(a) or 4.04(a) or a vested benefit under Section 4.05(a) and shall become effective on the date the Member marries and shall cease on the earlier of (i) the date such active Member's marriage is legally dissolved by a divorce decree or (ii) the date such active Member's spouse dies.

(ii) ***Automatic Pre-Retirement Spouse's Benefit Applicable Upon Termination of Employment***. In the case of a Member or former Member who is married and entitled to a standard early retirement allowance under Section 4.03 or a vested benefit under Section 4.05, the provisions of this Section 4.07(a)(ii) shall apply to the period between the date his or her services are terminated or the date, if later, the Member or former Member is married and his or her Annuity Starting Date, or other cessation of coverage as later specified in this Section 4.07(a)(ii).

In the event of a married Member's or former Member's death during any period in which these provisions have not been waived or revoked by the Member or former Member and his or her spouse, the benefit payable to the Member's or former Member's spouse shall be equal to 50% of the standard early retirement allowance or vested benefit the Member or former Member would have received as of the month next following the month in which his or her Normal Retirement Date would have occurred if he or she had elected to receive such benefit in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a).

The spouse's benefit shall be payable for the life of the spouse commencing on the first day of the calendar month next following what would have been the Member's or former Member's Normal Retirement Date. However, the Member's or former Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the first day of any calendar month after the date the Member or former Member would have reached the 55th anniversary of his or her birth (or his or her date of death, if later). If the Member's or former Member's spouse elects to commence payment of this automatic Pre-Retirement Spouse's Benefit prior to what would have been the Member's or former Member's Normal

Retirement Date, the amount of such benefit payable to the spouse shall be based on the standard early retirement allowance or vested benefit to which the Member or former Member would have been entitled, had the Member or former Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b).

However, if a Member or former Member had elected Option 1 or Option 3 under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, with his or her spouse as contingent annuitant, the amount of benefit payable to the spouse shall be based on the provisions of such elected Option, in lieu of the provisions of this Section 4.07(a)(ii).

The vested benefit payable to a former Member whose spouse is covered under this Section 4.07(a)(ii), or if applicable, the benefit payable to his or her spouse upon his or her death shall be reduced by the applicable percentages shown below. Such reduction shall apply to each month during which coverage is in effect for at least one day; provided, however, no reduction shall be made with respect to any period before the later of (1) the date the Plan Administration Committee furnishes the former Member the notice of his or her right to waive the automatic Pre-Retirement Spouse's Benefit or (2) the commencement of the election period specified in Section 4.07(b) below.

ANNUAL REDUCTION FOR SPOUSE'S COVERAGE
AFTER TERMINATION OF EMPLOYMENT
OTHER THAN RETIREMENT

Age	**Reduction**
Less than 40	1/10 of 1% per year
40 but prior to 50	2/10 of 1% per year
50 but prior to 55	3/10 of 1% per year
55 but prior to 60	5/10 of 1% per year
60 but less than 65	1% per year

(b) The Plan Administration Committee shall furnish to each former Member a written explanation which describes (i) the terms and conditions of the automatic Pre-Retirement Spouse's Benefit, (ii) the former Member's right to make, and the effect of, an election to waive the automatic Pre-Retirement Spouse's Benefit, (iii) the rights of the or former Member's spouse, and (iv) the right to make, and the effect of, a revocation of such a waiver. Such written explanation shall be furnished to each former Member before the first anniversary of the date he or she terminated service, and shall be furnished to such Member even though he or she is not married.

(c) The period during which the former Member may make an election to waive the automatic Pre-Retirement Spouse's Benefit provided under Section 4.07(a)(ii) shall begin no later than the date his or her employment terminates and end on his or her Annuity Starting Date, or if earlier, his or her date of death. Any waiver, revocation or re-election of the automatic Pre-Retirement Spouse's Benefit shall be made on a form provided by the Plan Administration Committee and any waiver or revocation shall require Spousal Consent. If, upon termination of employment, the former Member waives coverage hereunder in accordance with administrative procedures established by the Plan Administration

Committee for all Members similarly situated, such waiver shall be effective as of the former Member's Severance Date. Any later re-election or revocation shall be effective when the completed form is received by the Plan Administration Committee. If a former Member dies during the period when a waiver is in effect, there shall be no benefits payable to his or her spouse under the provisions of this Section 4.07.

Except as described above in the event of a waiver or revocation, coverage under Section 4.07(a)(ii) shall cease to be effective upon a Member's or former Member's Annuity Starting Date, or upon the date a Member's or former Member's marriage is legally dissolved by a divorce decree, or upon the death of the spouse, whichever event shall first occur.

(d) Any election made under Section 4.07 (including any waiver or revocation thereof) shall be made on a form approved by and filed with the Plan Administration Committee.

4.10 Payment of Benefits

(a) Unless otherwise provided under an optional benefit elected pursuant to Section 4.06, the survivor's benefits available under Section 4.07 or the provisions of Section 4.10(e)(ii), all retirement allowances, vested benefits or other benefits payable will be paid in monthly installments for each month beginning with (i) the month next following the month in which the Member has reached his or her Normal Retirement Date and has retired from active service, (ii) the month next following the month in which a Member has reached his or her Postponed Retirement Date and retired from active service, (iii) the month next following the month in which a Member or former Member files a proper application requesting commencement of his or her vested benefit, standard early retirement allowance or disability retirement allowance, or (iv) the month in which benefits under an optional benefit under Section 4.06 or the survivor's benefits under Section 4.07 become payable, whichever is applicable. Such monthly installments shall cease with the payment for the month in which the recipient dies. In no event shall a retirement allowance or vested benefit be payable to a Member who continues in or resumes active service with the Company or an Associated Company for any period between his or her Normal Retirement Date and Postponed Retirement Date, except as provided in Sections 4.02(c) and 4.10(e).

(b) Effective January 1, 1998, through March 27, 2005, in any case, a lump sum payment equal to the retirement allowance or vested benefit payable under Section 4.01, 4.02, 4.03, 4.04, or 4.05 or the Pre-Retirement Spouse's Benefit payable under Section 4.07(a) multiplied by the appropriate factor contained in Table 3 of Schedule I shall be made in lieu of any retirement allowance or vested benefit payable to a Member or former Member or any Pre-Retirement Spouse's Benefit payable to a spouse of a Member or a former Member, if the lump sum present value of such benefit amounts to $5,000 or less. In no event shall that adjustment factor produce a lump sum that is less than the amount determined by using the IRS Mortality Table and IRS Interest Rate. The lump sum payment shall be made as soon as administratively practicable following the date the Member has terminated employment or died, but in any event prior to the date his or her benefit payment would have otherwise commenced.

Effective March 28, 2005, a lump sum payment shall be made in lieu of all benefits in the event:

(i) the Member's Annuity Starting Date occurs on or after his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $5,000 or less, or

(ii) the Member's Annuity Starting Date occurs prior to his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $1,000 or less.

In determining the amount of a lump sum payment payable under this paragraph, the lump sum present value shall mean a benefit, in the case of a lump sum benefit payable prior to a Member's Normal Retirement Date, of equivalent value to the benefit which would otherwise have been provided commencing at the Member's Normal Retirement Date. The determination as to whether a lump sum payment is due shall be made as soon as practicable following the Member's termination of service. Any lump sum benefit payable shall be made as soon as practicable following the determination that the amount qualifies for distribution under the provisions of Section 4.10 of this Appendix. In no event shall a lump sum payment be made following the date retirement benefit payments have commenced as an annuity.

Effective March 28, 2005, in the event the lump sum present value of a Member's retirement allowance or vested benefit exceeds $1,000 but does not exceed $5,000, the Member may elect to receive a lump sum payment of such allowance or benefit. The election shall be made in accordance with such administrative rules as the Plan Administration Committee shall prescribe. The Member may elect to receive the lump sum payment as soon as practicable following his termination of employment or as of the first day of any later month that precedes his Normal Retirement Date. Spousal Consent to the Member's election of the lump sum is not required. A Member who is entitled to elect a distribution under this paragraph shall not be entitled to receive payment in any other form of payment offered under the Plan.

Notwithstanding the provisions of Section 4.07 of this Appendix, a lump sum payment shall be paid to the spouse in lieu of the monthly Pre-Retirement Spouse's Benefit payable under Section 4.07(a) if the lump sum present value of the benefit amounts to $5,000 or less. The lump sum payment shall be made as soon as practicable following the determination that the amount qualifies for distribution under this Section. In no event shall a lump sum payment be made following the date payments have commenced to the surviving spouse as an annuity.

For purposes of this Section, the lump sum present value shall be determined by using the IRS Mortality Table and IRS Interest Rate.

In the event a Member is not entitled to any retirement allowance or vested benefit upon his termination of employment, he shall be deemed cashed-out under the provisions of this Section 4.10(b) as of the date he terminated service. However, if a Member described in the preceding sentence is subsequently restored to service, the provisions of Sections 3.06 of the Plan and Section 4.11 of this Appendix shall apply to him without regard to such sentence.

4.11 Reemployment of Former Member or Retired Member

(b) **Optional Forms of Pension Benefits**. If the Member is reemployed, any previous election of an optional benefit under Section 4.06 or a survivor's benefit under Section 4.07 shall be revoked.

(c) **Benefit Payments at Subsequent Termination or Retirement**

(i) In accordance with the procedure established by the Plan Administration Committee on a basis uniformly applicable to all Members similarly situated, upon the subsequent retirement of a Member in service after his or her Normal Retirement Date, payment of such Member's retirement allowance shall resume no later than the third month after the final month during the reemployment period in which he or she is credited with at least 40 Hours of Service.

(ii) Upon the subsequent retirement or termination of employment of a retired or former Member, the Plan Administration Committee shall, in accordance with rules uniformly applicable to all Members similarly situated, determine the amount of vested benefit or retirement allowance which shall be payable to such Member at such subsequent retirement or termination. Such vested benefit or retirement allowance shall be reduced by an amount of Equivalent Actuarial Value to the benefits, if any, other than disability retirement allowance payments, he or she received before the earlier of the date of his or her restoration to service or his or her Normal Retirement Date, provided that no such reduction shall reduce such retirement allowance or vested benefit below the original amount of retirement allowance or vested benefit earned but not received or retirement allowance or vested benefit previously received by such Member in accordance with the terms of the Plan in effect during such previous employment, adjusted to reflect the election of any survivor's benefits pursuant to Section 4.07(a)(ii).

4.16 Minimum Adjusted Benefit

(a) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment on or after October 1, 1985, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Vanillin Plan as in effect on September 30, 1985 based on Benefit Service rendered up to and including September 30, 1985.

(b) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment on or after January 1, 1989, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Vanillin Plan as in effect on December 31, 1988 based on Benefit Service rendered up to and including December 31, 1988.

APPENDIX C

SCHEDULE I

Actuarial Equivalent Value factors to be used with respect to Members who retire or terminate at the Vanillin Operation of the Northwest Chemical Products Division of Rayonier Inc. location, subject to the provisions of Section 4.06 of this Appendix C.

APPENDIX D
RETIREMENT PLAN FOR SALARIED EMPLOYEES OF
RAYONIER INC.

(Southern Wood Piedmont Company)

This Appendix D, effective as of September 1, 1995, is applicable with respect to employees or former employees of Southern Wood Piedmont Company who are entitled to a pension benefit under the Southern Wood Piedmont Company Pension Plan for Non-Union Hourly Employees as of August 31, 1995 and their spouses and beneficiaries. This Appendix D constitutes an integral part of the Plan and sets forth the particulars concerning:

(i) The definition of "Accrued Benefit," "Annuity Starting Date," "Equivalent Actuarial Value," "Normal Retirement Date," "Public Disability Benefit," "Southern Wood Plan," and "Total and Permanent Disability."

(ii) The determination of Eligibility Service as referred to in Section 2.01 of the Plan.

(iii) The determination of Benefit Service as referred to in Section 2.02 of the Plan.

(iv) The eligibility requirements for membership as referred to in Article 3 of the Plan.

(v) The determination of the amount of normal retirement allowance as referred to in Section 4.01(b) of the Plan.

(vi) The determination of the amount of postponed retirement allowance as referred to in Section 4.02(b) and (c) of the Plan.

(vii) The eligibility requirements for the standard early retirement allowance referred to in Section 4.03(a) of the Plan.

(viii) The determination of the amount of the standard early retirement allowance referred to in Section 4.03(b) of the Plan.

(ix) The eligibility requirements for a disability retirement allowance.

(x) The determination of the amount of a disability retirement allowance.

(xi) The eligibility requirements for a vested benefit as referred to in Section 4.05(a) of the Plan.

(xii) The determination of the amount of vested benefit as referred to in Section 4.05(b) of the Plan.

(xiii) The forms of benefit payment after retirement as referred to in Section 4.06 of the Plan.

(xiv) The survivor's benefit applicable before retirement as referred to in Section 4.07 of the Plan.

(xv) The provisions for payment of benefits as referred to in Section 4.10(a) of the Plan.

(xvi) The determination of the amount of an automatic lump sum payment as referred to in Section 4.10(b) of the Plan.

(xvii) The effect of reemployment on the election of an optional form of benefit as referred to in Section 4.11(b) of the Plan.

(xviii) The determination of the amount of benefit payable to a reemployed Member upon his or her subsequent retirement as referred to in Section 4.11(c) of the Plan.

(xix) The minimum adjusted benefit payable under the Plan.

Effective 11:59 p.m. on June 27, 2014, the Members and benefits represented by this Appendix shall be spun off from the Plan and transferred to the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc. Following such spinoff and transfer, this Appendix shall cease to be part of the Plan.

Unless otherwise indicated, the section and paragraph references in this Appendix are to sections and paragraphs contained within this Appendix.

ARTICLE 1 – DEFINITIONS

1.01 **Accrued Benefit** shall mean the accrued benefit under the Southern Wood Plan as of August 31, 1995.

1.02 **Annuity Starting Date** shall mean the first day of the first period for which an amount is due on behalf of a Member or former Member as an annuity or any other form of payment under the Plan; provided, however, that in the case of a Member who retires under Section 4.04, Annuity Starting Date shall mean his or her Normal Retirement Date.

1.16 **Equivalent Actuarial Value** shall mean equivalent value of a benefit under the Plan determined on the basis of the applicable factors set forth in Schedule I, except as otherwise specified in the Plan. In any other event, Equivalent Actuarial Value shall be determined on the same actuarial basis utilized to compute the factors set forth in Schedule I.

1.25 **Normal Retirement Date** shall mean the last day of the calendar month in which the employee or former employee attains age 65, which is his Normal Retirement Age.

1.43 **Public Disability Benefit** shall mean disability payments or lump sum payments under any workers' compensation or occupational diseases law, except fixed statutory payments for the loss of any bodily member and except lump-sum payments for disfigurement. The amount of the deduction to be made from monthly disability retirement allowances in respect to any lump-sum payments under any workers' compensation or occupational diseases law shall be determined by dividing the lump-sum payment by the maximum number of months or fractions thereof in the period provided by statute or regulation, provided the amount of such deduction shall be limited to the amount of monthly disability retirement allowance and shall be applicable for the number of months and fractions thereof in such maximum period.

1.44 **Southern Wood Plan** shall mean the Southern Wood Piedmont Company Pension Plan for Non-Union Hourly Employees as in effect on the date specified in the Plan.

1.45 **Total and Permanent Disability** shall mean the total and permanent disablement of a Member if (a) through some unintentional cause, he or she has been totally disabled by bodily injury or disease or by mental derangement so as to be prevented thereby from engaging in any regular occupation or employment for remuneration or profit, and (b) such total disability is expected to be permanent and continuous during the remainder of his or her life, provided such disability is not incurred in service in the armed forces of any country, each as determined by the Company on the basis of qualified medical evidence.

ARTICLE 2 – SERVICE

2.01 Eligibility Service

(a) **Eligibility Service On and After September 1, 1995**. Except as otherwise provided in this Article 2, all uninterrupted employment with the Company or with an Associated Company rendered on and after September 1, 1995, and prior to the date such Member's employment terminates, or his Normal Retirement Date, if earlier, shall be recognized as Eligibility Service for all Plan purposes. Notwithstanding the foregoing, with respect to any calendar year in which the employee completes at least 1,000 Hours of Service there shall be included in his or her Eligibility Service a full year of Eligibility Service.

(b) **Hours of Service**. "Hours of Service" shall include hours worked and hours for which a person is compensated by the Company or by an Associated Company for the performance of duties for the Company or an Associated Company, although he or she has not worked (such as: paid holidays, paid vacation, paid sick leave, paid time off and back pay for the period for which it was awarded), and each hour shall be computed as only one hour, even though he or she is compensated at more than the straight time rate. This definition of "Hours of Service" shall be applied in a consistent and non-discriminatory manner in compliance with 29 Code of Federal Regulations, Section 2530.200b-2(b) and (c) as promulgated by the United States Department of Labor and as may hereafter be amended.

(c) **Certain Absences to be Recognized as Eligibility Service**. Except as otherwise indicated in this Article 2, the period of any leave of absence granted in respect of service with the armed forces of the United States shall be recognized as Eligibility Service under the Plan and shall not be considered as a break in service, provided the employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment. If an employee fails to return to active employment upon expiration of the approved absence set forth in the prior sentence, such period of approved absence shall not be considered as Eligibility Service under the Plan.

(d) **Breaks in Service**. If an employee does not complete more than 500 Hours of Service in any calendar year, other than the calendar year in which the employee was hired, he or she shall incur a one-year break in service; provided that no break in service shall occur unless the employee's employment with the Company or an Associated Company is terminated. For purposes of this Section 2.01, the length of an employee's break in service shall be determined on the following basis:

(i) If the employee completes at least 500 Hours of Service in the calendar year in which his or her employment terminates, the date his or her break in service begins shall be the January 1 of the next following calendar year; otherwise, the date his or her break in service begins shall be the date on which his or her employment terminates.

(ii) If the employee completes at least 500 Hours of Service in the calendar year in which he or she is reemployed, the date his or her break in service ceases is the January 1 of the calendar year in which he or she is reemployed; otherwise, the date his or her break in service ceases is the date on which he or she is reemployed.

Solely for purposes of determining whether such an employee has incurred a break in service, hours shall include each Hour of Service for which such employee would otherwise

have been credited under paragraph (a) above were it not for the employee's absence due to Parental Leave. Hours of Service credited under the preceding sentence shall not exceed the number of hours needed to avoid a break in service in the computation period in which the Parental Leave began, and in any event shall not exceed 501 hours; if no hours are needed to avoid a break in service in such computation period, then the provisions of the preceding sentence shall apply as though the Parental Leave began in the immediately following computation period.

(e) **Bridging Breaks in Service**. If an employee has a break in service, except as otherwise provided in Section 4.11, employment both before and after the employee's absence shall be immediately recognized as Eligibility Service, subject to the provisions of this Section 2.01, upon his or her return to the employ of the Company or an Associated Company.

(f) **Eligibility Service Prior to September 1, 1995**. Notwithstanding any foregoing provisions to the contrary, a Member's Eligibility Service shall include the "Continuous Service" credited to such Member under the Southern Wood Plan as of August 31, 1995.

2.02 Benefit Service

For purposes of determining the amount of a Member's retirement allowance or vested benefit under this Appendix, there shall be recognized as Benefit Service the "Credited Service" credited to such Member under the Southern Wood Plan as of August 31, 1995.

ARTICLE 3 – MEMBERSHIP

Any former employee of Southern Wood Piedmont Company who is entitled to a pension benefit under the Southern Wood Plan as of August 31, 1995, shall become a Member of the Plan on September 1, 1995, but he or she shall not accrue any Benefit Service for purposes of this Appendix after such date, and unless he or she is employed or reemployed by the Company or an Associated Company, he or she shall not accrue any Eligibility Service under the Plan after such date. Such Member, or his or her spouse or beneficiary, shall be eligible for and shall receive from this Plan benefits in the same amount and payable in accordance with the same terms as the pension benefit to which he or she was entitled under the Southern Wood Plan as of August 31, 1995.

4.01 Normal Retirement Allowance

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the annual normal retirement allowance payable on a lifetime basis upon retirement at a Member's Normal Retirement Date shall be equal to his Accrued Benefit.

4.02 Postponed Retirement Allowance

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Section 4.06(a) and 4.07(b), the annual postponed retirement allowance payable on a lifetime basis upon retirement at a Member's Postponed Retirement Date shall be equal to the annual normal retirement allowance to which the Member would have been entitled under Section 4.01(b) had he or she retired on his or her Normal Retirement Date, increased by an amount which is the Equivalent Actuarial Value of the monthly payments which would have been payable with respect to each month in which he or she completed less than 40 Hours of Service. Any monthly payment determined under this paragraph (b) with respect to any such month in which he or she completed less than 40 Hours of Service shall be computed as if the Member had retired on his or her Normal Retirement Date.

(c) **Benefit for Member in Active Service After He or She Attains Age 70½**. In the event a Member's retirement allowance is required to begin under Section 4.10 while the Member is in active service, the January 1 immediately following the calendar year in which the Member attained age 70½ shall be the Member's Annuity Starting Date for purposes of this Article 4 and the Member shall receive a postponed retirement allowance commencing on that January 1 in an amount determined as if he or she had retired on such date. As of each succeeding January 1 prior to the Member's actual Postponed Retirement Date and as of his or her actual Postponed Retirement Date, the Member's retirement allowance shall be reduced by the Equivalent Actuarial Value of the total payments of his or her postponed retirement allowance made with respect to each month of continued employment in which he or she completed at least 40 Hours of Service which were paid prior to each such recomputation, provided that no such reduction shall reduce the Member's postponed retirement allowance below the amount of postponed retirement allowance payable to the Member immediately prior to the recomputation of such retirement allowance.

4.03 Standard Early Retirement Allowance

(a) **Eligibility**. A Member who has not reached his or her Normal Retirement Date but has, prior to his or her termination of employment reached the 62nd anniversary of his or her birth and completed 20 years of Eligibility Service, is eligible to retire on a standard early retirement allowance on the last day of the calendar month in which the Member terminates employment, which date shall be the Member's Early Retirement Date.

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(b) the standard early retirement allowance shall be an allowance deferred to commence on the first day of the calendar month next following the Member's Normal Retirement Date and shall be equal to the Member's Accrued Benefit. The Member may, however, elect to receive an early retirement allowance commencing on the first day of

the calendar month next following his or her Early Retirement Date or on the first day of any calendar month before his or her Normal Retirement Date specified in his or her later request therefor in a reduced amount which, prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), shall be equal to his or her Accrued Benefit, reduced by 1/180th for each month by which the commencement date of his or her retirement allowance precedes his or her Normal Retirement Date.

4.04 Disability Retirement Allowance

(a) **Eligibility**. A Member who has reached the 50th anniversary of his or her birth and completed 15 years of Eligibility Service, who incurs a Total and Permanent Disability, is eligible to retire on a disability retirement allowance on the last day of the calendar month as of which the Member is determined to be so disabled by the Company based on a qualified medical evidence; provided, however, that any Member who on December 31, 1970 was a member of (i) the Pension Agreement entered into as of April 7, 1965 between Southern Wood Piedmont Company and the Oil, Chemical and Atomic Workers International Union, AFL-CIO, Local 3-116 or (ii) the Southern Wood Piedmont Company Pension Plan and Trust for Hourly-Paid Employees at Wilburn, Florida; Jacksonburg, Alabama and Homerville, Georgia may retire in accordance with the eligibility requirements for a disability benefit under such plan.

(b) **Benefit**. The disability retirement allowance shall commence on the first day of the calendar month next following the date the Member meets the eligibility requirements in paragraph (a) above, and prior to the Member's Normal Retirement Date, shall be equal to his or her Accrued Benefit, without any adjustment. Notwithstanding the preceding sentence, if a Member is awarded a Public Disability Benefit, the disability retirement allowance payable prior to his or her Normal Retirement Date shall be reduced by the amount of the Company-provided Public Disability Benefit. On and after the first day of the calendar month next following the Member's Normal Retirement Date, the disability retirement allowance shall be adjusted, if applicable, in accordance with Sections 4.06(a) and 4.06(b).

4.05 Vested Benefit

(a) **Eligibility**. A Member shall be vested in, and have a nonforfeitable right to, his or her Accrued Benefit upon completion of five years of Eligibility Service, or if the Member terminated employment on or after January 1, 1988 but prior to January 1, 1990 for any reason other than death or retirement, on his or her date of termination, if earlier.

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(a), the vested benefit payable to a Member shall be a benefit deferred to commence on the first day of the calendar month next following the former Member's Normal Retirement Date and shall be equal to his or her Accrued Benefit. On or after the date on which the former Member shall have reached the 62nd anniversary of his or her birth, he or she may elect to receive a benefit commencing on the first day of any calendar month following the 62nd anniversary of his or her birth and prior to his or her Normal Retirement Date as specified in his or her request therefor, after receipt by the Plan Administration Committee of written application therefor made by the former Member and filed with the Plan Administration Committee. Upon such earlier payment, the vested benefit otherwise payable shall be reduced by 1/180th for each month by which the commencement date of such payments precedes his or her Normal Retirement Date.

4.06 Forms of Benefit Payment After Retirement

(a) **Automatic Forms of Payment**

(i) ***Automatic Joint and Survivor Annuity***. If a Member or former Member who is married on his or her Annuity Starting Date has not made an election of an optional form of payment as provided in Section 4.06(b), the retirement allowance or vested benefit payable to such Member or former Member commencing on his or her Annuity Starting Date shall automatically be adjusted to provide (A) a reduced benefit payable to the Member or former Member during his or her life equal to his or her benefit otherwise payable without optional modification computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, multiplied by the appropriate factor contained in Table 1 of Schedule I and (B) a benefit payable after his or her death to his or her surviving spouse equal to 50% of the reduced benefit payable to the Member or former Member.

(ii) ***Automatic Life Annuity***. If a Member or former Member is not married on his or her Annuity Starting Date, the retirement allowance or vested benefit computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, shall be paid to the Member or former Member in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death, unless the Member or former Member is eligible for and makes an election of an optional form of payment under Section 4.06(b).

(iii) A married former Member entitled to, but not in receipt of, a retirement allowance or vested benefit as of August 23, 1984, who terminated service on or after September 2, 1974, but before January 1, 1976, may elect, during the period beginning on August 23, 1984, and ending on his or her Annuity Starting Date, to have his or her retirement allowance or vested benefit payable in accordance with the provisions of this Section 4.06(a).

(b) **Optional Forms of Payment**

(i) ***Life Annuity Option***. Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit may elect, in accordance with the provisions of Section 4.06(d), to provide that the retirement allowance payable to him or her under Section 4.01, 4.02, 4.03, or 4.04 or the vested benefit payable to him or her under Section 4.05 shall be in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death.

(ii) ***Contingent Annuity Option***. Any Member or former Member who retires or terminates employment with the right to a retirement allowance in accordance with the provisions of Section 4.01, 4.02, or 4.03 may elect, in accordance with the provisions of Section 4.06(d), to convert the benefit otherwise payable to him or her without optional modification under Section 4.01, 4.02, or 4.03, as the case may be, into Option 1 or Option 2 below in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective, was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance otherwise payable without optional modification under Section 4.01, 4.02, or 4.03.

Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit and whose Annuity Starting Date is on or after January 1, 2008, may elect, in accordance with the provisions of Section 4.06(d), to convert the retirement allowance or vested benefit otherwise payable to him or her without optional modification into Option 3 below in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance or vested benefit otherwise payable without optional modification.

Option 1. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or death a benefit equal to 100% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 2. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or her death a benefit equal to 50% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 3. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or her death a benefit equal to 75% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

(c) **Required Notice**. No less than 30 days and no more than 180 days before his or her Annuity Starting Date, the Plan Administration Committee shall furnish to each Member or former Member a written explanation in non-technical language of the terms and conditions of the Automatic Joint and Survivor Annuity and the Automatic Life Annuity as described in Section 4.06(a) and the optional forms of benefits described in Section 4.06(b). Such explanation shall include (i) a general description of the eligibility conditions for, the material features of and the relative values of the optional forms of payment under the Plan, (ii) any rights the Member or former Member may have to defer commencement of his or her retirement allowance or vested benefit, (iii) the requirement for Spousal Consent as provided in Section 4.06(d) and (iv) the right of the Member or former Member, prior to his or her Annuity Starting Date to make and to revoke elections under Section 4.06.

(d) **Election of Options**. Subject to the provisions of this Section 4.06(d) and in lieu of the automatic forms of payment described in Section 4.06(a):

(i) a Member may elect to receive his or her retirement allowance or vested benefit in the optional form of payment described in Section 4.06(b)(i);

(ii) a Member who retires under the provisions of Section 4.01, 4.02, 4.03 or 4.04 may elect to receive his or her retirement allowance in one of the optional forms of payment described in Section 4.06(b)(ii) or in the form of Option 1 or Option 2 under 4.06(b)(iii); and

(iii) a Member who retires or terminates employment with the right to a retirement allowance or vested benefit and whose Annuity Starting Date is on or after January 1,

2008, may elect to receive his or her retirement allowance or vested benefit in the form described under Option 3 of Section 4.06(b)(iii).

Notwithstanding the preceding sentence, a Member who retired on a disability retirement allowance may only elect an optional form of benefit to take effect on the first day of the calendar month next following his or her Normal Retirement Date. A married Member's or a married former Member's election of a Life Annuity form of payment under Section 4.06(b)(i) or any optional form of payment under Section 4.06(b)(ii), which does not provide for monthly payments to his or her spouse for life after the Member's or former Member's death, in an amount equal to at least 50% but not more than 100% of the monthly amount payable under that form of payment to the Member or former Member and which is not of Equivalent Actuarial Value to the Automatic Joint and Survivor Annuity described in Section 4.06(a)(i), shall be effective only with Spousal Consent; provided that such Spousal Consent to the election has been received by the Plan Administration Committee.

Any election made under Section 4.06(a) or Section 4.06(b) shall be made on a form approved by the Plan Administration Committee and may be made during the 180-day period ending on the Member's Annuity Starting Date, but not prior to the date the Member or former Member receives the written explanation described in Section 4.06(c). Any such election shall become effective on the Member's or former Member's Annuity Starting Date, provided the appropriate form is filed with and received by the Plan Administration Committee and may not be modified or revoked after his or her Annuity Starting Date. Any election made under Section 4.06(a) or Section 4.06(b) after having been filed, may be revoked or changed by the Member or former Member only by written notice received by the Plan Administration Committee before his or her election becomes effective on his or her Annuity Starting Date. Any subsequent elections and revocations may be made at any time and from time to time during the 180-day period ending on the Member's or former Member's Annuity Starting Date. A revocation shall be effective when the completed notice is received by the Plan Administration Committee. A re-election shall be effective on the Member's or former Member's Annuity Starting Date. If, however, the Member or the spouse or the contingent annuitant designated in the election dies before the election has become effective, the election shall thereby be revoked.

Notwithstanding the provisions of paragraph (c) above, a Member may, after having received the notice, affirmatively elect to have his or her retirement allowance or vested benefit commence sooner than 30 days following his or her receipt of the notice, provided all of the following requirements are met:

(i) the Plan Administration Committee clearly informs the Member that he or she has a period of at least 30 days after receiving the notice to decide when to have his or her retirement allowance or vested benefit begin, and if applicable, to choose a particular optional form of payment;

(ii) the Member affirmatively elects a date for his or her retirement allowance or vested benefit to begin, and if applicable, an optional form of payment, after receiving the notice;

(iii) the Member is permitted to revoke his or her election until the later of his or her Annuity Starting Date or seven days following the day he or she received the notice;

(iv) payment does not commence less than seven days following the day after the notice is received by the Member; and

(v) in the event a Member who is scheduled to commence receipt of a retirement allowance prior to his or her Normal Retirement Date or who retires on a Normal or Postponed Retirement Date elects an Annuity Starting Date that precedes the date he or she received the notice (the "retroactive Annuity Starting Date"), the following requirements are met:

(A) the Member's benefit must satisfy the provisions of Code Sections 415 and 417(e)(3), both at the retroactive Annuity Starting Date and at the actual commencement date;

(B) a payment equal in amount to the payments that would have been received by the Member had his or her benefit actually commenced on his retroactive Annuity Starting Date, plus interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually, shall be paid to the Member on his or her actual commencement date; and

(C) the Member elects within the 120 day period following the Member's termination of employment with the Company and all Associated Companies to receive benefits as of a retroactive Annuity Starting 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 is not married on the actual commencement date and the Member's spouse on the retroactive Annuity Starting Date is not treated as his spouse under a qualified domestic relations order.

(e) **Delayed Commencement of Normal Retirement Allowance**

(i) In the event a Member who has retired or otherwise terminated employment with the Company and all Associated Companies prior to his Normal Retirement Date has not filed an election designating an Annuity Starting Date prior to the 91st day preceding his Normal Retirement Date, the Plan Administration Committee shall mail the notice described in Section 4.06(c) to the Member's last known address as indicated on Plan records at least 30 days prior to the Member's Normal Retirement Date. The Member's Normal Retirement Date shall be deemed to be the Member's Annuity Starting Date. In the absence of a benefit election filed by the Member prior to his Normal Retirement Date in accordance with the provisions of Section 4.06(d), distribution of the Member's retirement allowance shall be deemed to commence to the Member on his Normal Retirement Date in the normal form applicable to the

Member as determined on the basis of Plan records. Such payments shall be held in the Plan's trust and deemed forfeited until claim has been made by the Member.

(ii) In the event the Member subsequently files a claim for payment, payment shall commence to the Member as soon as practicable in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date. In addition, one lump sum payment shall be paid to the Member equal to the sum of the monthly payments that the Member would have received during the period beginning on his Normal Retirement Date and ending with the month preceding his actual commencement date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined as of the Member's Normal Retirement Date on the basis of the actual form of payment in which the Member's retirement allowance is payable under Section 4.06(a) or Section 4.06(b). The lump sum shall be paid on or as soon as practicable following the date the Member's retirement allowance commences.

In the event a Member's marital status used to compute the Member's retirement allowance under Section 4.06(a) was not accurate, the amount of the Member's retirement allowance payable under this Section 4.06(e) shall be adjusted to reflect the Member's correct marital status.

(iii) In the event a Member entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to the commencement of his retirement allowance, upon claim by the Member's personal representative, or if none, his estate, one lump sum payment shall be paid to the claimant equal to the lump sum amount calculated under Section 4.06(e)(ii) above that would have been paid to the Member for the period commencing on the Member's Normal Retirement Date and ending with the month prior to his death, plus interest on that amount at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan year in which interest is paid, compounded annually, from the Member's Normal Retirement Date to the date of payment of the lump sum amount to the Member's personal representative, or if none, to his estate.

(iv) In the event a Member who is entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to commencement of his retirement allowance and is survived by a spouse to whom he was married on his Normal Retirement Date, the Member's surviving spouse shall be entitled to the survivor portion of the Member's retirement allowance under the provisions of Section 4.06(a)(i), assuming the Member commenced payment under Section 4.06(a)(i) effective on his Normal Retirement Date. Such survivor retirement allowance shall commence as soon as practicable following the surviving spouse's claim for the retirement allowance. In addition, one lump sum payment shall be paid to the surviving spouse equal to the sum of the monthly payments the surviving spouse would have received for the month of the Member's date of death through the month preceding the month in which the survivor retirement allowance commences, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal

Revenue in the calendar month preceding the applicable Stability Period for each Plan Year in which interest is paid, compounded annually.

(v) In the event a Member's retirement allowance otherwise scheduled to commence on his Normal Retirement Date is delayed because the Plan Administration Committee is unable to locate the Member and the Plan Administration Committee does not mail the notice described in Section 4.06(c) at least 30 days prior to the Member's Normal Retirement Date, the Plan Administration Committee shall commence payment within 60 days after the date the Member is located. Unless the Member elects an optional form of payment in accordance with the provisions of Section 4.06(b), payment shall commence in the normal form applicable to the Member on his or her Annuity Starting Date. The retirement allowance payable to the Member shall be of Equivalent Actuarial Value to the retirement allowance otherwise payable to the Member on his Normal Retirement Date.

In the event a Member whose retirement allowance is delayed beyond his or her Normal Retirement Date as described above dies prior to his or her Annuity Starting Date, and is survived by a spouse, the spouse shall be entitled to receive a survivor annuity under the provisions of Section 4.07(a)(ii) computed on the basis of the Equivalent Actuarial Value of the retirement allowance payable to the Member on his Normal Retirement Date.

(vi) Notwithstanding the provisions of Section 4.06(e)(v) above, a Member described in the preceding subparagraph whose retirement allowance will be paid in the form of an annuity may elect, in lieu of the retirement allowance otherwise payable under Section 4.06(e)(v) above, to receive:

(A) a lump sum payment equal to the sum of the monthly payments the Member would have received from his Normal Retirement Date to his Annuity Starting Date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined on the basis of the form of payment in which the Member's retirement allowance is payable under Section 4.06(a), as applicable; and

(B) a retirement allowance in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date in the form elected by the Member.

An election under this Section 4.06(e)(vi) shall be subject to the notice and spousal consent requirements set forth in Section 4.06(d) applicable to the election of an optional form of payment.

(f) If a Member dies after his or her Annuity Starting Date, any payment continuing on to his or her spouse or contingent annuitant shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

4.07 Survivor's Benefit Applicable Before the Annuity Starting Date

(a) **Automatic Pre-Retirement Spouse's Benefit**

(i) ***Automatic Pre-Retirement Spouse's Benefit Applicable Before Termination of Employment***. The surviving spouse of a Member who has completed five years of Eligibility Service or who is receiving a disability retirement allowance under Section 4.04 shall automatically receive a benefit payable under the automatic Pre-Retirement Spouse's Benefit of this Section 4.07(a)(i) in the event said Member should die after the effective date of coverage hereunder and before termination of employment (or Normal Retirement Date, in the case of a Member receiving a disability retirement allowance). The benefit payable to the Member's spouse shall be equal to the benefit the Member's spouse would have received if the retirement allowance or vested benefit the Member was entitled to at his or her date of death had commenced as of the month next following the month in which his or her Normal Retirement Date would have occurred (or the month next following the month in which the Member's date of death occurred, if later) in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a)(i). Such benefit shall be payable for the life of the spouse commencing on the first day of the calendar month next following what would have been the Member's Normal Retirement Date (or next following the month in which the Member's date of death occurred, if later). However, the Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the first day of any calendar month after the date the former Member would have reached the 62nd anniversary of his or her birth; provided, however, if the Member dies while receiving a disability retirement allowance under Section 4.04, payments begin under this automatic Pre-Retirement Spouse's Benefit as of the first day of the month following the Member's death.

If payment of the automatic Pre-Retirement Spouse's Benefit commences prior to what would have been the Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on (i) the standard early retirement allowance or vested benefit to which the Member would have been entitled, had the Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b), or in the case of a Member who dies while receiving a disability retirement allowance under Section 4.04, the disability retirement allowance the Member was receiving on his date of death.

Coverage hereunder shall be applicable to a married Member in active service who has satisfied the eligibility requirements for a retirement allowance under Section 4.01(a), 4.02(a), 4.03(a) or 4.04(a) or vested benefit under Section 4.05(a) and shall become effective on the date the Member marries and shall cease on the earlier of (i) the date such active Member's marriage is legally dissolved by a divorce decree or (ii) the date such active Member's spouse dies.

(ii) ***Automatic Pre-Retirement Spouse's Benefit Applicable Upon Termination of Employment***. In the case of a Member or former Member who is married and entitled to a standard early retirement allowance under Section 4.03 or a vested benefit under Section 4.05, the provisions of this Section 4.07(a)(ii) shall apply to the period between the date his or her services are terminated or the date, if later, the Member or

former Member is married and his or her Annuity Starting Date, or other cessation of coverage as later specified in this Section 4.07(a)(ii).

In the event of a married Member's or former Member's death during any period in which these provisions have not been waived or revoked by the Member or former Member and his or her spouse, the benefit payable to the Member's or former Member's spouse shall be equal to 50% of the standard early retirement allowance or vested benefit the Member or former Member would have received as of the month next following the month in which his or her Normal Retirement Date would have occurred if he or she had elected to receive such benefit in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a).

The spouse's benefit shall be payable for the life of the spouse commencing on the first day of the calendar month next following what would have been the Member's or former Member's Normal Retirement Date. However, the Member's or former Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the first day of any calendar month after the date the Member or former Member would have reached the 62nd anniversary of his or her birth (or his or her date of death, if later). If the Member's or former Member's spouse elects to commence payment of this automatic Pre-Retirement Spouse's Benefit prior to what would have been the Member's or former Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on the standard early retirement allowance or vested benefit to which the Member or former Member would have been entitled, had the Member or former Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b).

However, if a Member or former Member had elected Option 1 or Option 3 under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, with his or her spouse as contingent annuitant, the amount of benefit payable to the spouse shall be based on the provisions of such elected Option, in lieu of the provisions of this Section 4.07(a)(ii).

The vested benefit payable to a former Member whose spouse is covered under this Section 4.07(a)(ii), or if applicable, the benefit payable to his or her spouse upon his or her death shall be reduced by the applicable percentages shown below. Such reduction shall apply to each month during which coverage is in effect for at least one day; provided, however, no reduction shall be made with respect to any period before the later of (1) the date the Plan Administration Committee furnishes the former Member the notice of his or her right to waive the automatic Pre-Retirement Spouse's Benefit or (2) the commencement of the election period specified in Section 4.07(b) below.

ANNUAL REDUCTION FOR SPOUSE'S COVERAGE
AFTER TERMINATION OF EMPLOYMENT
OTHER THAN RETIREMENT

Age	**Reduction**
Less than 40	1/10 of 1% per year
40 but prior to 50	2/10 of 1% per year
50 but prior to 55	3/10 of 1% per year
55 but prior to 60	5/10 of 1% per year
60 but less than 65	1% per year

(b) The Plan Administration Committee shall furnish to each former Member a written explanation which describes (i) the terms and conditions of the automatic Pre-Retirement Spouse's Benefit, (ii) the former Member's right to make, and the effect of, an election to waive the automatic Pre-Retirement Spouse's Benefit, (iii) the rights of the former Member's spouse, and (iv) the right to make, and the effect of, a revocation of such a waiver. Such written explanation shall be furnished to each former Member before the first anniversary of the date he or she terminated service, and shall be furnished to such former Member even though he or she is not married.

The period during which the former Member may make an election to waive the automatic Pre-Retirement Spouse's Benefit provided under Section 4.07(a)(ii) shall begin no later than the date his or her employment terminates and end on his or her Annuity Starting Date, or if earlier, his or her date of death. Any waiver, revocation or re-election of the automatic Pre-Retirement Spouse's Benefit shall be made on a form provided by the Plan Administration Committee and any waiver or revocation shall require Spousal Consent. If, upon termination of employment, the former Member waives coverage hereunder in accordance with administrative procedures established by the Plan Administration Committee for all Members similarly situated, such waiver shall be effective as of the former Member's Severance Date. Any later re-election or revocation shall be effective on the first day of the month coincident with or next following the date the completed form is received by the Plan Administration Committee. If a former Member dies during the period after a waiver is in effect, there shall be no benefits payable to his or her spouse under the provisions of this Section 4.07 unless an effective election under Section 4.07(b) is in effect.

Except as described above in the event of a waiver or revocation, coverage under Section 4.07(a)(ii) shall cease to be effective upon a Member's or former Member's Annuity Starting Date, or upon the date a Member's or former Member's marriage is legally dissolved by a divorce decree, or upon the death of the spouse, whichever event shall first occur.

(c) Any election made under Section 4.07 (including any waiver or revocation thereof) shall be made on a form approved by and filed with the Plan Administration Committee.

(d) Notwithstanding the provisions of Section 4.07(a), a Member or former Member whose employment terminated on or after January 1, 1976, and prior to August 23, 1984, and who is entitled to a retirement allowance or vested benefit pursuant to the provisions of Section 4.03 or 4.05, but who is not yet in receipt thereof, may elect, on or after August 23, 1984, and prior to the commencement of such retirement allowance or vested benefit, to have the provisions of Section 4.07(a)(ii) apply to him or her.

4.10 Payment of Benefits

(a) Unless otherwise provided under an optional benefit elected pursuant to Section 4.06, the survivor's benefits available under Section 4.07 or the provisions of Section 4.10(e)(ii), all retirement allowances, vested benefits or other benefits payable will be paid in monthly installments for each month beginning with (i) the month next following the month in which the Member has reached his or her Normal Retirement Date and has retired from active service, (ii) the month next following the month in which a Member has reached his or her Postponed Retirement Date and has retired from service, (iii) the month next following the month in which a Member or former Member, files a proper application requesting commencement of his or her vested benefit, standard early retirement allowance or disability retirement allowance, or (iv) the month in which benefits under an optional benefit under Section 4.06 or the survivor's benefits under Section 4.07 become payable, whichever is applicable. Such monthly installments shall cease with the payment for the month in which the recipient dies. In no event shall a retirement allowance or vested benefit be payable to a Member who continues in or resumes active service with the Company or an Associated Company for any period between his or her Normal Retirement Date and Postponed Retirement Date, except as provided in Sections 4.02(c) and 4.10(e).

(b) Effective January 1, 1998, through March 27, 2005, in any case, a lump sum payment equal to the retirement allowance or vested benefit payable under Section 4.01, 4.02, 4.03, 4.04 or 4.05 or the Pre-Retirement Spouse's Benefit payable under Section 4.07(a) multiplied by the appropriate factor contained in Table 3 of Schedule I shall be made in lieu of any retirement allowance or vested benefit payable to a Member or former Member or any Pre-Retirement Spouse's Benefit payable to a spouse of a Member or a former Member, if the lump sum present value of such benefit amounts to $5,000 or less. In no event shall that adjustment factor produce a lump sum that is less than the amount determined by using the IRS Mortality Table and IRS Interest Rate. The lump sum payment shall be made as soon as administratively practicable following the date the Member has terminated employment or died, but in any event prior to the date his or her benefit payment would have otherwise commenced.

Effective March 28, 2005, a lump sum payment shall be made in lieu of all benefits in the event:

(i) the Member's Annuity Starting Date occurs on or after his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $5,000 or less, or

(ii) the Member's Annuity Starting Date occurs prior to his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $1,000 or less.

In determining the amount of a lump sum payment payable under this paragraph, the lump sum present value shall mean a benefit, in the case of a lump sum benefit payable prior to a Member's Normal Retirement Date, of equivalent value to the benefit which would otherwise have been provided commencing at the Member's Normal Retirement Date. The determination as to whether a lump sum payment is due shall be made as soon as practicable following the Member's termination of service. Any lump sum benefit payable shall be made as soon as practicable following the determination that the amount qualifies for distribution

under the provisions of this Section 4.10. In no event shall a lump sum payment be made following the date retirement benefit payments have commenced as an annuity.

Effective March 28, 2005, in the event the lump sum present value of a Member's retirement allowance or vested benefit exceeds $1,000 but does not exceed $5,000, the Member may elect to receive a lump sum payment of such allowance or benefit. The election shall be made in accordance with such administrative rules as the Plan Administration Committee shall prescribe. The Member may elect to receive the lump sum payment as soon as practicable following his termination of employment or as of the first day of any later month that precedes his Normal Retirement Date. Spousal Consent to the Member's election of the lump sum is not required. A Member who is entitled to elect a distribution under this paragraph shall not be entitled to receive payment in any other form of payment offered under the Plan.

Notwithstanding the provisions of Section 4.07 of this Appendix, a lump sum payment shall be paid to the spouse in lieu of the monthly Pre-Retirement Spouse's Benefit payable under Section 4.07(a) if the lump sum present value of the benefit amounts to $5,000 or less. The lump sum payment shall be made as soon as practicable following the determination that the amount qualifies for distribution under this Section. In no event shall a lump sum payment be made following the date payments have commenced to the surviving spouse as an annuity.

For purposes of this Section, the lump sum present value shall be determined by using the IRS Mortality Table and IRS Interest Rate.

In the event a Member is not entitled to any retirement allowance or vested benefit upon his termination of employment, he shall be deemed "cashed-out" under the provisions of this Section 4.10(b) as of the date he terminated service. However, if a Member described in the preceding sentence is subsequently restored to service, the provisions of Sections 3.06 of the Plan and Section 4.11 of this Appendix shall apply to him without regard to such sentence.

4.11 Reemployment of former Member or retired Member

(b) **Optional Forms of Pension Benefits**. If the Member is reemployed, any previous election of an optional benefit under Section 4.06 or a survivor's benefit under Section 4.07 shall be revoked.

(c) **Benefit Payments at Subsequent Termination or Retirement**

(i) In accordance with the procedure established by the Plan Administration Committee on a basis uniformly applicable to all Members similarly situated, upon the subsequent retirement of a Member in service after his or her Normal Retirement Date, payment of such Member's retirement allowance shall resume no later than the third month after the final month during the reemployment period in which he or she is credited with at least 40 Hours of Service.

(ii) Upon the subsequent retirement or termination of employment of a retired or former Member, the Plan Administration Committee shall, in accordance with rules uniformly applicable to all Members similarly situated, determine the amount of vested benefit or retirement allowance which shall be payable to such Member at such subsequent retirement or termination. Such vested benefit or retirement allowance shall be

reduced by an amount of Equivalent Actuarial Value to the benefits, if any, other than disability retirement allowance payments, he or she received before the earlier of the date of his or her restoration to service or his or her Normal Retirement Date, provided that no such reduction shall reduce such retirement allowance or vested benefit below the original amount of retirement allowance or vested benefit earned but not received or retirement allowance or vested benefit previously received by such Member in accordance with the terms of the Plan in effect during such previous employment, adjusted to reflect the election of any survivor's benefits pursuant to Section 4.07(a)(ii).

4.16 Minimum Adjusted Benefit

(a) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment on or after October 1, 1985, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Southern Wood Plan as in effect on September 30, 1985 based on Benefit Service rendered up to and including September 30, 1985.

(b) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment on or after January 1, 1989, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Southern Wood Plan as in effect on December 31, 1988, based on Benefit Service rendered up to and including December 31, 1988.

APPENDIX D

SCHEDULE I

Actuarial Equivalent Value factors to be used with respect to Members who retire or terminate at the Southern Wood Piedmont Company location, subject to the provisions of Section 4.06 of this Appendix D.

APPENDIX E

RETIREMENT PLAN FOR SALARIED EMPLOYEES OF RAYONIER INC.

(Southeast Forest Resources)

This Appendix E, effective as of January 1, 1996, is applicable with respect to (a) employees of Rayonier Inc. at the Southeast Forest Resources who were participants in the Employees Retirement Income Plan for Rayonier Incorporated Hourly Employees at the Southeast Forest Resources as of December 31, 1995 and (b) former employees of Rayonier Inc. at the Southeast Forest Resources who are entitled to a pension benefit under the Employees Retirement Income Plan for Rayonier Incorporated Hourly Employees at the Southeast Forest Resources as of December 31, 1995, and their spouses and Beneficiaries. This Appendix E constitutes an integral part of the Plan and sets forth the particulars concerning:

(i) The definition of "Annuity Starting Date," "Benefit Service," "Eligibility Service," "Equivalent Actuarial Value," "Normal Retirement Date," "Postponed Retirement Date," "Public Disability Benefit," "Southeast Forest Accrued Benefit," "Southeast Forest Plan," and "Total and Permanent Disability."

(ii) The determination of Eligibility Service as referred to in Section 2.01 of the Plan.

(iii) The determination of Benefit Service as referred to in Section 2.02 of the Plan.

(iv) The eligibility requirements for membership as referred to in Article 3 of the Plan.

(v) The determination of the amount of normal retirement allowance as referred to in Section 4.01(b) of the Plan.

(vi) The determination of the amount of postponed retirement allowance as referred to in Sections 4.02(b) and (c) of the Plan

(vii) The eligibility requirements for a standard early retirement allowance as referred to in Section 4.03(a) of the Plan.

(viii) The determination of the amount of a standard early retirement allowance as referred to in Section 4.03(b) of the Plan.

(ix) The eligibility requirements for a disability retirement allowance.

(x) The determination of the amount of a disability retirement allowance.

(xi) The determination of the amount of vested benefit as referred to in Section 4.05(b) of the Plan.

(xii) The forms of benefit payment after retirement as referred to in Section 4.06 of the Plan.

(xiii) The survivor's benefit applicable before retirement as referred to in Section 4.07 of the Plan.

(xiv) The determination of the amount of an automatic lump sum payment as referred to in Section 4.10(b) of the Plan.

(xv) The effect of reemployment on the election of an optional form of benefit as referred to in Section 4.11(b) of the Plan.

(xvi) The determination of the amount of benefit payable to a reemployed Member upon his or her subsequent retirement as referred to in Section 4.11(c) of the Plan.

(xvii) The minimum adjusted benefit payable under the Plan.

(b) Notwithstanding the foregoing, the provisions set forth in this Appendix, other than the provisions of Sections 2.01(a)(i), 2.02(a) and Article 3 of this Appendix, shall only be applicable with respect to retirement allowances, vested benefits, or other benefits attributable to a Member's Benefit Service prior to January 1, 1996; provided, however, that a Member's Benefit Service on and after January 1, 1996 shall be taken into account for purposes of the determination under Section 4.03 of this Appendix of whether a reduction for the commencement of benefits prior to Normal Retirement Date applies and for purposes of calculating the percentage of disability retirement allowance payable pursuant to Section 4.04 of this Appendix.

(c) Unless otherwise indicated, the section and paragraph references in this Appendix are to sections and paragraphs contained within this Appendix.

1.02 **Annuity Starting Date** shall mean the first day of the first period for which an amount is due on behalf of a Member or former Member as an annuity or any other form of payment under the Plan; provided, however, that in the case of a Member who retires under Section 4.04, Annuity Starting Date shall mean his or her Normal Retirement Date.

1.06 **Benefit Service** shall mean employment recognized as such for the purposes of determining eligibility for certain benefits and computing a benefit under the Plan as provided under Article 2.

1.14 **Eligibility Service** shall mean any employment recognized as such for the purposes of meeting the eligibility requirements for membership in the Plan and for eligibility for certain benefits under the Plan as provided under Article 2.

1.16 **Equivalent Actuarial Value** shall mean equivalent value of a benefit under the Plan determined on the basis of the applicable factors set forth in Schedule I, except as otherwise specified in the Plan. In any other event, Equivalent Actuarial Value shall be determined on the same actuarial basis utilized to compute the factors set forth in Schedule I.

1.25 **Normal Retirement Date** shall mean the first day of the calendar month next following the date the employee or former employee attains age 65, which is his or her Normal Retirement Age.

1.31 **Postponed Retirement Date** shall mean, with respect to an Employee who does not retire at Normal Retirement Date but who works after such date, the first day of the calendar month next following the date on which such Employee retires from active service. No retirement allowance shall be paid to the Employee until his or her Postponed Retirement Date, except as otherwise provided in Article 4.

1.43 **Public Disability Benefit** shall mean disability payments or lump sum payments under any workers' compensation or occupational diseases law, except fixed statutory payments for the loss of any bodily member, lump-sum payments for disfigurement, and except for reimbursement of legal fees, medical expenses, and expenses for training and rehabilitation, whether actual or anticipated. The amount of the deduction to be made from monthly disability retirement allowances in respect to any lump-sum payments under any workers' compensation or occupational diseases law shall be determined by dividing the lump-sum payment by the maximum number of months or fractions thereof in the period provided by statute or regulation, provided the amount of such deduction shall be limited to the amount of monthly disability retirement allowance and shall be applicable for the number of months and fractions thereof in such maximum period.

1.44 **Southeast Forest Accrued Benefit** shall mean the accrued benefit under the Southeast Forest Plan as of December 31, 1995.

1.45 **Southeast Forest Plan** shall mean the Employees Retirement Income Plan for Rayonier Incorporated Hourly Employees at the Southeast Forest Resources as in effect on the date specified in the Plan.

1.46 **Total and Permanent Disability** shall mean the total and permanent disablement of a Member if (a) through some unintentional cause, he or she has been totally disabled by bodily injury or

disease or by mental derangement so as to be prevented thereby from engaging in any regular occupation or employment for remuneration or profit, and (b) such total disability is expected to be permanent and continuous during the remainder of his or her life, provided such disability is not incurred in service in the armed forces of any country, each as determined by the Company on the basis of qualified medical evidence.

ARTICLE 2 – SERVICE

2.01 Eligibility Service

(a) (i) ***Eligibility Service Prior to January 1, 1996***. Subject to the bridging breaks in service provisions of Section 2.01(e), a Member's Eligibility Service shall include the "Vesting Service" credited to such Member under the Southeast Forest Plan as of December 31, 1995.

(ii) ***Eligibility Service on and after January 1, 1996***. Except as otherwise provided in this Article 2, all uninterrupted employment with the Company or with an Associated Company rendered on and after January 1, 1996 and prior to the date such Member's employment terminates, shall be recognized as Eligibility Service for all Plan purposes. Notwithstanding the foregoing, with respect to any calendar year in which the employee completes at least 1,000 Hours of Service there shall be included in his or her Eligibility Service a full year of Eligibility Service. For any calendar year in which the employee completes less than 1,000 Hours of Service there shall be included in his or her Eligibility Service one month of Eligibility Service for each calendar month in which he or she works at least one day.

(b) **Hours of Service**. "Hours of Service" shall include hours worked and hours for which a person is compensated by the Company or by an Associated Company for the performance of duties for the Company or an Associated Company, although he or she has not worked (such as: paid holidays, paid vacation, paid sick leave, paid time off and back pay for the period for which it was awarded), and each such hour shall be computed as only one hour, even though he or she is compensated at more than the straight time rate. This definition of "Hours of Service" shall be applied in a consistent and non-discriminatory manner in compliance with 29 Code of Federal Regulations, Section 2530.200b-2(b) and (c) as promulgated by the United States Department of Labor and as may hereafter be amended.

(c) **Certain Absences to be Recognized as Eligibility Service**. Except as otherwise indicated in this Article 2, the following periods of approved absence shall be recognized as Eligibility Service under the Plan and shall not be considered as breaks in Eligibility Service:

(i) The period of any leave of absence granted in respect of service with the armed forces of the United States on or after January 1, 1996, provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with re-employment rights under applicable law and shall have complied with all of the requirements of such law as to re-employment.

(ii) The period on or after January 1, 1996 of any leave of absence approved by the Company, provided the employee shall have returned to the service of the Company or an Associated Company upon the expiration of such approved leave.

If an Employee fails to return to active employment upon expiration of the approved absences specified in Subparagraphs (i) and (ii) above, such periods of approved absence shall not be considered as Eligibility Service under the Plan.

(d) **Breaks in Service**. All calendar years other than the calendar year in which the employee is hired or calendar years in which an absence specified in Paragraph (c) above occurs and such absence is considered as Eligibility Service, in which an employee does not work at least one day shall be considered as breaks in Eligibility Service; provided, however, that in no event shall there be a break in Eligibility Service unless the employee's employment with the Company or an Associated Company is terminated.

(e) **Bridging Breaks in Service**

(i) If an Employee has a break in service and such Employee was eligible for a vested benefit under Section 4.05 at the time of his or her break in service, except as otherwise provided in Section 4.11, employment both before and after the Employee's absence shall be immediately recognized as Eligibility Service, subject to the provisions of this Section 2.01, upon his or her return to the employ of the Company or an Associated Company.

(ii) If an Employee has a break in service and such Employee was not eligible for a vested benefit under Section 4.05 at the time of his or her break in service, Eligibility Service shall begin from the date of his or her return to the employ of the Company or an Associated Company. If such Employee returns to the employ of the Company or an Associated Company and the period of the Employee's break is less than the greater of (1) five years or (2) the Eligibility Service rendered prior to such break, the service prior to such break shall be included as Eligibility Service, subject to the provisions of this Section 2.01, only upon completion of at least 12 months of Eligibility Service following his or her break in service. However, if the period of the Employee's break in service equals or exceeds the greater of (1) five years or (2) the Eligibility Service rendered prior to such break, the service rendered prior to such break shall not be included as Eligibility Service.

2.02 Benefit Service

(a) **Benefit Service Prior to January 1, 1996**. Subject to the restoration of Benefit Service provisions of Section 2.02(d)(ii), Benefit Service shall include the "Benefit Service" credited to such Member under the Southeast Forest Plan as of December 31, 1995.

(b) **Employment On or After January 1, 1996, with the Company or an Associated Company**. All uninterrupted employment with the Company or with an Associated Company rendered or after January 1 1996, and prior to the date such Member's employment terminates shall be recognized as Benefit Service for the purpose of meeting the eligibility requirements of the Plan for a standard early retirement allowance under Section 4.03 or a disability retirement allowance under Section 4.04, but not for the purpose of computing the amount of any retirement allowance or vested benefit under the Plan. However, such uninterrupted employment shall be included for the purposes of calculating the Benefit Service with respect to which the determination is made pursuant to Section 4.03(b) of whether a reduction for the commencement of benefits prior to Normal Retirement Date applies and for purposes of calculating the percentage of disability retirement allowance payable pursuant to Section 4.04(b).

(c) **Certain Absences to be Recognized as Benefit Service**. Except as otherwise indicated below, the following periods of approved absence shall be recognized as Benefit Service and shall not be considered as breaks in Benefit Service:

(i) The period of any leave of absence granted in respect of service with the armed forces of the United States on and after January 1, 1996, provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment, shall be recognized as Benefit Service for the purpose of meeting the eligibility requirements of the Plan for a standard early retirement allowance under Section 4.03 or a disability retirement allowance under Section 4.04 and shall not be considered as a break in Benefit Service nor be considered as Benefit Service for the purpose of computing the amount of any retirement allowance or vested benefit under the Plan. However, such leave of absence shall be included for the purposes of calculating the Benefit Service with respect to which the determination is made pursuant to Section 4.03(b) of whether a reduction for the commencement of benefit prior to Normal Retirement Date applies and for purposes of calculating the percentage of disability retirement allowance payable pursuant to Section 4.04 (b).

(ii) With respect to an Employee who was in receipt of Worker's Compensation benefits on December 31, 1995 as a result of such Employee's employment with the Company, the continuous period on and after January 1, 1996 for which such benefits are paid to the Employee shall be recognized as Benefit Service for all purposes of the Plan and shall not be considered as a break in Benefit Service.

(d) **All Other Absences for Employees**

(i) No period of absence approved by the Company other than that specified in Section 2.02(c) above shall be recognized as Benefit Service for purposes of this Section 2.02.

(ii) No other absence, other than the absence covered by the exception in clause (i) above, shall be recognized as Benefit Service for purposes of this Section 2.02 and any such absence shall be considered as a break in Benefit Service for purposes of this Section 2.02.

If the Employee was eligible for a vested benefit under Section 4.05 at the time of a break in service, Benefit Service under Section 2.02(a) above before the Employee's absence shall be immediately recognized as Benefit Service for purposes of Section 2.02(a) above upon his or her return to service and Benefit Service under Sections 2.02(b) and (c) above both before and after the Employee's absence shall be immediately recognized as Benefit Service for purposes of Sections 2.02(b) and (c) above upon his or her return to service.

If the Employee was not eligible for a vested benefit under Section 4.05 at the time of a break in service, Benefit Service under Section 2.02(b) above shall begin from the date of the Employee's return to the employ of the Company. However, any Benefit Service prior to January 1, 1996 rendered prior to such break in service shall be included as Benefit Service for purposes of Section 2.02(a) above and any Benefit Service on or after January 1, 1996 shall be included as Benefit Service for purposes of Sections 2.02 (b) and (c) above only at the time that the Member bridges his or her Eligibility Service in accordance with the provisions of Section 2.01(e).

ARTICLE 3 – MEMBERSHIP

3.01 Any employee or former employee of Rayonier Inc. at the Southeast Forest Resources (or its predecessor ITT Rayonier Incorporated at its Southeast Forest Operations) who is a participant in the Southeast Forest Plan as of December 31, 1995 shall become a Member of the Plan on January 1, 1996, but he or she shall not accrue any Eligibility Service or Benefit Service for purposes of this Appendix of the Plan unless he or she is employed by the Company or an Associated Company. Any former employee of Rayonier Inc. at the Southeast Forest Resources (or its predecessor ITT Rayonier Incorporated at its Southeast Forest Operations) who is entitled to receive a pension benefit or disability benefit under the Southeast Forest Plan as of December 31, 1995, or his or her spouse or Beneficiary, shall be eligible for and shall receive from this Plan benefits in the same amount and payable in accordance with the same terms as the pension benefit or disability benefit to which he or she was entitled under the Southeast Forest Plan as of December 31, 1995.

4.01 Normal Retirement Allowance

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the annual normal retirement allowance with respect to Benefit Service credited prior to January 1, 1996 and Benefit Service credited under Section 2.02(c)(ii) on and after January 1, 1996 payable on a lifetime basis upon retirement at such Member's Normal Retirement Date, shall be equal to the sum of (i) and (ii) where:

(i) equals his or her Southeast Forest Accrued Benefit; and

(ii) equals $180.00 multiplied by his or her Benefit Service credited pursuant to Section 2.02(c)(ii).

4.02 Postponed Retirement Allowance

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the annual postponed retirement allowance with respect to Benefit Service credited prior to January 1, 1996 and Benefit Service credited under Section 2.02(c)(ii) on and after January 1, 1996 payable on a lifetime basis upon retirement at a Member's Postponed Retirement Date shall be equal to the annual normal retirement allowance to which the Member would have been entitled under Section 4.01(b) based on such Benefit Service had he or she retired on his or her Normal Retirement Date, increased by an amount which is the Actuarial Equivalent Value of the monthly payments which would have been payable with respect to such Benefit Service with respect to each month in which he or she completed less than 40 Hours of Service. Any monthly payment determined under this Paragraph (b) with respect to any such month in which he or she completed less than 40 Hours of Service shall be computed as if the Member had retired on his or her Normal Retirement Date.

(c) **Benefit for Member in Active Service After He or She Attains Age 70½**. In the event a Member's retirement allowance is required to begin under Section 4.10 while the Member is in active service, the January 1 immediately following the calendar year in which the Member attained age 70½ shall be the Member's Annuity Starting Date for purposes of this Article 4 and the Member shall receive a postponed retirement allowance commencing on that January 1 in an amount determined as if he or she had retired on such date. As of each succeeding January 1 prior to the Member's actual Postponed Retirement Date and as of his or her actual Postponed Retirement Date, the Member's retirement allowance shall be reduced by the Equivalent Actuarial Value of the total payments of his or her postponed retirement allowance made with respect to each month of continued employment in which he or she completed at least 40 Hours of Service and which were paid prior to each such recomputation, provided that no such reduction shall reduce the Member's postponed retirement allowance below the amount of postponed retirement allowance payable to the Member immediately prior to the recomputation of such retirement allowance.

4.03 Standard Early Retirement Allowance

(a) **Eligibility**. A Member who has not reached his or her Normal Retirement Date but has, prior to his or her termination of employment reached the 55th anniversary of his or her birth and completed 15 years of Benefit Service (as determined in accordance with Sections 2.02 (a), (b) and (c)), is eligible to retire on a standard early retirement allowance on the first day of the calendar month next following termination of employment, which date shall be the Member's Early Retirement Date.

(b) **Benefit**. Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the standard early retirement allowance with respect to Benefit Service credited prior to January 1, 1996 and Benefit Service credited under Section 2.02(c)(ii) on and after January 1, 1996 shall be an allowance deferred to commence on the Member's Normal Retirement Date and shall be equal to the sum of (i) and (ii) where:

(i) equals his or her Southeast Forest Accrued Benefit; and

(ii)equals $180.00 multiplied by his or her Benefit Service credited pursuant to Section 2.02(c)(ii).

The Member may, however, elect to receive an early retirement allowance commencing on the last day of the month in which his or her Early Retirement Date occurs or on the last day of any calendar month before his or her Normal Retirement Date specified in his or her later request therefor; provided, however, that in the event the Member had not attained age 62 and completed at least 20 years of Benefit Service (as determined in accordance with Sections 2.02(a), (b) and (c)) as of the date he or she terminated employment, such retirement allowance shall be a reduced amount which, prior to adjustment in accordance with Sections 4.06(a) and 4.07(a) shall be equal to his or her Southeast Forest Accrued Benefit reduced by 1/180th for each month up to 60 months by which the commencement date of his or her retirement allowance precedes his or her Normal Retirement Date and further reduced by 1/360th for each such month in excess of 60 months.

4.04 Disability Retirement Allowance

(a) **Eligibility**. A Member who has completed ten years of Benefit Service (determined in accordance with Sections 2.02(a), (b) and (c)) who incurs a Total and Permanent Disability is eligible to retire on a disability retirement allowance on the first day of the calendar month next following the date the Member is determined to be so disabled by the Company based on a qualified medical evidence, which date shall be the Member's Disability Retirement Date.

(b) **Benefit**. Except as herein provided and prior to any adjustment in accordance with Section 4.07(b)(ii), the disability retirement allowance shall commence on the last day of the calendar month in which the Member's Disability Retirement Date occurs and shall be equal to the sum of (i) and (ii) where:

(i) equals his or her Southeast Forest Accrued Benefit; and

(ii) equals $180.00 multiplied by his or her Benefit Service credited pursuant to Section 2.02(c)(ii);

multiplied by the percentage set forth below based on his or her years of Benefit Service (as determined in accordance with Sections 2.02(a), (b) and (c)):

Years of Benefit Service	**Percentage**
10	50%
11	60
12	70
13	80
14	90
15 or more	100

(The above percentages are to be interpolated to reflect fractional years of Benefit Service.)

Notwithstanding the preceding sentence, if a Member is awarded a Public Disability Benefit, the disability retirement allowance payable prior to his or her Normal Retirement Date shall be reduced by the amount of the Company-provided Public Disability Benefit. On and after the Member's Normal Retirement Date, the disability retirement allowance, which shall be calculated without regard to any adjustment prior to the Member's Normal Retirement Date made pursuant to Section 4.07(b)(ii), will be adjusted, if applicable, in accordance with Sections 4.06(a) and 4.06(b).

(c) **Benefit Discontinuance**. In the event such Member's disability retirement allowance is discontinued as herein provided and he or she is not restored to service as an employee, he or she shall be entitled to retire on a standard early retirement allowance as of the first day of the calendar month next following such discontinuance or to receive a vested benefit commencing on the last day of the month in which his or her Normal Retirement Date occurs, provided that, in the case of early retirement, at his or her Disability Retirement Date he or she had completed the eligibility requirements for the standard early retirement allowance. In either case, the standard early retirement allowance or vested benefit shall be computed on the basis of the Member's Benefit Service as of the earlier of his or her Disability Retirement Date or January 1, 1996.

(d) **Medical Examination**. Any Member who has not reached his or her Normal Retirement Date and who is claiming to be totally and permanently disabled may be required by the Company to submit to examination in a clinic or by a physician or physicians selected by the Company, and any question as to the existence of such disability shall be settled on the basis of such examination. Should any Member in receipt of a disability retirement allowance refuse to submit to such medical examination, his or her disability retirement allowance shall be discontinued until his or her withdrawal of such refusal, and should his or her refusal continue for a year, all rights in and to the disability retirement allowance shall cease; provided, however, that he or she shall be entitled to have his or her disability retirement allowance restored, prior to his or her Normal Retirement Date, if, on the basis of a medical examination by a physician or physicians designated by the Company, the Company finds that he or she has again lost earning capacity because of the same disability.

4.05 Vested Benefit

(b) **Benefit**. Prior to adjustment in accordance with Sections 4.06(a) and 4.07(a), the vested benefit payable to a Member shall be a benefit deferred to commence on the last day of the month in which the former Member's Normal Retirement Date occurs and shall be equal to the sum of (i) and (ii) where:

(i) equals his or her Southeast Forest Accrued Benefit; and

(ii) equals $180.00 multiplied by his or her Benefit Service credited pursuant to Section 2.02(c)(ii).

On or after the date on which the former Member shall have reached the 55th anniversary of his or her birth, he or she may elect to receive a benefit commencing on the last day of any calendar month next following the 55th anniversary of his or her birth and prior to his or her Normal Retirement Date as specified in his or her request therefor, after receipt by the Plan Administration Committee of written application therefor made by the former Member and filed with the Plan Administration Committee. Upon such earlier payment, the vested benefit otherwise payable at the former Member's Normal Retirement Date will be reduced by 1/180th for each month up to 60 months by which the commencement date of such payments precedes his or her Normal Retirement Date and further reduced by 1/360th for each such month in excess of 60 months.

4.06 Forms of Benefit Payment After Retirement

(a) **Automatic Forms of Payment**

(i) ***Automatic Joint and Survivor Annuity***. If a Member or former Member who is married on his or her Annuity Starting Date has not made an election of an optional form of payment as provided in Section 4.06(b), the retirement allowance or vested benefit payable to such Member or former Member commencing on his or her Annuity Starting Date shall automatically be adjusted to provide (A) a reduced benefit payable to the Member or former Member during his or her life equal to his or her benefit otherwise payable without optional modification computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, multiplied by the appropriate factor contained in Table 1 of Schedule I and (B) a benefit payable after his or her death to his or her surviving spouse equal to 50% of the reduced benefit payable to the Member or former Member.

(ii) ***Automatic Life Annuity***. If a Member or former Member is not married on his or her Annuity Starting Date, the retirement allowance or vested benefit computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, shall be paid to the Member or former Member in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death, unless the Member or former Member is eligible for and makes an election of an optional form of payment under Section 4.06(b).

(iii) A married former Member entitled to, but not in receipt of, a retirement allowance or vested benefit as of August 23, 1984 who terminated service on or after September 2, 1974, but before January 1, 1976, may elect, during the period beginning on August 23, 1984, and ending on his or her Annuity Starting Date, to have his or her

retirement allowance or vested benefit payable in accordance with the provisions of this Section 4.06(a).

(b) **Optional Forms of Payment**

(i) ***Life Annuity Option***. Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit may elect, in accordance with the provisions of Section 4.06(d), to provide that the retirement allowance payable to him or her under Section 4.01, 4.02, 4.03 or 4.04 or the vested benefit payable to him or her under Section 4.05 shall be in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death.

(ii) ***Contingent Annuity Option***. Any Member or former Member who retires or terminates employment with the right to a retirement allowance in accordance with the provisions of Section 4.01, 4.02, 4.03, 4.04 or 4.05 may elect, in accordance with the provisions of Section 4.06(d), to convert the benefit otherwise payable to him or her without optional modification under Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, into Option 1 or Option 2 below in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective, was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance otherwise payable without optional modification under Section 4.01, 4.02, 4.03, 4.04 or 4.05

Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit and whose Annuity Starting Date is on or after January 1, 2008, may elect, in accordance with the provisions of Section 4.06(d), to convert the retirement allowance or vested benefit otherwise payable to him or her without optional modification into Option 3 below in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of the retirement allowance or vested benefit otherwise payable without optional modification.

Option 1. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or her death a benefit equal to 100% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 2. A reduced benefit payable during the Member's or former Member's life with the provision that after his or her death a benefit equal to 50% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 3. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or her death a benefit equal to 75% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

(c) **Required Notice**. No less than 30 days and no more than 180 days before his or her Annuity Starting Date, the Plan Administration Committee shall furnish to each Member or former Member a written explanation in non-technical language of the terms and conditions of the Automatic Joint and Survivor Annuity and the Automatic Life Annuity as described in Section 4.06(a) and the optional forms of benefits described in Section 4.06(b). Such explanation shall include (i) a general description of the eligibility conditions for, the material features of and the relative values of the optional forms of payment under the Plan, (ii) any rights the Member or former Member may have to defer commencement of his or her retirement allowance or vested benefit, (iii) the requirement for Spousal Consent as provided in Section 4.06(d) and (iv) the right of the Member or former Member, prior to his or her Annuity Starting Date to make and to revoke elections under Section 4.06.

(d) **Election of Options**. Subject to the provisions of this Section 4.06(d) and in lieu of the automatic forms of payment described in Section 4.06(a):

(i) a Member may elect to receive his or her retirement allowance or vested benefit in the optional form of payment described in Section 4.06(b)(i);

(ii) a Member who retires under the provisions of Section 4.01, 4.02, 4.03, 4.04 or 4.05 may elect to receive his or her retirement allowance in one of the optional forms of payment described in Option 1 or Option 2 under 4.06(b)(ii); and

(iii) a Member who retires or terminates employment with the right to a retirement allowance or vested benefit and whose Annuity Starting Date is on or after January 1, 2008 may elect to receive his or her retirement allowance or vested benefit in the form described in Option 3 under Section 4.06(b)(ii).

Notwithstanding the preceding sentence, a Member who retired on a disability retirement allowance may only elect an optional form of payment under this Section 4.06 to take effect on his or her Normal Retirement Date. A married Member's or a married former Member's election of a Life Annuity form of payment under Section 4.06(b)(i) or any optional form of payment under Section 4.06(b)(ii) or (iii), which does not provide for monthly payments to his or her spouse for life after the Member's or former Member's death, in an amount equal to at least 50% but not more than 100% of the monthly amount payable under that form of payment to the Member or former Member and which is not of Equivalent Actuarial Value to the Automatic Joint and Survivor Annuity described in Section 4.06(a)(i), shall be effective

only with Spousal Consent; provided that such Spousal Consent to the election has been received by the Plan Administration Committee.

Any election made under Section 4.06(a) or Section 4.06(b) shall be made on a form approved by the Plan Administration Committee and may be made during the 180-day period ending on the Member's Annuity Starting Date, but not prior to the date the Member or former Member receives the written explanation described in Section 4.06(c). Any such election shall become effective on the Member's or former Member's Annuity Starting Date, provided the appropriate form is filed with and received by the Plan Administration Committee and may not be modified or revoked after his or her Annuity Starting Date. Any election made under Section 4.06(a) or Section 4.06(b) after having been filed, may be revoked or changed by the Member or former Member only by written notice received by the Plan Administration Committee before his or her election becomes effective on his or her Annuity Starting Date. Any subsequent elections and revocations may be made at any time and from time to time during the 180-day period ending on the Member's or former Member's Annuity Starting Date. A revocation shall be effective when the completed notice is received by the Plan Administration Committee. A re-election shall be effective on the Member's or former Member's Annuity Starting Date. If, however, the Member or the spouse or the contingent annuitant designated in the election dies before the election has become effective, the election shall thereby be revoked.

Notwithstanding the provisions of Paragraph (c) above, a Member may, after having received the notice, affirmatively elect to have his or her retirement allowance or vested benefit commence sooner than 30 days following his or her receipt of the notice, provided all of the following requirements are met:

(i) the Plan Administration Committee clearly informs the Member that he or she has a period of at least 30 days after receiving the notice to decide when to have his or her retirement allowance or vested benefit begin, and if applicable, to choose a particular optional form of payment;

(ii) the Member affirmatively elects a date for his or her retirement allowance or vested benefit to begin, and if applicable, an optional form of payment, after receiving the notice;

(iii) the Member is permitted to revoke his or her election until the later of his or her Annuity Starting Date or seven days following the day he or she received the notice;

(iv) payment does not commence less than seven days following the day after the notice is received by the Member; and

(v) in the event a Member who is scheduled to commence receipt of a retirement allowance prior to his or her Normal Retirement Date or who retires on a Normal or Postponed Retirement Date elects an Annuity Starting Date that precedes the date he or she received the notice (the "retroactive Annuity Starting Date"), the following requirements are met:

(A) the Member's benefit must satisfy the provisions of Code Sections 415 and 417(e)(3), both at the retroactive Annuity Starting Date and at the actual commencement date;

(B) a payment equal in amount to the payments that would have been received by the Member had his or her benefit actually commenced on his retroactive Annuity Starting Date, plus interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually, shall be paid to the Member on his or her actual commencement date; and

(C) the Member elects within the 120 day period following the Member's termination of employment with the Company and all Associated Companies to receive benefits as of a retroactive Annuity Starting 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 is not married on the actual commencement date and the Member's spouse on the retroactive Annuity Starting Date is not treated as his spouse under a qualified domestic relations order.

(e) **Delayed Commencement of Normal Retirement Allowance**

(i) In the event a Member who has retired or otherwise terminated employment with the Company and all Associated Companies prior to his Normal Retirement Date has not filed an election designating an Annuity Starting Date prior to the 91st day preceding his Normal Retirement Date, the Plan Administration Committee shall mail the notice described in Section 4.06(c) to the Member's last known address as indicated on Plan records at least 30 days prior to the Member's Normal Retirement Date. The Member's Normal Retirement Date shall be deemed to be the Member's Annuity Starting Date. In the absence of a benefit election filed by the Member prior to his Normal Retirement Date in accordance with the provisions of Section 4.06(d), distribution of the Member's retirement allowance shall be deemed to commence to the Member on his Normal Retirement Date in the normal form applicable to the Member as determined on the basis of Plan records. Such payments shall be held in the Plan's trust and deemed forfeited until claim has been made by the Member.

(ii) In the event the Member subsequently files a claim for payment, payment shall commence to the Member as soon as practicable in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date. In addition, one lump sum payment shall be paid to the Member equal to the sum of the monthly payments that the Member would have received during the period beginning on his Normal Retirement Date and ending with the month preceding his actual commencement date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The

amount of the monthly payments shall be determined as of the Member's Normal Retirement Date on the basis of the actual form of payment in which the Member's retirement allowance is payable under Section 4.06(a) or Section 4.06(b). The lump sum shall be paid on or as soon as practicable following the date the Member's retirement allowance commences.

In the event a Member's marital status used to compute the Member's retirement allowance under Section 4.06(a) was not accurate, the amount of the Member's retirement allowance payable under this Section 4.06(e) shall be adjusted to reflect the Member's correct marital status.

(iii) In the event a Member entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to the commencement of his retirement allowance, upon claim by the Member's personal representative, or if none, his estate, one lump sum payment shall be paid to the claimant equal to the lump sum amount calculated under Section 4.06(e)(ii) above that would have been paid to the Member for the period commencing on the Member's Normal Retirement Date and ending with the month prior to his death, plus interest on that amount at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan year in which interest is paid, compounded annually, from the Member's Normal Retirement Date to the date of payment of the lump sum amount to the Member's personal representative, or if none, to his estate.

(iv) In the event a Member who is entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to commencement of his retirement allowance and is survived by a spouse to whom he was married on his Normal Retirement Date, the Member's surviving spouse shall be entitled to the survivor portion of the Member's retirement allowance under the provisions of Section 4.06(a)(i), assuming the Member commenced payment under Section 4.06(a)(i) effective on his Normal Retirement Date. Such survivor retirement allowance shall commence as soon as practicable following the surviving spouse's claim for the retirement allowance. In addition, one lump sum payment shall be paid to the surviving spouse equal to the sum of the monthly payments the surviving spouse would have received for the month of the Member's date of death through the month preceding the month in which the survivor retirement allowance commences, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period for each Plan Year in which interest is paid, compounded annually.

(v) In the event a Member's retirement allowance otherwise scheduled to commence on his Normal Retirement Date is delayed because the Plan Administration Committee is unable to locate the Member and the Plan Administration Committee does not mail the notice described in Section 4.06(c) at least 30 days prior to the Member's Normal Retirement Date, the Plan Administration Committee shall commence payment within 60 days after the date the Member is located. Unless the Member elects an optional form of payment in accordance with the provisions of Section 4.06(b), payment shall commence in the normal form applicable to the Member on his or her Annuity Starting Date. The retirement allowance payable to the Member shall be of Equivalent Actuarial Value to the retirement allowance otherwise payable to the Member on his Normal Retirement Date.

In the event a Member whose retirement allowance is delayed beyond his or her Normal Retirement Date as described above dies prior to his or her Annuity Starting Date, and is survived by a spouse, the spouse shall be entitled to receive a survivor annuity under the provisions of Section 4.07(a)(ii) computed on the basis of the Equivalent Actuarial Value of the retirement allowance payable to the Member on his Normal Retirement Date.

(vi) Notwithstanding the provisions of Section 4.06(e)(v) above, a Member described in the preceding subparagraph whose retirement allowance will be paid in the form of an annuity may elect, in lieu of the retirement allowance otherwise payable under Section 4.06(e)(v) above, to receive:

(A) a lump sum payment equal to the sum of the monthly payments the Member would have received from his Normal Retirement Date to his Annuity Starting Date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined on the basis of the form of payment in which the Member's retirement allowance is payable under Section 4.06(a), as applicable; and

(B) a retirement allowance in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date in the form elected by the Member.

An election under this Section 4.06(e)(vi) shall be subject to the notice and spousal consent requirements set forth in Section 4.06(d) applicable to the election of an optional form of payment.

(f) If a Member dies after his or her Annuity Starting Date, any payment continuing on to his or her spouse or contingent annuitant shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

4.07 Survivor's Benefit Applicable Before the Annuity Starting Date

(a) **Automatic Pre-Retirement Spouse's Benefit**

(i) ***Automatic Pre-Retirement Spouse's Benefit Applicable Before Termination of Employment.*** The surviving spouse of a Member who has completed five years of Eligibility Service and who does not have an effective election of the optional Pre-Retirement Survivor's Benefit under Section 4.07(b)(i) shall automatically receive a benefit payable under the automatic Pre-Retirement Spouse's Benefit of this Section 4.07(a)(i) in the event said Member should die after the effective date of coverage hereunder and before termination of employment. The benefit payable to the Member's spouse shall be equal to 50% of the benefit the Member would have received if the retirement allowance or vested benefit the Member was entitled to at his or her date of death had commenced as of the month in which his or her Normal Retirement Date would have occurred (or as of the month following the month in which his or her date of death occurred, if later) in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a)(i). Such benefit shall be payable for the life of

the spouse commencing as of the month in which the Member's Normal Retirement Date would have occurred (or the month next following the month in which the Member's date of death occurred, if later). However, the Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the last day of any calendar month on or after the date the former Member would have reached the 55th anniversary of his or her birth.

If the Member's spouse elects to commence payment of the automatic Pre-Retirement Spouse's Benefit prior to what would have been the Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on the standard early retirement allowance or vested benefit to which the Member would have been entitled, had the Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b).

However, if a Member or former Member had elected Option 1 or Option 3 under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, with his or her spouse as contingent annuitant, the amount of benefit payable to the spouse shall be based on the provisions of such elected Option, in lieu of the provisions of this Section 4.07(a)(ii).

Coverage hereunder shall be applicable to a married Member in active service who has satisfied the eligibility requirements for a retirement allowance under Section 4.01(a), 4.02(a) or 4.03(a) or a vested benefit under Section 4.05(a) and shall become effective on the date the Member marries and shall cease on the earlier of (i) the date such active Member's marriage is legally dissolved by a divorce decree or (ii) the date such active Member's spouse dies.

(ii) ***Automatic Pre-Retirement Spouse's Benefit Applicable During Disability Retirement***. The surviving spouse of a Member who is receiving a disability retirement allowance under Section 4.04 and who does not have an effective election of the optional Pre-Retirement Survivor's Benefit under Section 4.07(b)(ii) shall automatically receive a benefit payable under the automatic Pre-Retirement Spouse's Benefit of this Section 4.07(a)(ii) in the event said Member should die after the effective date of coverage thereunder and before Normal Retirement Date. The benefit payable to the Member's spouse shall be equal to 50% of the benefit the Member was receiving prior to his date of death multiplied by the applicable factor in Table 1 of Schedule I based on the ages of the Member and his or her spouse on the Member's date of death. Such benefit shall be payable for the life of the spouse commencing as of the last day of the month of the Member's death.

However, if a Member had elected Option 1 under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, with his or her spouse as contingent annuitant, the amount of benefit payable to the spouse shall be based on the provisions of Option 1, in lieu of the provisions of this Section 4.07(a)(ii).

Coverage hereunder shall be applicable to a married Member who has satisfied the eligibility requirements for a disability retirement allowance under Section 4.04(a) and shall become effective on the date the Member marries and shall cease on the earliest of (i) the date such Member's marriage is legally dissolved by a divorce decree or (ii) the date such Member's spouse dies.

(iii) ***Automatic Pre-Retirement Spouse's Benefit Applicable Upon Termination of Employment***. In the case of a Member or former Member who is married and entitled to a standard early retirement allowance under Section 4.03 or a vested benefit under Section 4.05, the provisions of this Section 4.07(a)(iii) shall apply to the period between the date his or her services are terminated or the date, if later, the Member or former Member is married and his or her Annuity Starting Date, or other cessation of coverage as later specified in this Section 4.07(a)(iii).

In the event of a married Member's or former Member's death during any period in which these provisions have not been waived or revoked by the Member or former Member and his or her spouse, the benefit payable to the Member's or former Member's spouse shall be equal to 50% of the standard early retirement allowance or vested benefit the Member or former Member would have received as of the month in which his or her Normal Retirement Date would have occurred if he or she had elected to receive such benefit in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a).

The spouse's benefit shall be payable for the life of the spouse commencing as of the month in which the Member's or former Member's Normal Retirement Date would have occurred. However, the Member's or former Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of any month following the month in which the Member or former Member would have reached the 55th anniversary of his or her birth (or following the month in which his or her date of death occurred, if later). If the Member's or former Member's spouse elects to commence payment of this automatic Pre-Retirement Spouse's Benefit prior to what would have been the Member's or former Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on the standard early retirement allowance or vested benefit to which the Member or former Member would have been entitled, had the Member or former Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b).

However, if a Member or former Member had elected Option 1 under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, with his or her spouse as contingent annuitant, the amount of benefit payable to the spouse shall be based on the provisions of Option 1, in lieu of the provisions of this Section 4.07(a)(iii).

The vested benefit payable to a former Member whose spouse is covered under this Section 4.07(a)(iii), or if applicable, the benefit payable to his or her spouse upon his or her death shall be reduced by the applicable percentages shown below. Such reduction shall apply to each month during which coverage is in effect for at least one day; provided, however, no reduction shall be made with respect to any period before the later of (1) the date the Plan Administration Committee furnishes the former Member the notice of his or her right to waive the automatic Pre-Retirement Spouse's Benefit or (2) the commencement of the election period specified in Section 4.07(c) below.

ANNUAL REDUCTION FOR SPOUSE'S COVERAGE
AFTER TERMINATION OF EMPLOYMENT
OTHER THAN RETIREMENT

Age	**Reduction**
Less than 40	1/10 of 1% per year
40 but prior to 50	2/10 of 1% per year
50 but prior to 55	3/10 of 1% per year
55 but prior to 60	5/10 of 1% per year
60 but less than 65	1% per year

(b) **Optional Pre-Retirement Survivor's Benefit**. The term "Beneficiary" for purposes of this Section 4.07(b) shall mean any person named by the Member by written designation to receive benefits payable under the optional Pre-Retirement Survivor's Benefit; provided, however, that for any married Member the term "Beneficiary" shall automatically mean the Member's spouse and any prior designation to the contrary will be canceled, unless the Member, with Spousal Consent, designates otherwise. An election of a nonspouse Beneficiary by a married Member shall be effective only if accompanied by Spousal Consent and such Spousal Consent has been received by the Plan Administration Committee. The Plan Administration Committee shall resolve any questions arising hereunder as to the meaning of "Beneficiary" on a basis uniformly applicable to all Members similarly situated.

(i) ***Optional Pre-Retirement Survivor's Benefit in Active Service After Normal Retirement Date***. A Member in active service after his or her Normal Retirement Date may elect a Pre-Retirement Survivor's Benefit with a nonspouse Beneficiary pursuant to this Section 4.07(b)(i); provided, however, that if such Member is married, he or she must first make an effective waiver of the automatic Pre-Retirement Spouse's Benefit under Section 4.07(a)(i) pursuant to Section 4.07(c).

In the event of a Member's death during any period in which the Pre-Retirement Survivor's Benefit provided in this Section 4.07(b)(i) is in effect, the benefit payable to the Member's Beneficiary shall be equal to 50% of the retirement allowance the Member would have received on his or her date of death if he or she had elected to receive such benefit in the form of Option 2 under Section 4.06(b)(ii). The Pre-Retirement Survivor's Benefit shall be payable for the life of the Beneficiary commencing on the last day of the month following the Member's death.

(ii) ***Optional Pre-Retirement Survivor's Benefit During Disability***. In the case of a Member retired due to disability under the provisions of Section 4.04, the provisions of this Section 4.07(b)(ii) shall apply to the period between his or her Disability Retirement Date and his or her Normal Retirement Date.

The Member may elect the optional Pre-Retirement Survivor's Benefit under Option A or B below; provided, however, that a married Member may not elect Option A below with his spouse as Beneficiary.

Option A. The disability retirement allowance payable to the Member prior to his or her Normal Retirement Date shall be equal to the retirement allowance the Member would have received on his or her Disability Retirement Date if

he or she had elected to receive such retirement allowance in the form of Option 2 under Section 4.06(b)(ii). In the event of the Member's death during any period in which this Option A is in effect, the benefit payable during the life of, and to, his or her Beneficiary shall be equal to 50% of the Member's disability retirement allowance calculated in accordance with the prior sentence, and shall commence on the last day of the month following the Member's death.

Option B. The disability retirement allowance payable to the Member prior to his or her Normal Retirement Date shall be equal to the retirement allowance the Member would have received on his or her Disability Retirement Date if he or she had elected to receive such retirement allowance in the form of Option 1 under Section 4.06(b)(ii). In the event of the Member's death during any period when this Option B is in effect, the benefit payable during the life of, and to, his or her Beneficiary shall be equal to 100% of the Member's disability retirement allowance calculated in accordance with the prior sentence, and shall commence on the last day of the month following the Member's death.

A Member who is eligible for a disability retirement allowance under Section 4.04 may elect the optional Pre-Retirement Survivor's Benefit pursuant to this Section 4.07(b)(ii); provided, however, that if such Member is married and elects a Beneficiary other than his or her spouse, he or she must first make an effective waiver of the automatic Pre-Retirement Spouse's Benefit under Section 4.07(a)(ii) pursuant to Section 4.07(c). In order to elect the optional Pre-Retirement Survivor's Benefit under this Section 4.07(b)(ii), the Member shall, at his or her Disability Retirement Date, complete such forms as are required under this Section 4.07(b)(ii), and if he or she elects this optional Pre-Retirement Survivor's Benefit, coverage hereunder shall be effective as of his or her Disability Retirement Date. A Member will be deemed to have waived coverage under this Section 4.07(b)(ii) if he or she does not file the appropriate forms with the Plan Administration Committee at his or her Disability Retirement Date.

(c) The Plan Administration Committee shall furnish to each Member and former Member a written explanation which describes (i) the terms and conditions of the automatic Pre-Retirement Spouse's Benefit and the optional Pre-Retirement Survivor Benefit, (ii) the Member's or former Member's right to make, and the effect of, an election to waive the automatic Pre-Retirement Spouse's Benefit and to elect the optional Pre-Retirement Survivor's Benefit, (iii) the rights of the Member's or former Member's spouse, and (iv) the right to make, and the effect of, a revocation of such a waiver. Such written explanation shall be furnished (A) to each Member in active service within the period beginning one year prior to his or her attainment of his or her Normal Retirement Date and ending one year after his or her attainment thereof, (B) to each Member or former Member who has terminated service before the first anniversary of the date he or she terminated service, and (C) to each Member eligible for a disability retirement allowance before his or her Disability Retirement Date, and shall be furnished to such Member or former Member even though he or she is not married.

The period during which the Member may make an election to waive the automatic Pre-Retirement Spouse's Benefit provided under Section 4.07(a)(i) and to elect in lieu thereof the optional Pre-Retirement Survivor's Benefit under Section 4.07(b)(i) shall begin no later than his or her Normal Retirement Date and end on his or her Annuity Starting Date,

or if earlier, his or her date of death. The period during which the Member may make an election to waive the automatic Pre-Retirement Spouse's Benefit provided under Section 4.07(a)(ii) and to elect in lieu thereof the optional Pre-Retirement Survivor's Benefit under Section 4.07(b)(ii) shall begin no later than on the date he or she becomes disabled and end on his or her Disability Retirement Date. The period during which the former Member may make an election to waive the automatic Pre-Retirement Spouse's Benefit provided under Section 4.07(a)(iii) shall begin no later than the date his or her employment terminates and end on his or her Annuity Starting Date, or if earlier, his or her date of death. Any waiver, revocation or re-election of the automatic Pre-Retirement Spouse's Benefit shall be made on a form provided by the Plan Administration Committee and any waiver or revocation shall require Spousal Consent. If, upon termination of employment, the former Member waives coverage hereunder in accordance with administrative procedures established by the Plan Administration Committee for all Members similarly situated, such waiver shall be effective as of the former Member's Severance Date. Any later re-election or revocation under Section 4.07(a)(iii) shall be effective when the completed form is received by the Plan Administration Committee. If a Member or former Member dies during the period when a waiver is in effect, there shall be no benefits payable to his or her spouse under the provisions of this Section 4.07, unless an effective election under Section 4.07(b)(i) or (ii) is in effect and the spouse is the Beneficiary.

Except as described above in the event of a waiver or revocation, coverage under Section 4.07(a)(i), (ii) or (iii) shall cease to be effective upon a Member's or former Member's Annuity Starting Date, or upon the date a Member's or former Member's marriage is legally dissolved by a divorce decree, or upon the death of the spouse, whichever event shall first occur.

Coverage under Section 4.07(b)(i) shall cease to be effective upon a Member's Annuity Starting Date, upon the death of the Beneficiary, or upon the marriage of an unmarried Member, whichever event shall first occur. Coverage under Section 4.07(b)(ii) shall cease to be effective upon a Member's Annuity Starting Date, upon the death of the Beneficiary, upon the marriage of an unmarried Member, or upon the cessation of a Member's Total and Permanent Disability, whichever event shall first occur.

(d) Any election made under Section 4.07 (including any waiver or revocation thereof) shall be made on a form approved by and filed with the Plan Administration Committee and in accordance with the term "Beneficiary" as defined in this Section 4.07.

(e) Notwithstanding the provisions of Section 4.07(a), a Member or former Member whose employment terminated on or after January 1, 1976 and prior to August 23, 1984 and who is entitled to a retirement allowance or vested benefit pursuant to the provisions of Section 4.03 or 4.05, but who is not yet in receipt thereof, may elect, on or after August 23, 1984 and prior to the commencement of such retirement allowance or vested benefit, to have the provisions of Section 4.07(a)(iii) apply to him or her.

4.10 Payment of Benefits

(a) Unless otherwise provided under an optional benefit elected pursuant to Section 4.06, the survivor's benefit available under Section 4.07 or the provisions of Section 4.10(e)(ii), all retirement allowances, vested benefits or other benefits payable will be paid in monthly installments for each month beginning with (i) the month in which the Member has reached his or her Normal Retirement Date and has retired from active service, (ii) the month in

which a Member has reached his or her Postponed Retirement Date and retired from active service, (iii) the month next following the month in which a Member or former Member files a proper application requesting commencement of his or her vested benefit, standard early retirement allowance or disability retirement allowance, or (iv) the month in which benefits under an optional benefit under Section 4.06 or the survivor's benefits under Section 4.07 become payable, whichever is applicable. Such monthly installments shall cease with the payment for the month preceding the month in which the recipient dies. In no event shall a retirement allowance or vested benefit be payable to a Member who continues in or resumes active service with the Company or an Associated Company for any period between his or her Normal Retirement Date and Postponed Retirement Date, except as provided in Sections 4.02(c) and 4.10(e).

(b) Effective January 1, 1998 through March 27, 2005, in any case, a lump sum payment equal to the retirement allowance or vested benefit payable under Section 4.01, 4.02, 4.03, 4.04 or 4.05 or the Pre-Retirement Spouse's Benefit payable under Section 4.07(a) multiplied by the appropriate factor contained in Table 3 of Schedule I shall be made in lieu of any retirement allowance or vested benefit payable to a Member or former Member or any Pre-Retirement Spouse's Benefit payable to a spouse of a Member or a former Member, if the lump sum present value of such benefit amounts to $5,000 or less. In no event shall that adjustment factor produce a lump sum that is less than the amount determined by using the IRS Mortality Table and IRS Interest Rate. The lump sum payment shall be made as soon as administratively practicable following the date the Member has terminated employment or died, but in any event prior to the date his or her benefit payment would have otherwise commenced.

Effective March 28, 2005, a lump sum payment shall be made in lieu of all benefits in the event:

(i) the Member's Annuity Starting Date occurs on or after his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $5,000 or less, or

(ii) the Member's Annuity Starting Date occurs prior to his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $1,000 or less.

In determining the amount of a lump sum payment payable under this paragraph, the lump sum present value shall mean a benefit, in the case of a lump sum benefit payable prior to a Member's Normal Retirement Date, of equivalent value to the benefit which would otherwise have been provided commencing at the Member's Normal Retirement Date. The determination as to whether a lump sum payment is due shall be made as soon as practicable following the Member's termination of service. Any lump sum benefit payable shall be made as soon as practicable following the determination that the amount qualifies for distribution under the provisions of this Appendix, Section 4.10. In no event shall a lump sum payment be made following the date retirement benefit payments have commenced as an annuity.

Effective March 28, 2005, in the event the lump sum present value of a Member's retirement allowance or vested benefit exceeds $1,000 but does not exceed $5,000, the Member may elect to receive a lump sum payment of such allowance or benefit. The election shall be made in accordance with such administrative rules as the Plan Administration Committee shall prescribe. The Member may elect to receive the lump sum payment as soon as

practicable following his termination of employment or as of the first day of any later month that precedes his Normal Retirement Date. Spousal Consent to the Member's election of the lump sum is not required. A Member who is entitled to elect a distribution under this paragraph shall not be entitled to receive payment in any other form of payment offered under the Plan.

Notwithstanding the provisions of Section 4.07 of this Appendix, a lump sum payment shall be paid to the spouse in lieu of the monthly Pre-Retirement Spouse's Benefit payable under Section 4.07(a) if the lump sum present value of the benefit amounts to $5,000 or less. The lump sum payment shall be made as soon as practicable following the determination that the amount qualifies for distribution under this Section. In no event shall a lump sum payment be made following the date payments have commenced to the surviving spouse as an annuity.

For purposes of this Section, the lump sum present value shall be determined by using the IRS Mortality Table and IRS Interest Rate.

In the event a Member is not entitled to any retirement allowance or vested benefit upon his termination of employment, he shall be deemed "cashed-out" under the provisions of Section 4.10(b) of this Appendix as of the date he terminated service. However, if a Member described in the preceding sentence is subsequently restored to service, the provisions of Sections 3.06 of the Plan and Section 4.11 of this Appendix shall apply to him without regard to such sentence.

4.11 Reemployment of Former Member or Retired Member

(b) **Optional Forms of Pension Benefits**. If the Member is reemployed, any previous election of an optional benefit under Section 4.06 or a survivor's benefit under Section 4.07 shall be revoked.

(c) **Benefit Payments at Subsequent Termination or Retirement**

(i) In accordance with the procedure established by the Plan Administration Committee on a basis uniformly applicable to all Members similarly situated, upon the subsequent retirement of a Member in service after his or her Normal Retirement Date, payment of such Member's retirement allowance shall resume no later than the third month after the final month during the reemployment period in which he or she completes at least 40 Hours of Service.

(ii) Upon the subsequent retirement or termination of employment of a retired or former Member, the Plan Administration Committee shall, in accordance with rules uniformly applicable to all Members similarly situated, determine the amount of vested benefit or retirement allowance which shall be payable to such Member at such subsequent retirement or termination. Such vested benefit or retirement allowance shall be reduced by an amount of Equivalent Actuarial Value to the benefits, if any, other than disability retirement allowance payments, he or she received before the earlier of the date of his or her restoration to service or his or her Normal Retirement Date, provided that no such reduction shall reduce such retirement allowance or vested benefit below the original amount of retirement allowance or vested benefit earned but not received or retirement allowance or vested benefit previously received by such Member in accordance with the terms of the Plan in effect during such previous employment,

adjusted to reflect the election of any survivor's benefits pursuant to Section 4.07(a)(iii).

4.16 Minimum Adjusted Benefit

(a) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment on or after October 1, 1985, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Southeast Forest Plan as in effect on September 30, 1985 based on Benefit Service rendered up to and including September 30, 1985.

(b) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment on or after January 1, 1989, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Southeast Forest Plan as in effect on December 31, 1988, based on Benefit Service rendered up to and including December 31, 1988.

APPENDIX E

SCHEDULE I

Actuarial Equivalent Value factors to be used with respect to Members who retire or terminate at the Southern Wood Piedmont Company location, subject to the provisions of Section 4.06 of this Appendix E.

APPENDIX F
RETIREMENT PLAN FOR SALARIED EMPLOYEES OF
RAYONIER INC.

(Port Angeles Pulp Mill, Grays Harbor Pulp Mill, Rayonier Research Center)

This Appendix F, effective as of June 1, 1998, is applicable with respect to employees or former employees of Rayonier Inc. (or its predecessor ITT Rayonier Incorporated) at the Port Angeles Pulp Mill, the Grays Harbor Pulp Mill and the Rayonier Research Center (formerly known as the Olympic Research Division) who are entitled to a pension benefit under the Employees Retirement Income Plan for Rayonier Incorporated Bargaining Unit Employees at Port Angeles Pulp Mill, the Grays Harbor Pulp Mill and the Rayonier Research Center as of May 31, 1998, and their spouses and beneficiaries. This Appendix F constitutes an integral part of the Plan and sets forth the particulars concerning:

(i) The definition of "Accrued Benefit", "Annuity Starting Date", "Benefit Service", "Eligibility Service", "Equivalent Actuarial Value", "Normal Retirement Date", "Postponed Retirement Date", "Northwest Mills Plan", "Public Disability Benefit", and "Total and Permanent Disability".

(ii) The determination of Eligibility Service as referred to in Section 2.01 of the Plan.

(iii) The determination of Benefit Service as referred to in Section 2.02 of the Plan.

(iv) The eligibility requirements for membership as referred to in Article 3 of the Plan.

(v) The determination of the amount of normal retirement allowance as referred to in Section 4.01(b) of the Plan.

(vi) The determination of the amount of postponed retirement allowance as referred to in Section 4.02(b) and (c) of the Plan.

(vii) The eligibility requirements for the standard early retirement allowance referred to in Section 4.03(a) of the Plan.

(viii) The determination of the amount of the standard early retirement allowance referred to in Section 4.03(b) of the Plan.

(ix) The eligibility requirements for a disability retirement allowance.

(x) The determination of the amount of a disability retirement allowance.

(xi) The eligibility requirements for a vested benefit as referred to in Section 4.05(a) of the Plan.

(xii) The determination of the amount of vested benefit as referred to in Section 4.05(b) of the Plan.

(xiii) The forms of benefit payment after retirement as referred to in Section 4.06 of the Plan.

(xiv) The survivor's benefit applicable before retirement as referred to in Section 4.07 of the Plan.

(xv) The provisions for payment of benefits as referred to in Section 4.10(a) of the Plan.

(xvi) The determination of the amount of an automatic lump sum payment as referred to in Section 4.10(b) of the Plan.

(xvii) The effect of reemployment on the election of an optional form of benefit as referred to in Section 4.11(b) of the Plan.

(xviii) The determination of the amount of benefit payable to a reemployed Member upon his or her subsequent retirement as referred to in Section 4.11(c) of the Plan.

(xix) The minimum adjusted benefit payable under the Plan.

(xx) The special provisions in the event of permanent closure of a location or major department.

Effective 11:59 p.m. on June 27, 2014, the Members and benefits represented by this Appendix shall be spun off from the Plan and transferred to the Retirement Plan for Salaried Employees of Rayonier Advanced Materials Inc. Following such spinoff and transfer, this Appendix shall cease to be part of the Plan.

Unless otherwise indicated, the section and paragraph references in this Appendix are to sections and paragraphs contained within this Appendix.

ARTICLE 1 – DEFINITIONS

1.01 **Accrued Benefit** shall mean the accrued benefit under the Northwest Mills Plan as of May 31, 1998.

1.02 **Annuity Starting Date** shall mean the first day of the first period for which an amount is due on behalf of a Member or former Member as an annuity or any other form of payment under the Plan; provided, however, that in the case of a Member who retires under Section 4.04, Annuity Starting Date shall mean his or her Normal Retirement Date.

1.06 **Benefit Service** shall mean employment recognized as such for the purposes of determining eligibility for certain benefits and computing a benefit under the Plan as provided in Article 2.

1.14 **Eligibility Service** shall mean any employment recognized as such for the purposes of meeting the eligibility requirements for membership in the Plan and for eligibility for certain benefits under the Plan as provided in Article 2.

1.16 **Equivalent Actuarial Value** shall mean equivalent value of a benefit under the Plan determined on the basis of the applicable factors set forth in Schedule I, except as otherwise specified in the Plan. In any other event, Equivalent Actuarial Value shall be determined on the same actuarial basis utilized to compute the factors set forth in Schedule I.

1.25 **Normal Retirement Date** shall mean the first day of the calendar month next following the date the employee or former employee attains age 65, which is his or her Normal Retirement Age.

1.31 **Postponed Retirement Date** shall mean, with respect to an Employee who does not retire at Normal Retirement Date but who works after such date, the first day of the calendar month next following the date on which such Employee retires from active service. No retirement allowance shall be paid to the Employee until his or her Postponed Retirement Date, except as otherwise provided in Article 4.

1.43 **Northwest Mills Plan** shall mean the Employees Retirement Income Plan for Rayonier Incorporated Bargaining Unit Employees at the Port Angeles Pulp Mill, the Grays Harbor Pulp Mill and the Rayonier Research Center as in effect on the date specified in the Plan.

1.44 **Public Disability Benefit** shall mean disability payments or lump sum payments under any workers' compensation or occupational diseases law, excluding fixed statutory payments for the loss of any bodily member, lump-sum payments for disfigurement, and except for reimbursement of legal fees, medical expenses, and expenses for training and rehabilitation, whether actual or anticipated. The amount of the deduction to be made from monthly disability retirement allowances in respect to any lump-sum payments under any workers' compensation or occupational diseases law shall be determined by dividing the lump-sum payment by the maximum number of months or fractions thereof in the period provided by statute or regulation, provided the amount of such deduction shall be limited to the amount of monthly disability retirement allowance and shall be applicable for the number of months and fractions thereof in such maximum period.

1.45 **Total and Permanent Disability** shall mean the total and permanent disablement of a Member if (a) through some unintentional cause, he or she has been totally disabled by bodily injury or disease or by mental derangement so as to be prevented thereby from engaging in any regular occupation or employment for remuneration or profit, and (b) such total disability is expected to be permanent and continuous during the remainder of his or her life, provided such disability is not incurred in service in the armed forces of any country, each as determined by the Plan Administration Committee on the basis of qualified medical evidence.

ARTICLE 2 – SERVICE

2.01 Eligibility Service

(a) (i) ***Eligibility Service Prior to June 1, 1998*** – Subject to the bridging breaks in service provisions of Section 2.01(e), a Member's Eligibility Service shall include the "Vesting Service" credited to such Member under the Northwest Mills Plan as of May 31, 1998.

(ii) ***Eligibility Service On and After June 1, 1998*** - Except as otherwise provided in this Article 2, all uninterrupted employment with the Company or with an Associated Company rendered on and after June 1, 1998, and prior to the date such Member's employment terminates shall be recognized as Eligibility Service for all Plan purposes. Notwithstanding the foregoing, with respect to any calendar year in which the employee completes at least 1,000 Hours of Service there shall be included in his or her Eligibility Service one full year of Eligibility Service.

(b) **Hours of Service** – "Hours of Service" shall include hours worked and hours for which a person is compensated by the Company or by an Associated Company for the performance of duties for the Company or an Associated Company, although he or she has not worked (such as: paid holidays, paid vacation, paid sick leave or time during which an Employee is receiving benefits under a Company-sponsored sickness and accident plan, paid time off and back pay for the period for which it was awarded), and each hour shall be computed as only one hour, even though he or she is compensated at more than the straight time rate. This definition of "Hours of Service" shall be applied in a consistent and non-discriminatory manner in compliance with 29 Code of Federal Regulations, Section 2530.200b-2(b) and (c) as promulgated by the United States Department of Labor and as may hereafter be amended.

(c) **Certain Absences to be Recognized as Eligibility Service** – Except as otherwise indicated in this Article 2, the following periods of absence shall be recognized as Eligibility Service under the Plan and shall not be considered as breaks in Eligibility Service:

(i) The period of any leave of absence granted in respect of service with the armed forces of the United States on or after June 1, 1998, provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment.

(ii) The period on or after June 1, 1998, of any leave of absence approved by the Company, provided the Employee shall have returned to the service of the Company or an Associated Company upon the expiration of such approved leave.

(iii) The period on or after June 1, 1998, of layoff with recall rights under the rules in effect at the Employee's plant location, provided the Employee returns to active employment upon recall from layoff and the Employee's layoff does not extend beyond the period during which he or she has recall rights.

If an Employee fails to return to active employment upon expiration of the approved absences specified in Subparagraphs (i) or (ii) above, or if an Employee fails to return to

active employment upon recall from layoff or if his or her layoff extends beyond the period during which he or she has recall rights, such periods of approved absence or layoff shall not be considered as Eligibility Service under the Plan.

(d) **Breaks in Service** – All calendar years other than the calendar year in which the employee is hired, retires or dies, or calendar years in which an absence specified in Paragraph (c) above occurs and such absence is considered as Eligibility Service, in which an employee does not work at least one day shall be considered as breaks in Eligibility Service; provided, however, that in no event shall there be a break in Eligibility Service unless the employee's employment with the Company or an Associated Company is terminated.

(e) **Bridging Breaks in Service**

(i) If an Employee has a break in service and such Employee was eligible for a vested benefit under Section 4.05 at the time of his or her break in service, except as otherwise provided in Section 4.11, employment both before and after the Employee's absence shall be immediately recognized as Eligibility Service, subject to the provisions of this Section 2.01, upon his or her return to the employ of the Company or an Associated Company.

(ii) If an Employee has a break in service and such Employee was not eligible for a vested benefit under Section 4.05 at the time of his or her break in service, Eligibility Service shall begin from the date of his or her return to the employ of the Company or an Associated Company. If such Employee returns to the employ of the Company or an Associated Company and the period of the Employee's break is less than the greater of (1) five years or (2) the Eligibility Service rendered prior to such break, the service prior to such break shall be included as Eligibility Service, subject to the provisions of this Section 2.01, only upon completion of one year of Eligibility Service following his or her break in service. However, if the period of the Employee's break in service equals or exceeds the greater of (1) five years or (2) the Eligibility Service rendered prior to such break, the service rendered prior to such break shall not be included as Eligibility Service.

2.02 Benefit Service

(a) **Benefit Service Prior to June 1, 1998** – Subject to the restoration of Benefit Service provisions of Section 2.02(d)(ii), Benefit Service shall include the "Benefit Service" credited to such Member under the Northwest Mills Plan as of May 31, 1998.

(b) **Employment On or After June 1, 1998, With the Company or an Associated Company** – Each calendar month on or after June 1, 1998, in which the Employee completes at least one Hour of Service shall be recognized as one month of Benefit Service for the purpose of meeting the eligibility requirements of the Plan for a standard early retirement allowance under Section 4.03 or a disability retirement allowance under Section 4.04, but not for the purpose of computing the amount of any retirement allowance or vested benefit under the Plan. However, such uninterrupted employment shall be included for the purposes of calculating the Benefit Service with respect to which the determination is made pursuant to Section 4.03(b) of whether a reduction for the commencement of benefits prior to Normal Retirement Date applies and for purposes of calculating the percentage of disability retirement allowance payable pursuant to Section 4.04(b).

(c) **Certain Absences to be Recognized as Benefit Service** – Except as otherwise indicated below, the following periods of approved absence shall be recognized as Benefit Service and shall not be considered as breaks in Benefit Service:

(i) The period of any leave of absence granted in respect of service with the armed forces of the United States on and after June 1, 1998, provided the Employee shall have returned to the service of the Company or an Associated Company in accordance with reemployment rights under applicable law and shall have complied with all of the requirements of such law as to reemployment, shall be recognized as Benefit Service for the purpose of meeting the eligibility requirements of the Plan for a standard early retirement allowance under Section 4.03 or a disability retirement allowance under Section 4.04 and shall not be considered as a break in Benefit Service nor be considered as Benefit Service for the purpose of computing the amount of any retirement allowance or vested benefit under the Plan. However, such leave of absence shall be included for the purposes of calculating the Benefit Service with respect to which the determination is made pursuant to Section 4.03(b) of whether a reduction for the commencement of benefits prior to Normal Retirement Date applies and for purposes of calculating the percentage of disability retirement allowance payable pursuant to Section 4.04(b).

(d) **All other Absences for Employees**

(i) No period of absence approved by the Company other than that specified in Section 2.02(c) above shall be recognized as Benefit Service for purposes of this Section 2.02.

(ii) No other absence, other than the absence covered by the exception in clause (i) above, shall be recognized as Benefit Service for purposes of Section 2.02 and any such absence shall be considered as a break in Benefit Service for purposes of this Section 2.02.

If the Employee was eligible for a vested benefit under Section 4.05 at the time of a break in service, Benefit Service under Section 2.02(a) above before the employee's absence shall be immediately recognized as Benefit Service for purposes of Section 2.02(a) above upon his or her return to service and Benefit Service under Section 2.02(b) and (c) above both before and after the Employee's absence shall be immediately recognized as Benefit Service for purposes of Sections 2.02(b) and (c) above upon his or her return to service.

If the Employee was not eligible for a vested benefit under Section 4.05 at the time of a break in service, Benefit Service under Section 2.02(b) above shall begin from the date of the Employee's return to the employ of the Company. However, any Benefit Service prior to June 1, 1998 rendered prior to such break in service shall be included as Benefit Service for purposes of Section 2.02(a) above and any Benefit Service on or after June 1, 1998, shall be included as Benefit Service for purposes of Section 2.02(b) and (c) above only at the time that the Member bridges his or her Eligibility Service in accordance with the provisions of Section 2.01(e).

ARTICLE 3 – MEMBERSHIP

Any employee or former employee of Rayonier Inc. at the Port Angeles Pulp Mill, the Grays Harbor Pulp Mill or the Rayonier Research Center who is a participant in the Northwest Mills Plan as of May 31, 1998, shall become a Member of the Plan on June 1, 1998, but he or she shall not accrue any Eligibility Service or Benefit Service for purposes of this Appendix of the Plan unless he or she is employed by the Company or an Associated Company. Any former employee of Rayonier Inc. (or its predecessor ITT Rayonier Incorporated) at the Port Angeles Pulp Mill, the Grays Harbor Pulp Mill or the Rayonier Research Center (or its predecessor the Olympic Research Division) who is entitled to receive a pension benefit or disability benefit under the Northwest Mills Plan as of May 31, 1998, or his or her spouse or beneficiary, shall be eligible for and shall receive from this Plan benefits in the same amount and payable in accordance with the same terms as the pension benefit or disability benefit to which he or she was entitled under the Northwest Mills Plan as of May 31, 1998.

4.01 Normal Retirement Allowance

(b) **Benefit**

Prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the annual normal retirement allowance payable on a lifetime basis upon retirement at such Member's Normal Retirement Date shall be equal to the Member's Accrued Benefit.

4.02 Postponed Retirement Allowance

(b) **Benefit** – Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the annual postponed retirement allowance payable on a lifetime basis upon retirement at a Member's Postponed Retirement Date shall be equal to the annual normal retirement allowance to which the Member would have been entitled under Section 4.01(b) had he or she retired on his or her Normal Retirement Date, increased by an amount which is the Equivalent Actuarial Value of the monthly payments which would have been payable with respect to each month in which he or she completed less than 40 Hours of Service. Any monthly payment determined under this Paragraph (b) with respect to any such month in which he or she completed less than 40 Hours of Service shall be computed as if the Member had retired on his or her Normal Retirement Date.

(c) **Benefit for Member in Active Service After He or She Attains Age 70½**. In the event a Member's retirement allowance is required to begin under Section 4.10 while the Member is in active service, the January 1 immediately following the calendar year in which the Member attained age 70½ shall be the Member's Annuity Starting Date for purposes of this Article 4 and the Member shall receive a postponed retirement allowance commencing on that January 1 in an amount determined as if he or she had retired on such date. As of each succeeding January 1 prior to the Member's actual Postponed Retirement Date and as of his or her actual Postponed Retirement Date, the Member's retirement allowance shall be reduced by the Equivalent Actuarial Value of the total payments of his or her postponed retirement allowance made with respect to each month of continued employment in which he or she completed at least 40 Hours of Service and which were paid prior to each such recomputation, provided that no such reduction shall reduce the Member's postponed retirement allowance below the amount of postponed retirement allowance payable to the Member immediately prior to the recomputation of such retirement allowance.

4.03 Standard Early Retirement Allowance

(a) **Eligibility** – A Member who has not reached his or her Normal Retirement Date but has, prior to his or her termination of employment reached the 55th anniversary of his or her birth and completed 15 years of Benefit Service (as determined in accordance with Sections 2.02(a), (b) and (c)), is eligible to retire on a standard early retirement allowance on the first day of the calendar month next following termination of employment, which date shall be the Member's Early Retirement Date.

(b) **Benefit** – Except as hereinafter provided and prior to adjustment in accordance with Sections 4.06(a) and 4.07(b), the standard early retirement allowance shall be an allowance

deferred to commence on the last day of the calendar month in which the Member's Normal Retirement Date occurs and shall be equal to the Member's Accrued Benefit. The Member may, however, elect to receive an early retirement allowance commencing on the last day of the calendar month in which his or her Early Retirement Date occurs or on the last day of any calendar month before his or her Normal Retirement Date specified in his or her later request therefor; provided, however, that in the event the Member:

(i) was a participant of the Northwest Mills Plan while employed at the Rayonier Research Center location, terminated employment with the Company and Associated Companies, and had not attained age 62 and completed at least 20 years of Benefit Service (as determined in accordance with Sections 2.02(a), (b) and (c)) as of the date he or she terminated employment;

(ii) was a participant of the Northwest Mills Plan while employed at the Grays Harbor Pulp Mill location, terminated employment with the Company and Associated Companies on or after March 16, 1989, and had not attained age 62 and completed at least 15 years of Benefit Service (as determined in accordance with Sections 2.02(a), (b) and (c)) as of the date he or she terminated employment;

(iii) was a participant of the Northwest Mills Plan while employed at the Grays Harbor Pulp Mill location, terminated employment with the Company and Associated Companies prior to March 16, 1989, and had not met the age and service requirements for an unreduced early retirement benefit under the Northwest Mills Plan as in effect on the date he or she terminated employment;

(iv) was a participant of the Northwest Mills Plan while employed at the Port Angeles Pulp Mill location, terminated employment with the Company and Associated Companies on or after December 14, 1989, and had not either attained age 62 and completed at least 15 years of Benefit Service or attained age 60 and completed at least 30 years of Benefit Service (as determined in accordance with Sections 2.02(a), (b) and (c)) as of the date he or she terminated employment; or

(v) was a participant of the Northwest Mills Plan while employed at the Port Angeles Pulp Mill location, terminated employment with the Company and Associated Companies prior to December 14, 1989, and had not met the age and service requirements for an unreduced early retirement benefit under the Northwest Mills Plan as in effect on the date he or she terminated employment;

such retirement allowance shall be a reduced amount which, prior to adjustment in accordance with Sections 4.06(a) and 4.07(a) shall be equal to his or her Accrued Benefit reduced by 0.25% for each month by which the commencement date of his or her retirement allowance precedes his or her Normal Retirement Date.

4.04 Disability Retirement Allowance

(a) **Eligibility** – A Member who has completed ten years of Benefit Service (determined in accordance with Sections 2.02(a), (b) and (c)) who incurs a Total and Permanent Disability is eligible to retire on a disability retirement allowance on the first day of the calendar month next following the date the Member is determined to be so disabled by the Plan Administration Committee based on qualified medical evidence, which date shall be the Member's Disability Retirement Date.

(b) **Benefit** – Except as herein provided and prior to any adjustment in accordance with Section 4.07(b)(ii), the disability retirement allowance shall commence on the last day of the calendar month in which the Member's Disability Retirement Date occurs and shall be equal to the Member's Accrued Benefit multiplied by the percentage set forth below based on his or her years of Benefit Service (as determined in accordance with Sections 2.02(a), (b) and (c)):

Years of Benefit Service	**Percentage**
10	50%
11	60
12	70
13	80
14	90
15 or more	100

(The above percentages are to be interpolated to reflect fractional years of Benefit Service.)

Notwithstanding the preceding sentence, if a Member is awarded a Public Disability Benefit, the disability retirement allowance payable prior to his or her Normal Retirement Date shall be reduced by the amount of the Company-provided Public Disability Benefit. On and after the Member's Normal Retirement Date, the disability retirement allowance, which shall be calculated without regard to any adjustment prior to the Member's Normal Retirement Date made pursuant to Section 4.07(b)(ii), will be adjusted, if applicable, in accordance with Sections 4.06(a) and 4.06(b).

(c) **Benefit Discontinuance** – In the event such Member's disability retirement allowance is discontinued as herein provided and he or she is not restored to service as an employee, he or she shall be entitled to retire on a standard early retirement allowance as of the first day of the calendar month next following such discontinuance or to receive a vested benefit commencing on the last day of the month in which his or her Normal Retirement Date occurs, provided that, in the case of early retirement, at his or her Disability Retirement Date he or she had completed the eligibility requirements for the standard early retirement allowance. In either case, the standard early retirement allowance or vested benefit shall be computed on the basis of the Member's Benefit Service as of the earlier of his or her Disability Retirement Date or June 1, 1998.

(d) **Medical Examination** – Any Member who has not reached his or her Normal Retirement Date and who is claiming to be totally and permanently disabled may be required by the Company to submit to examination in a clinic or by a physician or physicians selected by the Company, and any question as to the existence of such disability shall be settled on the basis of all medical evidence. Should any Member in receipt of a disability retirement allowance refuse to submit to such medical examination, his or her disability retirement allowance shall be discontinued until his or her withdrawal of such refusal, and should his or her refusal continue for a year, all rights in and to the disability retirement allowance shall cease; provided, however, that he or she shall be entitled to have his or her disability retirement allowance restored, prior to his or her Normal Retirement Date, if, on the basis of a medical

examination by a physician or physicians designated by the Company, the Company finds that he or she has again lost earning capacity because of the same disability.

4.05 Vested Benefit

(a) **Eligibility** – A Member whose termination of employment with the Company and Associated Companies occurs on or after January 1, 1988 (January 1, 1989 with respect to a Member who was a participant of the Northwest Mills Plan while employed at the Rayonier Research Center location), shall be vested in, and have a nonforfeitable right to, his or her Accrued Benefit upon completion of five years of Eligibility Service. Notwithstanding the foregoing:

(i) a Member who was a participant of the Northwest Mills Plan while employed at the Grays Harbor Pulp Mill location and whose employment with the Company and Associated Companies is terminated on or after January 11, 1993, for any reason other than death or retirement; or

(ii) a Member who was a participant of the Northwest Mills Plan at the Port Angeles Pulp Mill location who is on the payroll of the Company on October 21, 1996, and who remains an hourly paid employee represented by Local 155, 161, 169 or 730 of the Association of Western Pulp and Paper Works until released by the Company;

shall be entitled to a vested benefit under the provisions of this Section 4.05 without regard as to whether he or she completed five years of Eligibility Service.

(b) **Benefit** – Prior to adjustment in accordance with Sections 4.06(a) and 4.07(a)(iii), the vested benefit payable to a Member shall be a benefit deferred to commence on the last day of the month in which the former Member's Normal Retirement Date occurs and shall be equal to the Member's Accrued Benefit. On or after the date on which the former Member shall have reached the 55th anniversary of his or her birth, he or she may elect to receive a benefit commencing on the last day of any calendar month next following the 55th anniversary of his or her birth and prior to his or her Normal Retirement Date as specified in his or her request therefor, after receipt by the Plan Administration Committee of written application therefor made by the former Member and filed with the Plan Administration Committee. The preceding sentence shall not apply to (i) a former Member who was a participant of the Northwest Mills Plan while employed at the Rayonier Research Center location and who terminated employment from such location prior to January 1, 1989 with less than 15 years of Benefit Service, (ii) a former Member who was a participant of the Northwest Mills Plan while employed at the Port Angeles Mill location or the Grays Harbor Mill location and who terminated employment from such location prior to January 1, 1998, with less than 15 years of Benefit Service, or (iii) any former Member who terminated employment prior to January 1, 1976. Upon such earlier payment, the vested benefit otherwise payable at the former Member's Normal Retirement Date will be reduced by 1/180th for each month up to 60 months by which the commencement date of such payments precedes his or her Normal Retirement Date and further reduced by 1/360th for each such month in excess of 60 months.

4.06 Forms of Benefit Payment after Retirement

(a) **Automatic Form of Payment**

(i) Automatic Joint and Survivor Annuity – If a Member or former Member who is married on his or her Annuity Starting Date has not made an election of an optional form of payment as provided in Section 4.06(b), the retirement allowance or vested benefit payable to such Member or former Member commencing on his or her Annuity Starting Date shall automatically be adjusted to provide (A) a reduced benefit payable to the Member or former Member during his or her life equal to his or her benefit otherwise payable without optional modification computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, multiplied by the appropriate factor contained in Table 1 of Schedule I and (B) a benefit payable after his or her death to his or her surviving spouse equal to 50% of the reduced benefit payable to the Member or former Member.

(ii) Automatic Life Annuity – If a Member or former Member is not married on his or her Annuity Starting Date, the retirement allowance or vested benefit computed in accordance with Section 4.01, 4.02, 4.03, 4.04 or 4.05, as the case may be, shall be paid to the Member or former Member in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death, unless the Member or former Member is eligible for and makes an election of an optional form of payment under Section 4.06(b).

(iii) A married former Member entitled to, but not is receipt of, a retirement allowance or vested benefit as of August 23, 1984, who terminated service on or after September 2, 1974, but before January 1, 1976, may elect, during the period beginning on August 23, 1984, and ending on his or her Annuity Starting Date, to have his or her retirement allowance or vested benefit payable in accordance with the provisions of this Section 4.06(a).

(b) **Optional Forms of Payment**

(i) Life Annuity Option – Any Member or former Member who retires or terminates employment with the right to a retirement allowance or vested benefit may elect, in accordance with the provisions of Section 4.06(d), to provided that the retirement allowance payable to him or her under Section 4.01, 4.02, 4.03 or 4.04 or the vested benefit payable to him or her under Section 4.05 shall be in the form of a lifetime benefit payable during his or her own lifetime with no further benefit payable to anyone after his or her death.

(ii) Contingent Annuity Option – Any Member or former Member who retires or terminates employment with the right to a retirement allowance may elect, in accordance with the provisions of Section 4.06(d), to convert the retirement allowance payable to him or her under Section 4.01, 4.02, 4.03 or 4.04, as the case may be, into one of the following alternative options in order to provide that after his or her death, a lifetime benefit shall be payable to the person who, when the option became effective, was designated by him or her to be his or her contingent annuitant. The optional benefit elected shall be the Equivalent Actuarial Value of benefit otherwise payable without optional modification under 4.01, 4.02, 4.03 or 4.04.

Option 1. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or her death a benefit equal

to 100% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving contingent annuitant.

Option 2. A reduced retirement allowance payable during the Member's or former Member's life with the provision that after his or her death a benefit equal to 50% of his or her reduced retirement allowance shall be paid during the life of, and to, his or her surviving spouse.

Option 3. A reduced retirement allowance payable during the Member's or former Member's life with the provision that there will be some other benefit payable after his or her death; provided that the period during which payments are made shall not extend beyond the joint and last survivor expectancy of the Member and his or her contingent annuitant; and provided further that such benefit shall meet any additional requirements of Code Section 401(a)(9)(G) and the regulations thereunder as may be applicable.

(c) **Required Notice**. No less than 30 days and no more than 180 days before his or her Annuity Starting Date, the Plan Administration Committee shall furnish to each Member or former Member a written explanation in non-technical language of the terms and conditions of the Automatic Joint and Survivor Annuity and the Automatic Life Annuity as described in Section 4.06(a) and the optional forms of benefits described in Section 4.06(b). Such explanation shall include (i) a general description of the eligibility conditions for, the material features of and the relative values of the optional forms of payment under the Plan, (ii) any rights the Member or former Member may have to defer commencement of his or her retirement allowance or vested benefit, (iii) the requirement for Spousal Consent as provided in Section 4.06(d) and (iv) the right of the Member or former Member, prior to his or her Annuity Starting Date to make and to revoke elections under Section 4.06.

(d) **Election of Options**. A Member or former Member may, subject to the provisions of this Section 4.06(d), elect to receive his or her retirement allowance or vested benefit in any one of the optional forms of payment described in Section 4.06(b)(i), or in the case of a Member who retires under the provisions of Section 4.01, 4.02, 4.03 or 4.04, in one of the optional forms of payment described in Section 4.06(b)(ii), in lieu of the automatic forms of payment described in Section 4.06(a). Notwithstanding the preceding sentence, a Member who retired on a disability retirement allowance may only elect an optional form of payment under this Section 4.06 to take effect on his or her Normal Retirement Date. A married Member's or a married former Member's election of a Life Annuity form of payment under Section 4.06(b)(i) or any optional form of payment under Section 4.06(b)(ii), which does not provide for monthly payments to his or her spouse for life after the Member's or former Member's death, in an amount equal to at least 50% but not more than 100% of the monthly amount payable under that form of payment to the Member or former Member and which is not of Equivalent Actuarial Value to the Automatic Joint and Survivor Annuity described in Section 4.06(a)(i), shall be effective only with Spousal Consent; provided that such Spousal Consent to the election has been received by the Plan Administration Committee.

Any election made under Section 4.06(a) or Section 4.06(b) shall be made on a form approved by the Plan Administration Committee and may be made during the 180-day period ending on the Member's Annuity Starting Date, but not prior to the date the Member or former Member receives the written explanation described in Section 4.06(c). Any such election shall become effective on the Member's or former Member's Annuity Staring Date, provided the appropriate form is filed with and received by the Plan Administration

Committee and may not be modified or revoked after his or her Annuity Starting Date. Any election made under Section 4.06(a) or Section 4.06(b) after having been filed, may be revoked or changed by the Member or former Member only by written notice received by the Plan Administration Committee before his or her election becomes effective on his or her Annuity Starting Date. Any subsequent elections and revocations may be made at any time and from time to time during the 180-day period ending on the Member's or former Member's Annuity Starting Date. A revocation shall be effective when the completed notice is received by the Plan Administration Committee. A re-election shall be effective on the Member's or former Member's Annuity Starting Date. If, however, the Member or the spouse or the contingent annuitant designated in the election dies before the election has become effective, the election shall thereby be revoked.

Notwithstanding the provisions of Paragraph (c) above, a Member may, after having received the notice, affirmatively elect to have his or her retirement allowance or vested benefit commence sooner than 30 days following his or her receipt of the notice, provided all of the following requirements are met:

(i) the Plan Administration Committee clearly informs the Member that he or she has a period of at least 30 days after receiving the notice to decide when to have his or her retirement allowance or vested benefit begin, and if applicable, to choose a particular optional form of payment;

(ii) the Member affirmatively elects a date for his or her retirement allowance or vested benefit to begin, and if applicable, an optional form of payment, after receiving the notice;

(iii) the Member is permitted to revoke his or her election until the later of his or her Annuity Starting Date or seven days following the day he or she received the notice;

(iv) payment does not commence less than seven days following the day after the notice is received by the Member; and

(v) in the event a Member who is scheduled to commence receipt of a retirement allowance prior to his or her Normal Retirement Date or who retires on a Normal or Postponed Retirement Date elects an Annuity Starting Date that precedes the date he or she received the notice (the "retroactive Annuity Starting Date"), the following requirements are met:

(A) the Member's benefit must satisfy the provisions of Code Sections 415 and 417(e)(3), both at the retroactive Annuity Starting Date and at the actual commencement date;

(B) a payment equal in amount to the payments that would have been received by the Member had his or her benefit actually commenced on his retroactive Annuity Starting Date, plus interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually, shall be paid to the Member on his or her actual commencement date; and

(C) the Member elects within the 120 day period following the Member's termination of employment with the Company and all Associated Companies to receive benefits as of a retroactive Annuity Starting 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 is not married on the actual commencement date and the Member's spouse on the retroactive Annuity Starting Date is not treated as his spouse under a qualified domestic relations order.

(e) **Delayed Commencement of Normal Retirement Allowance**

(i) In the event a Member who has retired or otherwise terminated employment with the Company and all Associated Companies prior to his Normal Retirement Date has not filed an election designating an Annuity Starting Date prior to the 91st day preceding his Normal Retirement Date, the Plan Administration Committee shall mail the notice described in Section 4.06(c) to the Member's last known address as indicated on Plan records at least 30 days prior to the Member's Normal Retirement Date. The Member's Normal Retirement Date shall be deemed to be the Member's Annuity Starting Date. In the absence of a benefit election filed by the Member prior to his Normal Retirement Date in accordance with the provisions of Section 4.06(d), distribution of the Member's retirement allowance shall be deemed to commence to the Member on his Normal Retirement Date in the normal form applicable to the Member as determined on the basis of Plan records. Such payments shall be held in the Plan's trust and deemed forfeited until claim has been made by the Member.

(ii) In the event the Member subsequently files a claim for payment, payment shall commence to the Member as soon as practicable in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date. In addition, one lump sum payment shall be paid to the Member equal to the sum of the monthly payments that the Member would have received during the period beginning on his Normal Retirement Date and ending with the month preceding his actual commencement date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined as of the Member's Normal Retirement Date on the basis of the actual form of payment in which the Member's retirement allowance is payable under Section 4.06(a) or Section 4.06(b). The lump sum shall be paid on or as soon as practicable following the date the Member's retirement allowance commences.

In the event a Member's marital status used to compute the Member's retirement allowance under Section 4.06(a) was not accurate, the amount of the Member's

retirement allowance payable under this Section 4.06(e) shall be adjusted to reflect the Member's correct marital status.

(iii) In the event a Member entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to the commencement of his retirement allowance, upon claim by the Member's personal representative, or if none, his estate, one lump sum payment shall be paid to the claimant equal to the lump sum amount calculated under Section 4.06(e)(ii) above that would have been paid to the Member for the period commencing on the Member's Normal Retirement Date and ending with the month prior to his death, plus interest on that amount at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan year in which interest is paid, compounded annually, from the Member's Normal Retirement Date to the date of payment of the lump sum amount to the Member's personal representative, or if none, to his estate.

(iv) In the event a Member who is entitled to a retirement allowance under the provisions of Section 4.06(e)(i) above dies prior to commencement of his retirement allowance and is survived by a spouse to whom he was married on his Normal Retirement Date, the Member's surviving spouse shall be entitled to the survivor portion of the Member's retirement allowance under the provisions of Section 4.06(a)(i), assuming the Member commenced payment under Section 4.06(a)(i) effective on his Normal Retirement Date. Such survivor retirement allowance shall commence as soon as practicable following the surviving spouse's claim for the retirement allowance. In addition, one lump sum payment shall be paid to the surviving spouse equal to the sum of the monthly payments the surviving spouse would have received for the month of the Member's date of death through the month preceding the month in which the survivor retirement allowance commences, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period for each Plan Year in which interest is paid, compounded annually.

(v) In the event a Member's retirement allowance otherwise scheduled to commence on his Normal Retirement Date is delayed because the Plan Administration Committee is unable to locate the Member and the Plan Administration Committee does not mail the notice described in Section 4.06(c) at least 30 days prior to the Member's Normal Retirement Date, the Plan Administration Committee shall commence payment within 60 days after the date the Member is located. Unless the Member elects an optional form of payment in accordance with the provisions of Section 4.06(b), payment shall commence in the normal form applicable to the Member on his or her Annuity Starting Date. The retirement allowance payable to the Member shall be of Equivalent Actuarial Value to the retirement allowance otherwise payable to the Member on his Normal Retirement Date.

In the event a Member whose retirement allowance is delayed beyond his or her Normal Retirement Date as described above dies prior to his or her Annuity Starting Date, and is survived by a spouse, the spouse shall be entitled to receive a survivor annuity under the provisions of Section 4.07(a)(ii) computed on the basis of the Equivalent Actuarial Value of the retirement allowance payable to the Member on his Normal Retirement Date.

(vi) Notwithstanding the provisions of Section 4.06(e)(v) above, a Member described in the preceding subparagraph whose retirement allowance will be paid in the form of an annuity may elect, in lieu of the retirement allowance otherwise payable under Section 4.06(e)(v) above, to receive:

(A) a lump sum payment equal to the sum of the monthly payments the Member would have received from his Normal Retirement Date to his Annuity Starting Date, together with interest at the annual rate of interest on 30-year Treasury Securities published by the Commissioner of Internal Revenue in the calendar month preceding the applicable Stability Period applicable for each Plan Year in which interest is paid, compounded annually. The amount of the monthly payments shall be determined on the basis of the form of payment in which the Member's retirement allowance is payable under Section 4.06(a), as applicable; and

(B) a retirement allowance in the amount that would have been payable to the Member if payments had commenced on the Member's Normal Retirement Date in the form elected by the Member.

An election under this Section 4.06(e)(vi) shall be subject to the notice and spousal consent requirements set forth in Section 4.06(d) applicable to the election of an optional form of payment.

(f) If a Member dies after his or her Annuity Starting Date, any payment continuing on to his or her spouse or contingent annuitant shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death.

4.07 Survivor's Benefit Applicable Before the Annuity Starting Date

(a) **Automatic Pre-Retirement Spouse's Benefit**

(i) ***Automatic Pre-Retirement Spouse's Benefit Applicable Before Termination of Employment***. The surviving spouse of a Member who has completed 5 years of Eligibility Service and who does not have an effective election of the optional Pre-Retirement Survivor's Benefit under Section 4.07(b)(i) shall automatically receive a benefit payable under the automatic Pre-Retirement Spouse's Benefit of this Section 4.07(a)(i) in the event said Member should die after the effective date of coverage hereunder and before termination of employment. The benefit payable to the Member's spouse shall be equal to 50% of the benefit the Member would have received if the retirement allowance or vested benefit the Member was entitled to at his or her date of death had commenced as of the month next following the month in which his or her Normal Retirement Date would have occurred (or as of the month next following the month in which the Member's date of death occurred, if later) in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a)(i). Such benefit shall be payable for the life of the spouse commencing as of the month next following the month in which the Member's Normal Retirement Date would have occurred (or as of the month next following the month in which the Member's date of death occurred, if later). However, the Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the last day of any calendar month following the month in which the former Member would have reached the 55th anniversary of his or her birth.

If the Member’s spouse elects to commence payment of the automatic Pre-Retirement Spouse's Benefit prior to what would have been the Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on the standard early retirement allowance or vested benefit to which the Member would have been entitled, had the Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b).

However, if a Member had elected an optional form of payment under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, which provides for monthly payments to his or her spouse for life in an amount equal to at least 50% but not more that 100% 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, the amount of benefit payable to the spouse shall be based on the provisions of such optional form of payment, in lieu of the provisions of this Section 4.07(a)(i).

Coverage hereunder shall be applicable to a married Member in active service who has satisfied the eligibility requirements for a retirement allowance under Section 4.01(a), 4.02(a) or 4.03(a) or a vested benefit under Section 4.05(a) and shall become effective on the date the Member marries and shall cease on the earlier of (i) the date such active Member's marriage is legally dissolved by a divorce decree or (ii) the date such active Member's spouse dies.

(ii) ***Automatic Pre-Retirement Spouse’s Benefit Applicable During Disability Retirement***. The surviving spouse of a Member who is receiving a disability retirement allowance under Section 4.04 and who does not have an effective election of the optional Pre-Retirement Survivor’s Benefit under Section 4.07(b)(ii) shall automatically receive a benefit payable under the automatic Pre-Retirement Spouse’s Benefit of this Section 4.07(a)(ii) in the event said Member should die after the effective date of coverage thereunder and before Normal Retirement Date. The benefit payable to the Member’s spouse shall be equal to 50% of the benefit the Member was receiving prior to his or her date of death multiplied by the applicable factor in Table 1 of Schedule I based on the ages of the Member and his or her spouse on the Member’s date of death. Such benefit shall be payable for the life of the spouse commencing as of the month following the month of the Member’s death.

However, if a Member had elected an optional form of payment under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, which provides for monthly payments to his or her spouse for life in an amount equal to at least 50% but not more that 100% 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, the amount of benefit payable to the spouse shall be based on the provisions of such optional form of payment, in lieu of the provisions of this Section 4.07(a)(ii).

Coverage hereunder shall be applicable to a married Member who has satisfied the eligibility requirements for a disability retirement allowance under Section 4.04(a) and shall become effective on the date the Member marries and shall cease on the earlier of (i) the date such Member’s marriage is legally dissolved by a divorce decree, or (ii) the date such Member’s spouse dies.

(iii) ***Automatic Pre-Retirement Spouse's Benefit Applicable Upon Termination of Employment***. In the case of a Member or former Member who is married and entitled to a standard early retirement allowance under Section 4.03 or a vested benefit under Section 4.05, the provisions of this Section 4.07(a)(iii) shall apply to the period between the date his or her services are terminated or the date, if later, the Member or former Member is married and his or her Annuity Starting Date, or other cessation of coverage as later specified in this Section 4.07(a)(iii).

In the event of a married Member's or former Member's death during any period in which these provisions have not been waived or revoked by the Member or former Member and his or her spouse, the benefit payable to the Member's or former Member's spouse shall be equal to 50% of the standard early retirement allowance or vested benefit the Member or former Member would have received as of the month next following the month in which his or her Normal Retirement Date would have occurred if he or she had elected to receive such benefit in the form of the Automatic Joint and Survivor Annuity under Section 4.06(a).

The spouse's benefit shall be payable for the life of the spouse commencing as of the month in which the Member's or former Member's Normal Retirement Date would have occurred. However, the Member's or former Member's spouse may elect, by written application filed with the Plan Administration Committee, to have payments begin as of the last day of any calendar month following the month in which the Member or former Member would have reached the 55th anniversary of his or her birth (or his or her date of death, if later). If the Member's or former Member's spouse elects to commence payment of this automatic Pre-Retirement Spouse's Benefit prior to what would have been the Member's or former Member's Normal Retirement Date, the amount of such benefit payable to the spouse shall be based on the standard early retirement allowance or vested benefit to which the Member or former Member would have been entitled, had the Member or former Member elected to have payments commence to himself or herself on such earlier date in accordance with the provisions of Section 4.03(b) or Section 4.05(b).

However, if a Member or former Member had elected an optional form of payment under Section 4.06(b)(ii) within the 180-day period preceding his or her Annuity Starting Date, which provides for monthly payments to his or her spouse for life in an amount equal to at least 50% but not more that 100% 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, the amount of benefit payable to the spouse shall be based on the provisions of such optional form of payment, in lieu of the provisions of this Section 4.07(a)(iii).

The vested benefit payable to a former Member whose spouse is covered under this Section 4.07(a)(iii) or, if applicable, the benefit payable to his or her spouse upon his or her death shall be reduced by the applicable percentages shown below. Such reduction shall apply to each month during which coverage is in effect for at least one day; provided, however, no reduction shall be made with respect to any period before the later of (1) the date the Plan Administration Committee furnishes the former Member the notice of his or her right to waive the automatic Pre-Retirement Spouse's Benefit or (2) the commencement of the election period specified in Section 4.07(c) below.

ANNUAL REDUCTION FOR SPOUSE'S COVERAGE
AFTER TERMINATION OF EMPLOYMENT
OTHER THAN RETIREMENT

Age	Reduction
Less than 40	1/10 of 1% per year
40 but prior to 50	2/10 of 1% per year
50 but prior to 55	3/10 of 1% per year
55 but prior to 60	5/10 of 1% per year
60 but less than 65	1% per year

(b) **Optional Pre-Retirement Survivor's Benefit**. The term "Beneficiary" for purposes of this Section 4.07(b) shall mean any person named by the Member by written designation to receive benefits payable under the optional Pre-Retirement Survivor's Benefit; provided, however, that for any married Member the term "Beneficiary" shall automatically mean the Member's spouse and any prior designation to the contrary will be canceled, unless the Member, with Spousal Consent, designates otherwise. An election of a non-spouse Beneficiary by a married Member shall be effective only if accompanied by Spousal Consent and such Spousal Consent has been received by the Plan Administration Committee. The Plan Administration Committee shall resolve any questions arising hereunder as to the meaning of "Beneficiary" on a basis uniformly applicable to all Members similarly situated.

(i) **Optional Pre-Retirement Survivor's Benefit in Active Service After Normal Retirement Date**. A Member in active service after his or her Normal Retirement Date may elect a Pre-Retirement Survivor's Benefit with a non-spouse Beneficiary pursuant to this Section 4.07(b)(i); provided, however, that if such Member is married, he or she must first make an effective waiver of the automatic Pre-Retirement Spouse's Benefit under Section 4.07(a)(i) pursuant to Section 4.07(c).

In the event of a Member's death during any period in which the Pre-Retirement Survivor's Benefit provided in this Section 4.07(b)(i) is in effect, the benefit payable to the Member's Beneficiary shall be equal to 50% of the retirement allowance the Member would have received on his or her date of death if he or she had elected to receive such benefit in the form of Option 2 under Section 4.06(b)(ii). The Pre-Retirement Survivor's Benefit shall be payable for the life of the Beneficiary commencing on the last day of the month following the Member's death.

(ii) **Optional Pre-Retirement Survivor's Benefit During Disability**. In the case of a Member retired due to disability under the provisions of Section 4.04, the provisions of this Section 4.07(b)(ii) shall apply to the period between his or her Disability Retirement Date and his or her Normal Retirement Date.

The Member may elect the optional Pre-Retirement Survivor's Benefit under Option A, B or C below; provided, however, that a married Member may not elect Option A below with his or her spouse as Beneficiary.

Option A. The disability retirement allowance payable to the Member prior to his or her Normal Retirement Date shall be equal to the retirement allowance the Member would have received on his or her Disability Retirement

Date if he or she had elected to receive such retirement allowance in the form of Option 2 under Section 4.06(b)(ii). In the event of the Member's death during any period in which this Option A is in effect, the benefit payable during the life of, and to, his or her Beneficiary shall be equal to 50% of the Member's disability retirement allowance calculated in accordance with the prior sentence, and shall commence on the last day of the month in which the Member's date of death occurred.

Option B. The disability retirement allowance payable to the Member prior to his or her Normal Retirement Date shall be equal to the retirement allowance the Member would have received on his or her Disability Retirement Date if he or she had elected to receive such retirement allowance in the form of Option 1 under Section 4.06(b)(ii). In the event of the Member's death during any period in which this Option B is in effect, the benefit payable during the life of, and to, his or her Beneficiary shall be equal to 100% of the Member's disability retirement allowance calculated in accordance with the prior sentence, and shall commence on the last day of the month in which the Member's date of death occurred.

Option C. The disability retirement allowance payable to the Member prior to his or her Normal Retirement Date shall be equal to the retirement allowance the Member would have received on his or her Disability Retirement Date if he or she had elected to receive such retirement allowance in the form of Option 3 under Section 4.06(b)(ii). In the event of the Member's death during any period in which this Option C is in effect, the benefit payable during the life of, and to, his or her Beneficiary shall be equal to the percentage of the Member's disability retirement allowance the Member elected to continue after his or her death calculated in accordance with the prior sentence, and shall commence on the last day of the month in which the Member's date of death occurred.

(c) The Plan Administration Committee shall furnish to each Member and former Member a written explanation which describes (i) the terms and conditions of the automatic Pre-Retirement Spouse's Benefit and the optional Pre-Retirement Survivor Benefit, (ii) the Member's or former Member's right to make, and the effect of, an election to waive the automatic Pre-Retirement Spouse's Benefit and to elect the optional Pre-Retirement Survivor Benefit, (iii) the rights of the Member's or former Member's spouse, and (iv) the right to make, and the effect of, a revocation of such a waiver. Such written explanation shall be furnished (A) to each Member in active service within the period beginning one year prior to his or her attainment of his or her Normal Retirement Date and ending one year after his or her attainment thereof, (B) to each Member or former Member who has terminated service before the first anniversary of the date he or she terminated service, and (C) to each Member eligible for a disability retirement allowance before his or her Disability Retirement Date, and shall be furnished to such Member or former Member even though he or she is not married.

The period during which the Member may made an election to waive the automatic Pre-Retirement Spouse's Benefit provided under Section 4.07(a)(i) and to elect in lieu thereof the optional Pre-Retirement Survivor's Benefit under Section 4.07(b)(i) shall begin no later than his or her Normal Retirement Date and end on his or her Annuity Starting Date, or if earlier, his or her date of death. The period during which the Member may make an election to

waive the automatic Pre-Retirement Spouse’s Benefit provided under Section 4.07(a)(ii) and to elect in lieu thereof the optional Pre-Retirement Survivor’s Benefit under Section 4.07(b)(ii) shall begin no later than on the date he or she becomes disabled and end on his or her Disability Retirement Date. The period during which the former Member may make an election to waive the automatic Pre-Retirement Spouse's Benefit provided under Section 4.07(a)(iii) shall begin no later than the date his or her employment terminates and end on his or her Annuity Starting Date or, if earlier, his or her date of death. Any waiver, revocation or re-election of the automatic Pre-Retirement Spouse's Benefit shall be made on a form provided by the Plan Administration Committee and any waiver or revocation shall require Spousal Consent. If, upon termination of employment, the former Member waives coverage hereunder in accordance with administrative procedures established by the Plan Administration Committee for all Members similarly situated, such waiver shall be effective as of the former Member’s Severance Date. Any later re-election or revocation shall be effective when the completed form is received by the Plan Administration Committee. If a former Member dies during the period after a waiver is in effect, there shall be no benefits payable to his or her spouse under the provisions of this Section 4.07 unless an effective election under Section 4.07(b)(i) or (ii) is in effect and the spouse is the Beneficiary.

Except as described above in the event of a waiver or revocation, coverage under Section 4.07(a)(i), (ii) or (iii) shall cease to be effective upon a Member’s or former Member's Annuity Starting Date, or upon the date a Member’s or former Member's marriage is legally dissolved by a divorce decree, or upon the death of the spouse, whichever event shall first occur.

Coverage under Section 4.07(b)(i) shall cease to be effective upon a Member’s Annuity Starting Date, upon the death of the Beneficiary, or upon the marriage of the unmarried Member, whichever event shall first occur. Coverage under Section 4.07(b)(ii) shall cease to be effective upon a Member’s Annuity Starting Date, upon the death of the Beneficiary, upon the marriage of an unmarried Member, or upon the cessation of a Member’s Total and Permanent Disability, whichever event shall first occur.

(d) Any election made under Section 4.07 (including any waiver or revocation thereof) shall be made on a form approved by and filed with the Plan Administration Committee and in accordance with the term “Beneficiary” as defined in this Section 4.07.

(e) Notwithstanding the provisions of Section 4.07(a), a Member or former Member whose employment terminated on or after January 1, 1976, and prior to August 23, 1984, and who is entitled to a retirement allowance or vested benefit pursuant to the provisions of Section 4.03 or 4.05, but who is not yet in receipt thereof, may elect, on or after August 23, 1984, and prior to the commencement of such retirement allowance or vested benefit, to have the provisions of Section 4.07(a)(iii) apply to him or her.

4.10 Payment of Benefits

(a) Unless otherwise provided under an optional benefit elected pursuant to Section 4.06, the survivor’s benefit available under Section 4.07 or the provisions of Section 4.10(e)(ii), all retirement allowances, vested benefits or other benefits payable will be paid in monthly installments for each month beginning with (i) the month in which the Member has reached his or her Normal Retirement Date and has retired from active service, (ii) the month in which a Member has reached his or her Postponed Retirement Date and retired from active service, (iii) the month next following the month in which a Member or former Member files

a proper application requesting commencement of his or her vested benefit, standard early retirement allowance or disability retirement allowance, or (iv) the month in which benefits under an optional benefit under Section 4.06 or the survivor's benefits under Section 4.07 become payable, whichever is applicable. Such monthly installments shall cease with the payment for the month preceding the month in which the recipient dies. In no event shall a retirement allowance or vested benefit be payable to a Member who continue in or resumes active service with the Company or an Associated Company for any period between his or her Normal Retirement Date and Postponed Retirement Date, except as provided in Sections 4.02(c) and 4.10(e).

(b) Effective January 1, 1998, through March 27, 2005, in any case, a lump sum payment equal to the retirement allowance or vested benefit payable under Section 4.01, 4.02, 4.03, 4.04 or 4.05 or the Pre-Retirement Spouse's Benefit payable under Section 4.07(a) multiplied by the appropriate factor contained in Table 3 of Schedule I shall be made in lieu of any retirement allowance or vested benefit payable to a Member or former Member or any Pre-Retirement Spouse's Benefit payable to a spouse of a Member or a former Member, if the lump sum present value of such benefit amounts to $5,000 or less. In no event shall that adjustment factor produce a lump sum that is less than the amount determined by using the IRS Mortality Table and IRS Interest Rate. The lump sum payment shall be made as soon as administratively practicable following the date the Member has terminated employment or died, but in any event prior to the date his or her benefit payment would have otherwise commenced.

Effective March 28, 2005, a lump sum payment shall be made in lieu of all benefits in the event:

(i) the Member's Annuity Starting Date occurs on or after his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $5,000 or less, or

(ii) the Member's Annuity Starting Date occurs prior to his Normal Retirement Date and the present value of his benefit determined as of his Annuity Starting Date amounts to $1,000 or less.

In determining the amount of a lump sum payment payable under this paragraph, the lump sum present value shall mean a benefit, in the case of a lump sum benefit payable prior to a Member's Normal Retirement Date, of equivalent value to the benefit which would otherwise have been provided commencing at the Member's Normal Retirement Date. The determination as to whether a lump sum payment is due shall be made as soon as practicable following the Member's termination of service. Any lump sum benefit payable shall be made as soon as practicable following the determination that the amount qualifies for distribution under the provisions of Section 4.10 of this Appendix. In no event shall a lump sum payment be made following the date retirement benefit payments have commenced as an annuity.

Effective March 28, 2005, in the event the lump sum present value of a Member's retirement allowance or vested benefit exceeds $1,000 but does not exceed $5,000, the Member may elect to receive a lump sum payment of such allowance or benefit. The election shall be made in accordance with such administrative rules as the Plan Administration Committee shall prescribe. The Member may elect to receive the lump sum payment as soon as practicable following his termination of employment or as of the first day of any later month that precedes his Normal Retirement Date. Spousal Consent to the Member's election of the

lump sum is not required. A Member who is entitled to elect a distribution under this paragraph shall not be entitled to receive payment in any other form of payment offered under the Plan.

Notwithstanding the preceding provisions of this Section 4.07, a lump sum payment shall be paid to the spouse in lieu of the monthly Pre-Retirement Spouse's Benefit payable under Section 4.07(a) if the lump sum present value of the benefit amounts to $5,000 or less. The lump sum payment shall be made as soon as practicable following the determination that the amount qualifies for distribution under this Section. In no event shall a lump sum payment be made following the date payments have commenced to the surviving spouse as an annuity.

For purposes of this Section, the lump sum present value shall be determined by using the IRS Mortality Table and IRS Interest Rate.

In the event a Member is not entitled to any retirement allowance or vested benefit upon his termination of employment, he shall be deemed "cashed-out" under the provisions of this Section 4.10(b) as of the date he terminated service. However, if a Member described in the preceding sentence is subsequently restored to service, the provisions of Sections 3.06 of the Plan and Section 4.11 of this Appendix shall apply to him without regard to such sentence.

4.11 Reemployment of Former Member or Retired Member

(b) **Optional Forms of Pension Benefits**. If the Member is reemployed, any previous election of an optional benefit under Section 4.06 or a survivor's benefit under Section 4.07 shall be revoked.

(c) **Benefit Payments at Subsequent Termination or Retirement**

(i) In accordance with the procedure established by the Plan Administration Committee on a basis uniformly applicable to all Members similarly situated, upon the subsequent retirement of a Member in service after his or her Normal Retirement Date, payment of such Member's retirement allowance shall resume no later than the third month after the final month during the reemployment period in which he or she completes at least 40 Hours of Service.

(ii) Upon the subsequent retirement or termination of employment of a retired or former Member, the Plan Administration Committee shall, in accordance with rules uniformly applicable to all Members similarly situated, determine the amount of vested benefit or retirement allowance which shall be payable to such Member at such subsequent retirement or termination. Such vested benefit or retirement allowance shall be reduced by an amount of Equivalent Actuarial Value to the benefits, if any, other than disability retirement allowance payments, he or she received before the earlier of the date of his or her restoration to service or his or her Normal Retirement Date, provided that no such reduction shall reduce such vested benefit or retirement allowance below the original amount of vested benefit or retirement allowance earned but not received or the vested benefit or retirement allowance previously received by such Member in accordance with the terms of the Plan in effect during such previous employment, adjusted to reflect the election of any survivor's benefits pursuant to Section 4.07(a)(iii).

4.16 Minimum Adjusted Benefit

(a) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment on or after December 1, 1980, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Northwest Mills Plan as in effect on November 30, 1980, based on Benefit Service rendered up to and including November 30, 1980.

(b) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment from the Rayonier Research Center location on or after January 1, 1989, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Northwest Mills Plan as in effect on December 31, 1988, based on Benefit Service rendered up to and including December 31, 1988.

(c) The adjustment factor applied to a retirement allowance or vested benefit payable to any Member or former Member who terminates employment from the Grays Harbor Mill location on or after March 16, 1989, or to the Beneficiary of such Member or former Member, shall not result in a retirement allowance or vested benefit which is less than the adjusted retirement allowance or vested benefit which would have been payable to such Member, former Member or Beneficiary under the provisions of the Northwest Mills Plan as in effect on March 15, 1989, bases on Benefit Service rendered up to and including March 15, 1989.

4.17 Special Provisions in the Event of Permanent Closure

In the event the Company ceases all operations and permanently closes the Grays Harbor Pulp Mill, the Port Angeles Pulp Mill or the Rayonier Research Center, or upon the complete and permanent closure of a major department within the Grays Harbor Pulp Mill or the Port Angeles Pulp Mill, a Member who is employed at such location who has at least 20 years of Benefit Service may elect, in lieu of the retirement allowance or vested benefit accrued on his or her account which would be payable to him or her commencing on his or her Normal Retirement Date, to receive the Equivalent Actuarial Value of such retirement allowance or vested benefit in a lump sum payment, provided he or she continues to work as scheduled until his or her permanent release by the Company on account of such closure. Such Equivalent Actuarial Value shall be determined on the basis of (a) the mortality table used to compute the factors set forth in Schedule I, and (b) the interest rate used by the Pension Benefit Guaranty Corporation in valuing immediate or deferred annuities, whichever is applicable, for single employer plans that terminated as of the date of such closure. The provisions of this Section 4.17 shall not apply in the case of a complete or partial termination of the Plan, unless the assets are sufficient to provide all benefits under Section 8.01(a).

APPENDIX F

SCHEDULE I

I-1 Factors to be used with respect to Members who retire or terminate at the Port Angeles Pulp Mill location, subject to the provisions of Section 4.16(a) of this Appendix F.

I-2 Factors to be used with respect to Members who retire or terminate at the Rayonier Research Center location, subject to the provisions of Section 4.16(b) of this Appendix F, and Members who retire or terminate at the Grays Harbor Pulp Mill location, subject to the provisions of Section 4.16(c) of this Appendix F.

Rayonier

2016 Performance Share Award Program

The number of shares to which a participant could become entitled under the 2016 Performance Share Award Program (the "Program") can range from 0% to a maximum of 200% of the Target Award depending on Rayonier's total shareholder return ("TSR") performance for the Performance Period of April 1, 2016 through March 31, 2019, as compared to the TSR performance of the designated peer group companies for the same period. There will be no payout if results fall below the 30th percentile performance threshold.

- TSR is defined as stock price appreciation plus the reinvestment of dividends on a quarterly basis. For purposes of performance measurement, TSR shall be the final reported figure as may be adjusted by the Committee for unusual items to avoid distortion in the operation of the Program.
- TSR over the performance period will be calculated by measuring the value of a hypothetical $100 investment in Rayonier shares as compared to an equal investment in each of the peer group companies.
- TSR calculations of stock price appreciation will be the average of the closing prices of Rayonier common shares and that of each of the peer group companies for the first 20 trading dates and last 20 trading dates of the Performance Period.

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

- The TSR performance of Rayonier and the peer group companies will be calculated and Rayonier's relative performance, on a percentile basis, is determined.
- The payout percentage of Target Award based on Rayonier's percentile TSR performance against the peer group companies will be calculated per the following table:

Percentile Rank	**Award (Expressed As Percent of Target Award)**
80th and Above	200%
51st –79th	100%, plus 3.33% for each incremental percentile position over the 50th percentile
50th	100%
31st – 49th	30%, plus 3.5% for each incremental percentile position over the 30th percentile
30th	30%
Below 30th	0%

- The payout percentage may not exceed 100% of target awards if Rayonier's TSR for the Performance Period is negative.
- Payment, if any, is to be made in Rayonier Common Shares, and may be offset, to the extent allowed under applicable regulations, by the number of shares equal in value to the amount needed to cover associated tax liabilities.
- Dividend equivalents and interest will be paid in cash on the number of Rayonier Common Shares earned under the Program.
- Dividends equivalents and interest will be calculated by taking the dividends paid on one share of Rayonier Common Stock during the performance period times the number of shares awarded at the end of the period. Interest on such dividends will be earned at a rate equal to the prime rate as reported in the Wall Street Journal, adjusted and compounded annually, from the date such cash dividends were paid by the Company.
- Awards will be valued as soon as practicable following the end of the performance period. Awards, including dividends and interest, will be distributed to participants as soon as practicable following the valuation date.
- Target awards will be prorated in cases of retirement, death, or disability in accordance with Plan provisions.
- Notwithstanding any other provision in this Plan to the contrary, any award or shares issued thereunder and any amount received with respect to the sale of any such Award or shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's Clawback Policy as in effect from time to time (the "Clawback Policy").

2016 Performance Share Award Program – Peer Group (April 1, 2016 – March 31, 2019)

Custom Timber Peer Group (Weighted 80%)

- Catchmark Timber Trust
- Deltic Timber
- Potlatch Corporation
- Plum Creek
- Pope Resources
- Weyerhaeuser

Custom Real Estate Peer Group (Weighted 20%)

- Alexander & Baldwin, Inc.

- American Campus Communities, Inc.
- Apartment Investment and Management Company
- Avalonbay Communities Inc.
- AV Homes, Inc.
- Camden Property Trust
- Equity Residential
- Equity LifeStyle Properties, Inc.
- Essex Property Trust Inc.
- Forest City Enterprises Inc.
- Forestar Group Inc.
- HCP, Inc.
- The Howard Hughes Corporation
- Mid-America Apartment Communities Inc.
- Omega Healthcare Investors Inc.
- Post Properties Inc.
- Senior Housing Properties Trust
- The St. Joe Company
- Sun Communities Inc.
- UDR, Inc.

EXHIBIT 12

RAYONIER INC. AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited, thousands of dollars)

	For the Years Ended December 31,				
	2015	**2014**	**2013**	**2012**	**2011**
Earnings:					
Income from continuing operations	$ 43,941	$ 54,443	$ 105,843	$ 16,774	$ 58,345
Income tax benefit	(859)	(9,601)	(35,685)	(27,060)	(48,273)
Pre-tax income from continuing operations	43,082	44,842	70,158	(10,286)	10,072
Add:					
Interest expense	31,718	44,248	40,941	42,826	45,879
Interest factor attributable to rentals	236	301	540	424	461
Fixed charges	31,954	44,549	41,481	43,250	46,340
Subtract:					
Capitalized Interest	$ 19				
Earnings as adjusted	$ 75,017	$ 89,391	$ 111,639	$ 32,964	$ 56,412
Fixed Charges:	$ 31,954	$ 44,549	$ 41,481	$ 43,250	$ 46,340
Ratio of earnings as adjusted to total fixed charges	2.35	2.01	2.69	0.76	1.22
Deficiency	—	—	—	(10,286)	—

EXHIBIT 21

SUBSIDIARIES OF RAYONIER INC.
As of 12/31/2015

Name of Subsidiary	State/Country of Incorporation/Organization
Matariki Forests	New Zealand
Matariki Forestry Group	New Zealand
Rayonier Forest Resources, L.P.	Delaware
Rayonier Gulf Timberlands, LLC	Delaware
Rayonier Louisiana Timberlands, LLC	Delaware
Rayonier Mississippi Timberlands Company	Delaware
Rayonier Operating Company LLC	Delaware
Rayonier TRS Operating Company	Delaware
Rayonier TRS Forest Operations, LLC	Delaware
Rayonier TRS Holdings Inc.	Delaware
TerraPointe LLC	Delaware
Rayonier Atlantic Timber Company	Delaware
Rayonier Washington Timber Company	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Rayonier Inc.:

1) Registration Statement (Form S-3 No. 333–203733),

2) Registration Statement (Form S-4 Amendment No. 1 to No. 333–114858),

3) Registration Statement (Form S-8 No. 333–129175) pertaining to the Rayonier 1994 Incentive Stock Plan,

4) Registration Statement (Form S-8 No. 333–129176) pertaining to the 2004 Rayonier Incentive Stock and Management Bonus Plan, and

5) Registration Statement (Form S-8 No. 333–152505) pertaining to the Rayonier Inc. Savings Plan for Non-Bargaining Unit Hourly Employees at Certain Locations and Rayonier Investment and Savings Plan for Salaried Employees.

of our reports dated February 29, 2016, with respect to the consolidated financial statements and schedule of Rayonier Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Rayonier Inc. and subsidiaries, included in this Annual Report (Form 10-K) of Rayonier Inc. for the year ended December 31, 2015.

/s/ Ernst & Young LLP
Certified Public Accountants

Jacksonville, FL
February 29, 2016

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: February 1, 2016

/s/ RICHARD D. KINCAID

Richard D. Kincaid

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 31, 2016

/s/ JOHN A. BLUMBERG

John A. Blumberg

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the “Company”), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 25, 2016

/s/ DOD A. FRASER

Dod A. Fraser

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the “Company”), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 19, 2016

/s/ SCOTT R. JONES

Scott R. Jones

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 21, 2016

/s/ BERNARD LANIGAN, JR.

Bernard Lanigan, Jr.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the “Company”), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 27, 2016

/s/ BLANCHE L. LINCOLN

Blanche L. Lincoln

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the “Company”), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 20, 2016

/s/ V. LARKIN MARTIN

V. Larkin Martin

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints David L. Nunes, Mark D. McHugh and Mark R. Bridwell, his true and lawful attorneys-in-fact, with full power in each to act without the other and with full power of substitution and resubstitution, to sign in the name of such person and in each of his offices and capacities with Rayonier Inc. (the "Company"), the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including any amendments thereto, and to file same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission.

Dated: January 26, 2016

/s/ ANDREW G. WILTSHIRE

Andrew G. Wiltshire

EXHIBIT 31.1

CERTIFICATION

I, David L. Nunes, certify that:

1. I have reviewed this annual report on Form 10-K of Rayonier Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2016

/s/ DAVID L. NUNES

David L. Nunes
President and Chief Executive Officer, Rayonier Inc.

EXHIBIT 31.2

CERTIFICATION

I, Mark McHugh, certify that:

1. I have reviewed this annual report on Form 10-K of Rayonier Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2016

/s/ MARK MCHUGH

Mark McHugh
Senior Vice President and
Chief Financial Officer, Rayonier Inc.

EXHIBIT 32

CERTIFICATION

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to our knowledge:

1. The Annual Report on Form 10-K of Rayonier Inc. (the "Company") for the period ended December 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 29, 2016

/s/ DAVID L. NUNES

David L. Nunes

President and Chief Executive Officer, Rayonier Inc.

/s/ MARK MCHUGH

Mark McHugh

Senior Vice President and Chief Financial Officer, Rayonier Inc.

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