

GRAPHIC PACKAGING HOLDING CO

FORM 10-K (Annual Report)

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Industry	Paper & Paper Products
Sector	Basic Materials
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2010

or

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

For the transition period from to

COMMISSION FILE NUMBER: 001-33988

Graphic Packaging Holding Company

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

814 Livingston Court, Marietta, Georgia

(Address of principal executive offices)

26-0405422

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

30067

(Zip Code)

(770) 644-3000

Registrant's telephone number, including area code:

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$0.01 par value per share	New York Stock Exchange
Series A Junior Participating Preferred Stock	New York Stock Exchange
Purchase Rights Associated with the Common Stock	

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

None

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

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

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

Indicate by check mark whether the registrant has submitted electronically 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 No

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 the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The aggregate market value of voting and non-voting common equity held by non-affiliates at June 30, 2010 was \$246.5 million.

As of March 4, 2011 there were approximately 343,725,669 shares of the registrant's Common Stock, \$0.01 par value per share outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 19,

2011 are incorporated by reference into Part III of this Annual Report on Form 10-K.

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INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements regarding the expectations of Graphic Packaging Holding Company (“GPHC” and, together with its subsidiaries, the “Company”), including, but not limited to, statements regarding cost savings from its continuous improvement programs, capital investment, depreciation and amortization, interest expense, debt reduction and pension plan expense and contributions in this report constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and its present expectations. These risks and uncertainties include, but are not limited to, the Company’s substantial amount of debt, inflation of and volatility in raw material and energy costs, continuing pressure for lower cost products, the Company’s ability to implement its business strategies, including productivity initiatives and cost reduction plans, currency movements and other risks of conducting business internationally, and the impact of regulatory and litigation matters, including those that could limit the Company’s ability to utilize its net operating losses to offset taxable income and those that impact the Company’s ability to protect and use its intellectual property. Undue reliance should not be placed on such forward-looking statements, as such statements speak only as of the date on which they are made and the Company undertakes no obligation to update such statements. Additional information regarding these and other risks is contained in Part I, “Item 1A., Risk Factors.”

PART I

ITEM 1. BUSINESS

Overview

Graphic Packaging Holding Company (“GPHC” and, together with its subsidiaries, the “Company”) is committed to providing packaging solutions that improve the world in which we live. The Company is a leading provider of packaging solutions for a wide variety of products to food, beverage and other consumer products companies. Additionally, the Company is the largest U.S. producer of folding cartons and holds a leading market position in coated unbleached kraft paperboard, coated-recycled boxboard and multi-wall bags.

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

On March 10, 2008, the businesses of Graphic Packaging Corporation (“GPC”) and Altiivity Packaging, LLC (“Altiivity”) were combined through a series of transactions. A new publicly-traded parent company, GPHC, was formed and all of the equity interests in Bluegrass Container Holdings, LLC (“BCH”), Altiivity’s parent company, were contributed to GPHC in exchange for shares of GPHC’s common stock. Subsequently, all of the equity interests in BCH were contributed to GPHC’s primary operating company, Graphic Packaging International, Inc. (“GPII”). Together, these transactions are referred to herein as the “Altiivity Transaction.” For additional information on the Altiivity Transaction, see Note 4 in the Notes to Consolidated Financial Statements included herein under “Item 8., Financial Statements and Supplementary Data.”

GPHC was incorporated on June 21, 2007 under the laws of the State of Delaware, under the name New Giant Corporation. GPHC did not conduct any material activities until after the closing of the Altiivity Transaction.

Products

The Company reports its results in two business segments: paperboard packaging and flexible packaging. As a result of changes in the Company’s internal reporting structure the previously reported multi-wall bag and specialty packaging segments have been combined into a single reportable segment called flexible packaging and the Company’s segment disclosures for 2009 and 2008 were revised. The Company operates in four geographic areas: the United States (“U.S.”)/Canada, Central/South America, Europe and Asia Pacific. For business segment and geographic area information for each of the last three fiscal years, see Note 17 in the Notes to Consolidated Financial Statements included herein under “Item 8., Financial Statements and Supplementary Data.”

Paperboard Packaging

The Company’s paperboard packaging products deliver marketing and performance benefits at a competitive cost. The Company supplies paperboard cartons and carriers designed to protect and contain products while providing:

- convenience through ease of carrying, storage, delivery, dispensing of product and food preparation for consumers;
- a smooth surface printed with high-resolution, multi-color graphic images that help improve brand awareness and visibility of products on store shelves; and
- durability, stiffness and wet and dry tear strength; leak, abrasion and heat resistance; barrier protection from moisture, oxygen, oils and greases as well as enhanced microwave heating performance.

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The Company provides a wide range of paperboard packaging solutions for the following end-use markets:

- beverage, including beer, soft drinks, energy drinks, water and juices;
- food, including cereal, desserts, frozen, refrigerated and microwavable foods and pet foods;
- prepared foods, including snacks, quick-serve foods for restaurants and food service products; and
- household products, including dishwasher and laundry detergent, health care and beauty aids, and tissues and papers.

The Company's packaging applications meet the needs of its customers for:

Strength Packaging. The Company provides sturdiness to meet a variety of packaging needs, including tear and wet strength, puncture resistance, durability and compression strength (providing stacking strength to meet store display packaging requirements).

Promotional Packaging. The Company offers a broad range of promotional packaging options that help differentiate its customers' products. These promotional enhancements improve brand awareness and visibility on store shelves.

Convenience Packaging. These packaging solutions improve package usage and food preparation:

- beverage multiple-packaging — Multi-packs for beer, soft drinks, energy drinks, water and juices;
- active microwave technologies — Substrates that improve the preparation of foods in the microwave; and
- easy opening and closing features — Pour spouts and sealable liners.

Barrier Packaging. The Company provides packages that protect against moisture, grease, oil, oxygen, sunlight, insects and other potential product-damaging factors.

The Company produces paperboard at its mills; prints, cuts and glues ("converts") the paperboard into folding cartons at its converting plants; and designs and manufactures specialized, proprietary packaging machines that package bottles and cans and, to a lesser extent, non-beverage consumer products. The Company also installs its packaging machines at customer plants and provides support, service and advanced performance monitoring of the machines.

The Company offers a variety of laminated, coated and printed packaging structures that are produced from its coated unbleached kraft ("CUK"), coated-recycled board ("CRB") and uncoated-recycled board ("URB"), as well as other grades of paperboard that are purchased from third-party suppliers.

Below is the paperboard production at each of the Company's mills during 2010:

Location	Product	# of Machines	2010 Net Tons Produced
West Monroe, LA	CUK	2	736,000
Macon, GA	CUK	2	604,000
Kalamazoo, MI	CRB	2	436,000
Battle Creek, MI	CRB	2	163,000
Middletown, OH	CRB	1	158,000
Santa Clara, CA	CRB	1	139,000
Pekin, IL	URB	1	41,000
West Monroe, LA	Containerboard	2	176,000

The Company consumes most of its coated board output in its carton converting operations, which is an integral part of its low-cost converting strategy. In 2010, excluding containerboard, 80% of mill production was consumed internally.

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CUK Production. The Company is the largest of three worldwide producers of CUK. CUK is a specialized high-quality grade of coated paperboard with excellent wet and dry tear strength characteristics and printability for high resolution graphics that make it particularly suited for a variety of packaging applications.

CRB Production. The Company is the largest domestic producer of CRB. CRB is manufactured entirely from recycled fibers, primarily old corrugated containers (“OCC”), doubled-lined kraft cuttings from corrugated box plants (“DLK”), old newspapers (“ONP”), and box cuttings. The recycled fibers are re-pulped, formed on paper machines, and clay-coated to provide an excellent printing surface for superior quality graphics and appearance characteristics.

URB Production. URB is an uncoated 100% recycled paperboard used in the manufacture of chipboard for folding cartons, gift boxes, trays and file folders, and tube stock for manufacture of tubes, cores, cans and composite containers.

Containerboard. The Company manufactures corrugated medium and kraft paper for sale in the open market. Corrugated medium is combined with linerboard to make corrugated containers. Kraft paper is used primarily to make grocery bags and sacks.

The Company converts CUK and CRB, as well as other grades of paperboard, into cartons at converting plants the Company operates in various locations across North America and internationally, converting plants associated with its joint ventures in Japan and China, contract converters and at licensees outside the U.S. The converting plants print, cut and glue paperboard into cartons designed to meet customer specifications.

Flexible Packaging

The Company’s flexible packaging segment includes multi-wall bags, plastics, and labels.

The Company is a leading supplier of flexible packaging in North America. Products include multi-wall bags, shingle wrap, plastic bags and film for building materials (such as ready-mix concrete), retort pouches (such as meals ready to go), medical test kits, batch inclusion bags and film. Key end-markets include food and agriculture, building and industrial materials, chemicals, minerals, pet foods, and pharmaceutical products. Approximately 20% of the plastics produced are consumed internally. The Company’s facilities are strategically located throughout the U.S., allowing it to provide a high level of service to customers, minimize freight and logistics costs, improve order turnaround times and improve supply chain reliability.

The Company’s label business focuses on heat transfer labels and lithographic labels and provides customers with high-quality labels utilizing multiple technology applications. The Company operates dedicated label plants which produce labels for food, beverage, pharmaceutical, automotive, household and industrial products, detergents, and the health and beauty markets.

Joint Ventures

The Company is a party to joint ventures with Rengo Riverwood Packaging, Ltd. (in Japan) and Graphic Hung Hing Packaging Ltd. (in China), in which it holds a 50% and 60% ownership interest, respectively. The joint venture agreements cover CUK supply, use of proprietary carton designs and marketing and distribution of packaging systems.

Marketing and Distribution

The Company markets its products principally to multinational beverage, food, and other well-recognized consumer product companies. The multinational beverage companies include Anheuser-Busch InBev, MillerCoors Brewing Company, PepsiCo and The Coca-Cola Company. Non-beverage consumer product customers include Kraft Foods, Inc., General Mills, Inc., Nestlé Group, Kellogg Company, HAVI Global Solutions, and Kimberly-Clark Corporation, among others. The Company also sells paperboard in the open market to independent and integrated paperboard converters.

Distribution of the Company's principal products is primarily accomplished through direct sales offices in the U.S., Australia, Brazil, China, Germany, Italy, Japan, Mexico, Spain and the United Kingdom, and, to a lesser degree, through broker arrangements with third parties.

During 2010, the Company did not have any one customer that represented 10% or more of its net sales.

Competition

Although a relatively small number of large competitors hold a significant portion of the paperboard packaging market, the Company's business is subject to strong competition. There are only two major CUK producers in the U.S., MeadWestvaco Corporation and the Company. Internationally, Klabin, Brazil, makes similar grades of paperboard.

In beverage packaging, cartons made from CUK compete with substitutes such as plastics and corrugated packaging for packaging glass or plastic bottles, cans and other primary containers. Although plastics and corrugated packaging are typically priced lower than CUK, the Company believes that cartons made from CUK offer advantages over these materials in areas such as distribution, high-quality graphics, carton designs, package performance, package line speed, environmental friendliness and design flexibility.

In non-beverage consumer packaging, the Company's paperboard competes with MeadWestvaco's CUK, as well as CRB and solid bleached sulfate ("SBS") from numerous competitors, and internationally, folding boxboard and white-lined chip. CUK and CRB have generally been priced in a range that is lower than SBS board. There are a large number of producers in the paperboard markets. Suppliers of paperboard compete primarily on the basis of price, strength and printability of their paperboard, quality and service.

The Company's multi-wall bag business competes with a small number of large competitors. Additionally, the Company faces increasing competition from imported products, primarily from Asia.

The plastics and labels businesses are highly fragmented, comprised of over 100 companies operating hundreds of converting facilities. Participants range from small, private companies to multinational firms.

Raw Materials

Paperboard Packaging

The paperboard packaging produced by the Company comes from pine trees. Pine pulpwood, paper and recycled fibers (including DLK and OCC) and energy used in the manufacture of paperboard, as well as poly sheeting, plastic resins and various chemicals used in the coating of paperboard, represent the largest components of the Company's variable costs of paperboard production.

For its West Monroe, LA and Macon, GA mills, the Company relies on private landowners and the open market for all of its pine pulpwood and recycled fiber requirements, supplemented by CUK clippings that are obtained from its converting operations. The Company believes that adequate supplies from both private landowners and open market fiber currently are available in close proximity to meet its fiber needs at these mills.

The Kalamazoo, MI mill produces coated 100% recycled paperboard made primarily from OCC, ONP, and boxboard clippings. The market price of each of the various recycled fiber grades fluctuates with supply and demand. The Company has many sources for its fiber requirements and believes that the supply is adequate to satisfy its needs.

The coated- and uncoated-recycled board produced at the Battle Creek, MI; Middletown, OH; Santa Clara, CA; and Pekin, IL mills is made from 100% recycled fiber. The Company procures its recycled fiber from both a large national corporation and local independent fiber suppliers. The internalization of the Company's recycled fiber procurement function enables the Company to attain the lowest market price for its recycled fiber given the Company's highly fragmented supplier base. The Company believes there are adequate supplies of recycled fiber to serve its mills.

In addition to paperboard that is supplied to its converting operations from its own mills, the Company converts a variety of other paperboard grades such as SBS. The Company purchases such paperboard requirements, including additional CRB and URB, from outside vendors. The majority of external board purchases are acquired through long-term arrangements with other major industry suppliers.

Flexible Packaging

The multi-wall bag business uses a combination of natural kraft, high performance, bleached, metallic and clay-coated papers in its converting operations. The paper is supplied directly through North American paper mills, under supply agreements that are typically reviewed annually.

The plastics business currently purchases the majority of its primary raw material of polyethylene resins or additives from a number of major industry suppliers. Other key material purchases include various films, aluminum foil, inks and adhesives that are secured through a variety of agreements, generally with terms of one to six years.

The label business purchases its primary raw materials, which include heat transfer papers and coated one-side and two-side papers, from a limited number of suppliers. In addition, the group purchases wet strength and metalized paper for specific, niche label applications and shrink sleeve film substrates through a variety of agreements, generally with terms of one to six years.

Energy

Energy, including natural gas, fuel oil and electricity, represents a significant portion of the Company's manufacturing costs. The Company has entered into contracts designed to manage risks associated with future variability in cash flows and price risk related to future energy cost increases for a portion of its natural gas requirements, primarily at its U.S. mills. The Company's hedging program for natural gas is discussed in Note 10 in the Notes to Consolidated Financial Statements included herein under "Item 8., Financial Statements and Supplementary Data."

Backlog

Orders from the Company's principal customers are manufactured and shipped with minimal lead time. The Company did not have a material amount relating to backlog orders at December 31, 2010 or 2009.

Seasonality

The Company's net sales, income from operations and cash flows from operations are subject to moderate seasonality, with demand usually increasing in the late spring through early fall due to the beverage, folding carton, housing and construction markets.

Research and Development

The Company's research and development staff works directly with its sales and marketing personnel to understand long-term consumer and retailer trends and create relevant new packaging. These innovative solutions provide customers with differentiated packaging to meet customer needs. The Company's development efforts include, but are not limited to, extending the shelf life of customers' products; reducing production costs; enhancing the heat-managing characteristics of food packaging; and refining packaging appearance through new printing techniques and materials.

Sustainability represents one of the strongest trends in the packaging industry. The Company's strategy is to combine sustainability with innovation to create new solutions for its customers. The Company's goal is that by 2012, 75% of the Company's new product sales will come from more sustainable packaging solutions.

For more information on research and development expenses see Note 1 in the Notes to Consolidated Financial Statements included herein under "Item 8., Financial Statements and Supplementary Data."

Patents and Trademarks

As of December 31, 2010, the Company had a large patent portfolio, presently owning, controlling or holding rights to more than 1,400 U.S. and foreign patents, with more than 900 U.S. and foreign patent applications currently pending. The Company’s patent portfolio consists primarily of patents relating to packaging machinery, manufacturing methods, structural carton designs, microwave packaging technology, barrier protection packaging, multi-wall packaging and manufacturing methods. These patents and processes are significant to the Company’s operations and are supported by trademarks such as Cap-Sac[®], DI-NA-CAL[®], Fridge Vendor[®], IntegraPak[™], Kitchen Master[®], MicroFlex[®] Q, MicroRite[®], Peel Pak[®], Quilt Wave[™], Qwik Crisp[®], Soni-Lok[®], Soni-Seal[®], The Yard Master[®], and Z-Flute[®]. The Company takes significant steps to protect its intellectual property and proprietary rights.

Culture and Employees

The Company’s corporate vision — to provide packaging solutions that improve the world in which we live — and values of respect, integrity, relationships, teamwork and accountability guide employee behavior, expectations and relations. The Company’s ongoing efforts to build a high-performance culture and improve the manner in which work is done across the Company includes a significant focus on continuous improvement utilizing processes like Lean Sigma and Six Sigma. In 2010 we had more than 2,400 new employees participate in over 560 Kaizen Events across the globe. This brings the total company participation to almost 40% and 5,000 employees worldwide.

As of December 31, 2010, the Company had approximately 12,400 employees worldwide (excluding employees of joint ventures), of which approximately 51% were represented by labor unions and covered by collective bargaining agreements. As of December 31, 2010, approximately 859 of the Company’s employees were working under an expired contract, which is currently being negotiated, and 1,788 were covered under collective bargaining agreements that expire within one year. The Company considers its employee relations to be satisfactory.

Environmental Matters

The Company is subject to federal, state and local environmental regulations and employs a team of professionals in order to maintain compliance at each of its facilities. For additional information on such regulation and compliance, see “Environmental Matters” in “Item 7., Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 14 in the Notes to Consolidated Financial Statements included herein under “Item 8., Financial Statements and Supplementary Data.”

Available Information

The Company’s website is located at <http://www.graphicpkg.com>. The Company makes available, free of charge through its website, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after such materials are electronically filed or furnished to the Securities and Exchange Commission (the “SEC”). The Company also makes certain investor presentations and access to analyst conference calls available through its website. The information contained or incorporated into the Company’s website is not a part of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

The following risks could affect (and in some cases have affected) the Company's actual results and could cause such results to differ materially from estimates or expectations reflected in certain forward-looking statements:

The Company's substantial indebtedness may adversely affect its financial health, its ability to obtain financing in the future, and its ability to react to changes in its business.

As of December 31, 2010, the Company had an aggregate principal amount of \$2,579.1 million of outstanding debt. Because of the Company's substantial debt, the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be restricted in the future. The Company is also exposed to the risk of increased interest costs because \$577.6 million of its debt is at variable rates of interest which are not hedged by interest rate swaps. A significant portion of the Company's cash flow from operations must be dedicated to the payment of principal and interest on its indebtedness, thereby reducing the funds available for other purposes. In 2011, the Company estimates it will pay between \$145 million and \$160 million in interest on its outstanding debt obligations.

Additionally, the Company's Credit Agreement dated May 16, 2007, as amended (the "Credit Agreement") and the indentures governing its 9.5% Senior Notes due 2017, 9.5% Senior Subordinated Notes due 2013, and the 7.875% Senior Notes due 2018 (the "Indentures") contain covenants that prohibit or restrict, among other things, the disposal of assets, the incurrence of additional indebtedness (including guarantees), payment of dividends, loans or advances and certain other types of transactions. The Credit Agreement also requires compliance with a maximum consolidated secured leverage ratio. The Company's ability to comply in future periods with these covenants will depend on its ongoing financial and operating performance.

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

Significant increases in prices for raw materials, energy, transportation and other necessary supplies and services could adversely affect the Company's financial results.

Limitations in the availability of — and increases in — the costs of raw materials, including petroleum-based materials, energy, wood, transportation and other necessary goods and services, could have an adverse effect on the Company's financial results. The Company is also limited in its ability to pass along such cost increases to customers, due to contractual provisions and competitive reasons.

There is no guarantee that the Company's efforts to reduce costs will be successful.

The Company utilizes a global continuous improvement initiative that uses statistical process control to help design and manage many types of activities, including production and maintenance. The Company's ability to implement successfully its business strategies and to realize anticipated savings is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. If the Company cannot successfully implement the strategic cost reductions or other cost savings plans, it may not be able to continue to compete successfully against other manufacturers. In addition, any failure to generate the anticipated efficiencies and savings could adversely affect the Company's financial results.

If a material percentage of the ownership interests in the Company's stockholders who own five percent or more of the Company's common stock are sold or transferred, the Company's ability to use its net operating losses to offset its future taxable income may be limited under Section 382 of the Internal Revenue Code.

As of December 31, 2010, the Company had approximately \$1.3 billion of net operating losses ("NOLs") available to offset future income for U.S. federal tax liability purposes. The Company's ability to use such NOLs to offset income can be limited, however, if the Company undergoes an "ownership change" within the meaning of Section 382 of the Internal Revenue Code ("Section 382"). In general, an ownership change occurs whenever the aggregate percentage of the Company's common stock owned directly or indirectly by its stockholders who own five percent or more of the Company's common stock ("Significant Stockholders") increases by more than 50 percentage points over the lowest aggregate percentage of the Company's common stock owned directly or indirectly by such Significant Stockholders at any time during the preceding three years. In addition, under certain circumstances, issuances, sales or other dispositions or acquisitions of the ownership interests in the Company's Significant Stockholders can be deemed an ownership change for the Company.

Although the Stockholders Agreement dated as of July 7, 2007 among the Company, the Coors family trusts and foundation, Clayton, Dubilier & Rice Fund V Limited Partnership, Old Town, S.A. (formerly known as EXOR Group, S.A.), Field Holdings, Inc., and certain affiliates of TPG Capital L.P. contains certain restrictions and limitations on purchasing additional shares of the Company's common stock or selling the shares of the Company's common stock owned by such Significant Stockholders as of the date of the agreement, the Company has little control over changes in the ownership interests of such Significant Stockholders.

If an ownership change occurs, Section 382 establishes an annual limitation on the amount of deferred tax assets attributable to previously incurred NOLs that may be used to offset taxable income in future years. As a result, the Company's tax liability for such years could increase significantly. The magnitude of the annual limitation on the use of deferred tax assets and the effect of such limitation on the Company is difficult to assess and depends in part on the market value of the Company at the time of the ownership change and prevailing interest rates.

Work stoppages and other labor relations matters may make it substantially more difficult or expensive for the Company to manufacture and distribute its products, which could result in decreased sales or increased costs, either of which would negatively impact the Company's financial condition and results of operations.

Approximately 51% of the Company's workforce is represented by labor unions, whose goals and objectives may differ significantly from the Company's. The Company may not be able to successfully negotiate new union contracts covering the employees at its various sites without work stoppages or labor difficulties. These events may also occur as a result of other factors. A prolonged disruption at any of the Company's facilities due to work stoppages or labor difficulties could have a material adverse effect on its net sales, margins and cash flows. In addition, if new union contracts contain significant increases in wages or other benefits, the Company's margins would be adversely impacted.

The Company is subject to environmental, health and safety laws and regulations, and costs to comply with such laws and regulations, or any liability or obligation imposed under such laws or regulations, could negatively impact its financial condition and results of operations.

The Company is subject to a broad range of foreign, federal, state and local environmental, health and safety laws and regulations, including those governing discharges to air, soil and water, the management, treatment and disposal of hazardous substances, the investigation and remediation of contamination resulting from releases of hazardous substances, and the health and safety of employees. Additionally, the Company cannot currently assess the impact that future emission standards, climate control initiatives and enforcement practices will have on the Company's operations and capital expenditure requirements. Environmental

liabilities and obligations may result in significant costs, which could negatively impact the Company's financial position, results of operations or cash flows. See Note 14 in the Notes to Consolidated Financial Statements included herein under "Item 8., Financial Statements and Supplementary Data."

The Company may not be able to adequately protect its intellectual property and proprietary rights, which could harm its future success and competitive position.

The Company's future success and competitive position depend in part upon its ability to obtain and maintain protection for certain proprietary carton and packaging machine technologies used in its value-added products, particularly those incorporating the Cap-Sac, DI-NA-CAL, Fridge Vendor, IntegraPak, Kitchen Master, MicroFlex Q, MicroRite, Peel Pak, Quilt Wave, Qwik Crisp, Soni-Lok, Soni-Seal, The Yard Master and Z-Flute technologies. Failure to protect the Company's existing intellectual property rights may result in the loss of valuable technologies or may require it to license other companies' intellectual property rights. It is possible that any of the patents owned by the Company may be invalidated, rendered unenforceable, circumvented, challenged or licensed to others or any of its pending or future patent applications may not be issued within the scope of the claims sought by the Company, if at all. Further, others may develop technologies that are similar or superior to the Company's technologies, duplicate its technologies or design around its patents, and steps taken by the Company to protect its technologies may not prevent misappropriation of such technologies.

Competition for sales of the Company's products could have an adverse effect on the Company's financial results.

The Company competes with other manufacturers, both domestically and internationally. The Company's products also compete with other manufacturers' CUK board and other substrates, SBS and recycled clay-coated news ("CCN"). Substitute products also include plastic, shrink film and corrugated containers. In addition, while the Company has long-term relationships with many of its customers, the underlying contracts may be re-bid or renegotiated from time to time, and the Company may not be successful in renewing on favorable terms or at all. The Company works to maintain market share through efficiency, product innovation and strategic sourcing to its customers; however, pricing and other competitive pressures may occasionally result in the loss of a customer relationship.

The Company's working capital, cash flow and profitability could be adversely impacted by the economic conditions, changes in governmental regulations, and the global consolidation of the businesses of the Company's customers.

Reduced availability of credit, current economic conditions, and increased costs as a result of changes in governmental regulations may adversely affect the ability of some of the Company's customers and suppliers to obtain funds for operations and capital expenditures. This could negatively impact the Company's ability to collect receivables in a timely manner and to obtain raw materials and supplies. In addition, increased global consolidation of the Company's customer base could lead to increased pressure on the Company to concede to less favorable price and payment terms. Without the Company's ability to counter such customer concessions by obtaining favorable price and payment term concessions from its own suppliers, or increasing volume, the Company's working capital, cash flow and profitability could be negatively impacted.

The Company's cash flows may also be adversely impacted by the Company's pension funding obligations. The Company's pension funding obligations are dependent upon multiple factors resulting from actual plan experience and assumptions of future experience. The Company has unfunded obligations under its domestic and foreign defined benefit pension plans, and the funded status of these plans is dependent upon various factors, including returns on invested assets, the level of certain market interest rates and the discount rate used to determine pension obligations. Unfavorable returns on the plan assets or unfavorable changes in applicable laws or regulations could materially change the timing and amount of required plan funding, which would reduce the cash available for the Company.

The Company’s reliance on a large number of financial institutions for a significant portion of its cash requirements could adversely affect the Company’s liquidity and cash flow.

The Company has exposure to many companies in the financial services industry, particularly commercial and investment banks that participate in its revolving credit facilities and that are counterparties to the Company’s interest rate swaps and natural gas and currency hedges. The failure of these financial institutions, or their inability or unwillingness to fund the Company’s revolving credit facility or fulfill their obligations under swaps and hedges, could have a material adverse effect on the Company’s liquidity position and cash flow.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Headquarters

The Company leases its principal executive offices in Marietta, GA and maintains country headquarters in Australia, China, Germany, Italy, and Japan.

Operating Facilities

A listing of the principal properties owned or leased and operated by the Company is set forth below. The Company’s buildings are adequate and suitable for the business of the Company. The Company also leases certain smaller facilities, warehouses and office space throughout the U.S. and in foreign countries from time to time. The operating locations include 7 paperboard mills and 34 paperboard converting and 17 flexible packaging plants.

Segment and Location	Related Products or Use of Facility
Packaging Segment:	
Battle Creek, MI	CRB
Kalamazoo, MI	CRB
Macon, GA	CUK
Middletown, OH	CRB
Pekin, IL	URB
Santa Clara, CA	CRB
West Monroe, LA	CUK; Containerboard; Research and Development
Atlanta, GA	Folding Cartons
Bristol, Avon, United Kingdom	Folding Cartons
Carol Stream, IL	Folding Cartons; Research and Development
Centralia, IL	Folding Cartons
Charlotte, NC	Folding Cartons
Cincinnati, OH	Folding Cartons
Elk Grove, IL ^(a)	Folding Cartons
Fort Smith, AR ^(a)	Folding Cartons
Gordonsville, TN	Folding Cartons
Idaho Falls, ID	Folding Cartons
Igualada, Barcelona, Spain ^(a)	Folding Cartons; Packaging Machinery Engineering Design and Manufacturing
Irvine, CA	Folding Cartons; Design Center
Jundiai, Sao Paulo, Brazil	Folding Cartons
Kalamazoo, MI	Folding Cartons
Kendallville, IN	Folding Cartons
La Porte, IN	Folding Cartons
Lawrenceburg, TN	Folding Cartons
Lumberton, NC	Folding Cartons
Marion, OH	Folding Cartons
Masnieres, France	Folding Cartons
Menasha, WI	Folding Cartons; Research and Development
Mississauga, Ontario, Canada	Folding Cartons; Research and Development
Mitchell, SD	Folding Cartons

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Segment and Location	Related Products or Use of Facility
Orchard Park, CA	Folding Cartons
Pacific, MO	Folding Cartons
Perry, GA	Folding Cartons
Piscataway, NJ	Folding Cartons
Queretaro, Mexico	Folding Cartons
Renton, WA	Folding Cartons
Solon, OH	Folding Cartons
Tuscaloosa, AL	Folding Cartons
Valley Forge, PA	Folding Cartons; Design Center
Wausau, WI	Folding Cartons
West Monroe, LA ^(a)	Folding Cartons
Flexible Packaging:	
Arcadia, LA	Multi-wall Bag
Brampton, Ontario, Canada	Plastics
Des Moines, IA	Plastics
Eastman, GA	Multi-wall Bag
Fowler, IN	Multi-wall Bag
Jacksonville, AR ^(b)	Multi-wall Bag
Kansas City, MO	Multi-wall Bag
Louisville, KY	Multi-wall Bag
Milwaukee, WI	Plastics
New Philadelphia, OH	Multi-wall Bag
North Portland, OR	Multi-wall Bag
Norwood, OH	Labels
Portage, IN	Contract Manufacturing
Quincy, IL	Multi-wall Bag
Salt Lake City, UT	Multi-wall Bag
Schaumburg, IL	Plastics
Wellsburg, WV	Multi-wall Bag
Other:	
Concord, NH	Research and Development
Crosby, MN	Packaging Machinery Engineering Design and Manufacturing
Marietta, GA	Research and Development; Packaging Machinery Engineering Design

Notes:

(a) Multiple facilities in this location.

(b) The Company has announced the intended closure of the location.

ITEM 3. LEGAL PROCEEDINGS

The Company is a party to a number of lawsuits arising in the ordinary conduct of its business. Although the timing and outcome of these lawsuits cannot be predicted with certainty, the Company does not believe that disposition of these lawsuits will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. See Note 14 in the Notes to Consolidated Financial Statements included herein under "Item 8., Financial Statements and Supplementary Data."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fiscal quarter ended December 31, 2010.

EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to General Instruction G.(3) of Form 10-K, the following list is included as an unnumbered item in Part I of this Report in lieu of being included in the definitive proxy statement that will be filed within 120 days after December 31, 2010.

David W. Scheible, 54, was appointed to Graphic Packaging Holding Company's Board upon its formation (under the name New Giant Corporation) in June 2007. Prior to the Altivity Transaction, he had served as a director, President and Chief Executive Officer of GPC since January 1, 2007. Prior to that time, Mr. Scheible

had served as Chief Operating Officer of GPC since October 2004. Mr. Scheible served as Executive Vice President of Commercial Operations from August 2003 until October 2004. Mr. Scheible served as Graphic Packaging International Corporation's Chief Operating Officer from 1999 until August 2003. He also served as President of Graphic Packaging International Corporation's Flexible Division from January to June 1999. Previously, Mr. Scheible was affiliated with the Avery Dennison Corporation, working most recently as its Vice President and General Manager of the Specialty Tape Division from 1995 through 1999 and Vice President and General Manager of the Automotive Division from 1993 to 1995.

Daniel J. Blount, 55, is the Senior Vice President and Chief Financial Officer of Graphic Packaging Holding Company. Prior to the Altivity Transaction, he had served as Senior Vice President and Chief Financial Officer of Graphic Packaging Corporation since September 2005. From October 2003 until September 2005, he was the Senior Vice President, Integration of GPC from August 2003 until October 2003, he was the Senior Vice President, Chief Financial Officer and Treasurer. From June 2003 until August 2003, he was Senior Vice President, Chief Financial Officer and Treasurer of Riverwood Holding, Inc. From September 1999 until June 2003, Mr. Blount was Senior Vice President and Chief Financial Officer of Riverwood Holding, Inc. Mr. Blount was named Vice President and Chief Financial Officer of Riverwood Holding, Inc. in September 1998. Prior to joining Riverwood Holding, Inc., Mr. Blount spent 13 years at Montgomery Kone, Inc., an elevator, escalator and moving ramp product manufacturer, installer and service provider, most recently serving as Senior Vice President, Finance.

Cynthia A. Baerman, 48, is the Senior Vice President, Human Resources of Graphic Packaging Holding Company. Mrs. Baerman joined Graphic Packaging Holding Company in March 2009 from JohnsonDiversey, a global leader in sanitation products and services where she served as Vice President and General Manager of its Food and Beverage Division from September 2006 until February 2009 and as Vice President, Human Resources from March 2005 until January 2007. From January 2004 until January 2005, Mrs. Baerman was Vice President of Human Resources at Barilla America. Mrs. Baerman previously held senior leadership positions in human resources at top companies in the food and beverage sector, including Kraft Foods, Miller Brewing Company, and Anheuser-Busch Companies.

John C. Best, 51, is the Vice President, Business Development of Graphic Packaging Holding Company. Prior to the Altivity Transaction, he had served as Vice President, Business Development of Graphic Packaging Corporation since January 2006, with responsibility for Marketing, Research and Development and the successful sale of value-added products into the marketplace. Previously, he had served as Vice President of Sales for Graphic Packaging Corporation from August 1999 to December 2005. Mr. Best joined Graphic Packaging Corporation in 1994 as the Business Unit Manager for the Folding Carton Division.

Michael P. Doss, 44, is the Senior Vice President, Consumer Packaging Division of Graphic Packaging Holding Company. Prior to the Altivity Transaction, he had served as Senior Vice President, Consumer Products Packaging of Graphic Packaging Corporation since September 2006. From July 2000 until September 2006, he was the Vice President of Operations, Universal Packaging Division. Since joining Graphic Packaging International Corporation in 1990, Mr. Doss held positions of increasing management responsibility, including Plant Manager at the Gordonsville, TN and Wausau, WI plants. Mr. Doss was Director of Web Systems for the Universal Packaging Division prior to his promotion to Vice President of Operations.

Kristopher L. Dover, 46, is the Senior Vice President, Flexible Group of Graphic Packaging Holding Company. Prior to the Altivity Transaction, Mr. Dover served as Vice President and General Manager, Multi-Wall Bag from August 2007 until March 2008 and as Vice President — Operations from December 2006 until August 2007 for Altivity Packaging. Mr. Dover was Vice President, Global Operations — Beverage from January 2006 until December 2006 and Vice President, Operations — Europe from August 2004 until January 2006 and Director of Operations from August 2003 until August 2004 for Graphic Packaging Corporation. Mr. Dover joined Graphic Packaging International Corporation in 1999 and held various management positions in its U.S. and European operations.

Deborah R. Frank, 50, is the Vice President and Chief Accounting Officer of Graphic Packaging Holding Company. Prior to the Altivity Transaction, she served as Vice President and Controller of Graphic Packaging Corporation since April 2005. Prior to joining the Company, Ms. Frank held various positions of increasing

responsibility in the finance, accounting, audit, international and corporate areas at Kimberly Clark Corporation, most recently serving as Assistant Controller.

Philip H. Geminder, II, 54, is the Vice President, Graphic Business Systems of Graphic Packaging Holding Company. Mr. Geminder previously served as Vice President and Chief Integration Officer from March 2008 through July 2010. Prior to the Altivity Transaction, he served as the Vice President, Integration of Graphic Packaging Corporation from September 2007 through March 2008. Prior to that time, he had served as Vice President, Finance of Graphic Packaging Corporation since August 2003 and Vice President, Financial Services of Graphic Packaging International Corporation since January 2000. Before joining Graphic Packaging International Corporation, Mr. Geminder served as Director of Finance with Avery Dennison Corporation after spending 18 years in various positions with Honeywell International Inc.

Stephen A. Hellrung, 63, is the Senior Vice President, General Counsel and Secretary of Graphic Packaging Holding Company. Prior to the Altivity Transaction, he had served as Senior Vice President, General Counsel and Secretary of Graphic Packaging Corporation since October 2003. He was Senior Vice President, General Counsel and Secretary of Lowe's Companies, Inc., a home improvement specialty retailer, from April 1999 until June 2003. Prior to joining Lowe's Companies, Mr. Hellrung held similar positions with The Pillsbury Company and Bausch & Lomb, Incorporated.

Alan R. Nichols, 48, is the Senior Vice President, Mills Division of Graphic Packaging Holding Company. He served as Vice President, Mills from August 2008 until March 2009. From March 2008 until August 2008, Mr. Nichols was Vice President, CRB Mills. Prior to the Altivity Transaction, Mr. Nichols served as Vice President, CRB Mills for Altivity Packaging from February 2007 until March 2008 and was the Division Manufacturing Manager, Mills for Altivity Packaging and the Consumer Products Division of Smurfit-Stone from August 2005. From February 2001 until August 2005, Mr. Nichols was the General Manager of the Wabash Mill for Smurfit-Stone.

Michael R. Schmal, 58, is the Senior Vice President, Beverage Packaging Division of Graphic Packaging Holding Company. Prior to the Altivity Transaction, he had served as Senior Vice President, Beverage of Graphic Packaging Corporation since August 2003. From October 1996 until August 2003, Mr. Schmal was the Vice President and General Manager, Brewery Group of Riverwood Holding, Inc. Prior to that time, Mr. Schmal held various positions with Riverwood Holding, Inc. since 1981.

Joseph P. Yost, 43, is the Senior Vice President, Supply Chain of Graphic Packaging Holding Company. From 2006 to 2009, he served as Vice President, Operations Support — Consumer Packaging for Graphic Packaging International, Inc. Mr. Yost has also served in the following positions with Graphic Packaging legacy companies — Director, Finance and Centralized Services from 2003 to 2006 with Graphic Packaging International, Inc., Director, Finance and Centralized Services from 2000 to 2003 with Graphic Packaging Corporation, Manager, Operations Planning and Analysis — Consumer Products Division from 1999 to 2000 and other management positions from 1997 to 1999 with Fort James Corporation.

PART II

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

GPHC's common stock (together with the associated stock purchase rights) is traded on the New York Stock Exchange under the symbol "GPK." The historical range of the high and low sales price per share for each quarter of 2010 and 2009 are as follows:

	2010		2009	
	High	Low	High	Low
First Quarter	\$4.10	\$3.00	\$1.25	\$0.58
Second Quarter	3.99	2.85	2.46	0.82
Third Quarter	3.78	3.02	2.31	1.55
Fourth Quarter	4.07	3.20	3.67	2.24

No cash dividends have been paid during the last three years to the Company's common stockholders. The Company's intent is not to pay dividends at this time. Additionally, the Company's credit facilities and the indentures governing its debt securities place substantial limitations on the Company's ability to pay cash dividends on its common stock (see "Covenant Restrictions" in "Item 7., Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 6 in the Notes to Consolidated Financial Statements included herein under "Item 8., Financial Statements and Supplementary Data").

On March 4, 2011, there were approximately 2,000 stockholders of record and approximately 5,600 beneficial holders of GPHC's common stock.

Total Return to Stockholders

The following graph compares the total returns (assuming reinvestment of dividends) of the common stock of the Company and its immediate predecessor, GPC, the Standard & Poor's ("S&P") 500 Stock Index and the Dow Jones ("DJ") U.S. Container & Packaging Index. The graph assumes \$100 invested on December 31, 2005 in GPC's common stock and each of the indices. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
Graphic Packaging Holding Company	\$100.00	\$189.91	\$161.84	\$50.00	\$152.19	\$170.61
S&P 500 Stock Index	100.00	115.80	122.16	76.96	97.33	111.99
DJ U.S. Container & Packaging Index	100.00	112.09	119.63	75.00	105.34	123.56

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data set forth below should be read in conjunction with “Item 7., Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements of the Company and the Notes to Consolidated Financial Statements included herein under “Item 8., Financial Statements and Supplementary Data.”

<i>In millions, except per share amounts</i>	Year Ended December 31,				
	2010	2009	2008	2007	2006
Statement of Operations Data:					
Net Sales	\$4,095.0	\$4,095.8	\$4,079.4	\$2,421.2	\$2,321.7
Income from Operations	219.5	282.7	149.9	151.2	93.8
Income (Loss) from Continuing Operations	10.7	56.4	(98.8)	(49.1)	(97.4)
Loss from Discontinued Operations, Net of Taxes	—	—	(0.9)	(25.5)	(3.1)
Net Income (Loss)	10.7	56.4	(99.7)	(74.6)	(100.5)
Income (Loss) Per Share — Basic and Diluted:					
Continuing Operations	0.03	0.16	(0.31)	(0.24)	(0.48)
Discontinued Operations	—	—	(0.00)	(0.13)	(0.02)
Total	0.03	0.16	(0.32)	(0.37)	(0.50)
Weighted average number of shares outstanding:					
Basic	343.8	343.1	315.8	201.8	201.1
Diluted	347.4	344.6	315.8	201.8	201.1
Balance Sheet Data:					
(as of period end)					
Cash and Equivalents	\$ 138.7	\$ 149.8	\$ 170.1	\$ 9.3	\$ 7.3
Total Assets	4,484.6	4,701.8	4,983.1	2,777.3	2,888.6
Total Debt	2,579.1	2,800.2	3,183.8	1,878.4	1,922.7
Total Shareholders’ Equity	747.0	728.8	525.2	144.0	181.7
Additional Data:					
Depreciation & Amortization	\$ 288.7	\$ 305.4	\$ 264.3	\$ 189.6	\$ 188.5
Capital Spending	122.8	129.9	183.3	95.9	94.5

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

INTRODUCTION

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

Overview of Business

Overview of 2010 Results

Results of Operations

Financial Condition, Liquidity and Capital Resources

Critical Accounting Policies

New Accounting Standards

Business Outlook

OVERVIEW OF BUSINESS

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

The Company is a leading supplier of flexible packaging in North America. Products include multi-wall bags, shingle wrap, plastic bags and film for building materials (such as ready-mix concrete), retort pouches (such as meals ready to go), medical test kits, batch inclusion bags and film. Key end-markets include food and agriculture, building and industrial materials, chemicals, minerals, pet foods, and pharmaceutical products. The Company's label business focuses on two product lines: heat transfer labels and lithographic labels.

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

Significant Factors That Impact The Company's Business

Impact of Inflation. The Company's cost of sales consists primarily of energy (including natural gas, fuel oil and electricity), pine pulpwood, chemicals, recycled fibers, purchased paperboard, paper, aluminum foil, ink, plastic films and resins, depreciation expense and labor. Inflation increased year over year costs by \$107.3 million in 2010 and by \$126.3 million in 2008, while deflation decreased year over year costs by \$0.2 million in 2009. The higher costs in 2010 are primarily related to secondary fiber and wood (\$58.7 million); resin (\$20.7 million); externally purchased board (\$18.0 million); ink and coatings (\$17.8 million); other costs (\$11.0 million); freight (\$9.6 million); and labor and related benefits (\$5.6 million). These higher costs were partially offset by lower energy costs (\$31.9 million), mainly due to the price of natural gas; and other chemical-based inputs (\$2.2 million).

As the price of natural gas has experienced significant variability, the Company has entered into contracts designed to manage risks associated with future variability in cash flows caused by changes in the price of natural gas. The Company has entered into natural gas swap contracts to hedge prices for a portion of its expected usage for 2011. Since negotiated sales contracts and the market largely determine the pricing for its products, the Company is at times limited in its ability to raise prices and pass through to its customers any inflationary or other cost increases that the Company may incur.

Substantial Debt Obligations. The Company has \$2,579.1 million of outstanding debt obligations as of December 31, 2010. This debt can have significant consequences for the Company, as it requires a significant portion of cash flow from operations to be used for the payment of principal and interest, exposes the Company to the risk of increased interest rates and restricts the Company's ability to obtain additional financing. Covenants in the Company's Credit Agreement and Indentures also prohibit or restrict, among other things, the disposal of assets, the incurrence of additional indebtedness (including guarantees), payment of dividends, loans or advances and certain other types of transactions. These restrictions could limit the Company's flexibility to respond to changing market conditions and competitive pressures. The Credit Agreement also requires compliance with a maximum consolidated secured leverage ratio. The Company's ability to comply in future periods with the financial covenant will depend on its ongoing financial and operating performance, which in turn will be subject to many other factors, many of which are beyond the Company's control. See "Covenant Restrictions" in "Financial Condition, Liquidity and Capital Resources" for additional information regarding the Company's debt obligations.

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

Commitment to Cost Reduction. In light of increasing margin pressure throughout the packaging industry, the Company has programs in place that are designed to reduce costs, improve productivity and increase profitability. The Company utilizes a global continuous improvement initiative that uses statistical process control to help design and manage many types of activities, including production and maintenance. This includes a Six Sigma process focused on reducing variable and fixed manufacturing and administrative costs. The Company expanded the continuous improvement initiative to include the deployment of Lean Sigma principles into manufacturing and supply chain services. As the Company strengthens the systems approach to continuous improvement, Lean Sigma supports the efforts to build a high performing culture. During 2010, the Company achieved \$154.7 million in cost savings as compared to 2009, through its continuous improvement programs and manufacturing initiatives.

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

Competition and Market Factors. As some products can be packaged in different types of materials, the Company's sales are affected by competition from other manufacturers' CUK board and other substrates such as SBS and CCN. Substitute products also include plastic, shrink film and corrugated containers. In addition, while the Company has long-term relationships with many of its customers, the underlying contracts may be re-bid or renegotiated from time to time, and the Company may not be successful in renewing on favorable terms or at all. The Company works to maintain market share through efficiency, product innovation and strategic sourcing to its customers; however, pricing and other competitive pressures may occasionally result in the loss of a customer relationship.

In addition, the Company's sales historically are driven by consumer buying habits in the markets its customers serve. Increases in the costs of living, the poor condition of the residential real estate market, high

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

Alternative Fuel Tax Credit. The Company burns alternative fuel at its West Monroe, LA and Macon, GA mills in order to produce energy and recover chemicals. During 2009, the U.S. Internal Revenue Code allowed an excise tax credit under certain circumstances for the use of alternative fuels and alternative fuel mixtures. In the first quarter 2009, the Company filed an application with the Internal Revenue Service (the "IRS") for certification of eligibility to receive the tax credit for its use of black liquor in alternative fuel mixtures in the recovery boilers at the mills. During the second quarter 2009, the Company received notification from the IRS that its registration as an alternate fuel mixer had been approved. The Company submitted excise tax refund claims totaling \$147.2 million based on fuel usage at the two mills from mid-January 2009 through December 31, 2009. The Company received excise tax refunds totaling \$134.8 million through the end of the year in 2009, and the remainder was received in 2010. The net impact of the excise tax credit is included in Restructuring and Other Special Charges (Credits) in the amount of \$137.8 million for the year ended December 31, 2009 and is included in Corporate for segment reporting purposes. The excise tax credit expired on December 31, 2009.

OVERVIEW OF 2010 RESULTS

This management's discussion and analysis contains an analysis of Net Sales, Income from Operations and other information relevant to an understanding of results of operations. To enhance the understanding of continuing operations, this discussion and analysis excludes discontinued operations for all periods presented.

- Net Sales in 2010 decreased by \$0.8 million to \$4,095.0 million from \$4,095.8 million in 2009 due primarily to the impact of divested businesses in the flexible packaging segment and lower pricing and volume in the paperboard packaging segment. These decreases were partially offset by higher pricing in flexible packaging and favorable foreign exchange rates, primarily in Japan, Australia and Canada.
- Income from Operations in 2010 decreased by \$63.2 million, or 22.4%, to \$219.5 million from \$282.7 million in 2009. This decrease was due primarily to the \$137.8 million alternative fuel tax credit net of expenses received in 2009 and higher input costs experienced in 2010. The negative impact of the inflation was offset by cost savings achieved through continuous improvement programs and manufacturing initiatives and lower merger related expenses of \$18.1 million.

RESULTS OF OPERATIONS*Segment Information*

The Company reports its results in two business segments: paperboard packaging and flexible packaging. As a result of changes in the Company's internal reporting structure the previously reported multi-wall bag and specialty packaging segments have been combined into a single segment called flexible packaging.

<i>In millions</i>	Year Ended December 31,		
	2010	2009	2008
NET SALES:			
Paperboard Packaging	\$3,419.4	\$3,423.5	\$3,377.4
Flexible Packaging	675.6	672.3	702.0
Total	\$4,095.0	\$4,095.8	\$4,079.4
INCOME (LOSS) FROM OPERATIONS:			
Paperboard Packaging	\$ 303.7	\$ 288.3	\$ 220.9
Flexible Packaging	18.0	2.5	35.5
Corporate	(102.2)	(8.1)	(106.5)
Total	\$ 219.5	\$ 282.7	\$ 149.9

2010 COMPARED WITH 2009*Net Sales*

<i>In millions</i>	Year Ended December 31,			
	2010	2009	Increase (Decrease)	Percent Change
Paperboard Packaging	\$3,419.4	\$3,423.5	\$ (4.1)	(0.1)%
Flexible Packaging	675.6	672.3	3.3	0.5
Total	\$4,095.0	\$4,095.8	\$ (0.8)	(0.0)%

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

<i>In millions</i>	Year Ended December 31,						
	Variances						2010
	Volume/Mix					Total	
	2009	Divested			Exchange		
Price		Businesses	Organic				
Paperboard Packaging	\$3,423.5	\$ (7.6)	\$ —	\$ (4.4)	\$ 7.9	\$(4.1)	\$3,419.4
Flexible Packaging	672.3	11.3	(12.5)	2.2	2.3	3.3	675.6
Total	\$4,095.8	\$ 3.7	\$ (12.5)	\$ (2.2)	\$ 10.2	\$(0.8)	\$4,095.0

Paperboard Packaging

The Company's Net Sales from paperboard packaging in 2010 decreased by \$4.1 million, or 0.1%, to \$3,419.4 million from \$3,423.5 million in 2009 as a result of lower pricing and volume for consumer and beverage products. The lower pricing for consumer and beverage products is primarily due to the timing of deflationary cost pass throughs as a result of deflation during 2009. These negotiated pass throughs usually lag deflation by two to three quarters. The Company implemented several price increases for open market CRB and CUK during 2010, which benefited open market sales. The lower volume for consumer and beverage products was partially offset by increased volume for containerboard and open market CRB and CUK sales. The increase in containerboard was partially driven by the corrugated medium machine at the West Monroe, LA mill being idle for 36 days in 2009 due to softness in the market. The lower consumer products sales were due to a decision to exit lower margin business, as well as the continuing impact of general market conditions

in which volume has remained steady in staples (e.g., cereal, frozen foods) and was down in discretionary items (e.g., eating out, health and beauty, candy). The decrease in beer volume was due to general market conditions, which was partially offset by increases in the international beverage business. Favorable currency exchange rate changes, primarily in Australia and Japan, also positively impacted Net Sales.

Flexible Packaging

The Company’s Net Sales from flexible packaging in 2010 increased by \$3.3 million, or 0.5%, to \$675.6 million from \$672.3 million in 2009 as a result of higher pricing primarily due to negotiated inflationary pass throughs, higher volume as a result of market improvements in the chemical and pharmaceutical industries, as well as favorable currency exchange rates in Canada. These increases were partially offset by the impact of the divested bag equipment and ink businesses.

Income (Loss) from Operations

<i>In millions</i>	Year Ended December 31,			
	2010	2009	Increase (Decrease)	Percent Change
Paperboard Packaging	\$ 303.7	\$288.3	\$ 15.4	5.3%
Flexible Packaging	18.0	2.5	15.5	N.M. ^(a)
Corporate	(102.2)	(8.1)	(94.1)	N.M. ^(a)
Total	\$ 219.5	\$282.7	\$ (63.2)	(22.4)%

Note:

(a) Percentage calculation not meaningful.

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

<i>In millions</i>	Year Ended December 31,								
	2009	Variances						Total	2010
		Price	Volume/Mix	Inflation	Exchange	Other ^(a)	Total		
Paperboard Packaging	\$288.3	\$ (7.6)	\$ (4.1)	\$ (80.8)	\$ (1.8)	\$109.7	\$ 15.4	\$ 303.7	
Flexible Packaging	2.5	11.3	0.9	(26.5)	(0.4)	30.2	15.5	18.0	
Corporate	(8.1)	—	—	—	(2.1)	(92.0)	(94.1)	(102.2)	
Total	\$282.7	\$ 3.7	\$ (3.2)	\$(107.3)	\$ (4.3)	\$ 47.9	\$(63.2)	\$ 219.5	

Note:

(a) Includes the Company’s cost reduction initiatives, the alternative fuel tax credit and merger-related expenses.

Paperboard Packaging

The Company’s Income from Operations from paperboard packaging in 2010 increased by \$15.4 million, or 5.3%, to \$303.7 million from \$288.3 million in 2009. This was primarily as a result of cost savings through continuous improvement programs and manufacturing initiatives primarily focused on maximizing productivity and minimizing waste in the production cycle as well as higher output and higher levels of integration of the Company’s own board during 2010, as the Company integrated additional tons over the prior year. These cost savings were partially offset by inflation, the lower pricing in consumer and beverage products, and the lower volume. In 2009, the Company incurred higher accelerated depreciation related to assets that will be removed from service before the end of their useful lives due to facility closures, higher costs associated with the then pending closure of the Company’s plant in Grenoble, France and higher unabsorbed fixed costs due to the 36 days of market downtime. The inflation was primarily related to higher secondary fiber and wood (\$58.7 million); resin and inks and coatings (\$19.3 million); externally purchased board (\$13.3 million); and freight (\$9.2 million); other costs (\$9.0 million); and labor and benefits (\$5.4 million). These higher costs

were partially offset by lower energy costs (\$31.9 million), mainly due to the price of natural gas, and lower chemical costs (\$2.2 million).

Flexible Packaging

The Company's Income from Operations from flexible packaging in 2010 increased by \$15.5 million, to \$18.0 million from \$2.5 million in 2009 as a result of the higher pricing and cost savings through continuous improvement programs. Additionally, in 2009, the Company recorded an \$11.5 million impairment charge relating to its facility in Ontario, Canada and recorded accelerated depreciation for assets that would be removed from service before the end of their useful lives due to a facility closure. These increases were partially offset by higher inflation, primarily for resin (\$19.1 million), externally purchased paper (\$4.7 million) and other costs (\$2.7 million), and the gain on the sale of the ink business in 2009.

Corporate

The Company's Loss from Operations from corporate was \$102.2 million in 2010 compared to \$8.1 million in 2009. The change was primarily due to the \$137.8 million alternative fuel tax credit net of expenses received in 2009. This was partially offset by lower merger-related expenses, primarily due to finalization of the restructuring activities, and lower payroll related expenses, primarily pension expense.

INTEREST EXPENSE, NET, INCOME TAX EXPENSE, AND EQUITY INCOME OF UNCONSOLIDATED ENTITIES

Interest Expense, Net

Interest Expense, Net decreased by \$21.9 million to \$174.5 million in 2010 from \$196.4 million in 2009. Interest Expense, Net decreased due to lower total debt, lower rates on the fixed portion of the Company's debt, and lower average rates on the unhedged portion of the Company's debt. During the fourth quarter of 2009, the Company recorded a non-cash credit to interest expense, net, of \$13.8 million related to an interest rate swap. As of December 31, 2010, approximately 22.4% of the Company's total debt was subject to floating interest rates.

Income Tax Expense

During 2010, the Company recognized Income Tax Expense of \$27.5 million on Income before Income Taxes and Equity Income of Unconsolidated Entities of \$36.6 million. During 2009, the Company recognized Income Tax Expense of \$24.1 million on Income before Income Taxes and Equity Income of Unconsolidated Entities of \$79.2 million. Income Tax Expense for 2010 and 2009 primarily relates to the non-cash expense of \$21.9 million and \$31.7 million, respectively, associated with the amortization of goodwill for tax purposes. During 2010, the Company determined that the tax basis of goodwill acquired in the Altivity Transaction was not correct and recorded a non-cash credit to income tax expense of \$8.9 million in the fourth quarter of 2010 (of which \$6.3 million related to prior years). The Company should have been recognizing less income tax expense since March 2008. The effect on prior periods was not material to the consolidated financial statements in those periods. In addition, in 2009, the Company determined that a valuation allowance for its U.K. operations was no longer required. The Company has approximately \$1.3 billion of NOLs for U.S. federal income tax purposes, which may be used to offset future taxable income.

Equity Income of Unconsolidated Entities

Equity Income of Unconsolidated Entities was \$1.6 million in 2010 and \$1.3 million in 2009 and is related to the Company's equity investment in the joint venture, Rengo Riverwood Packaging, Ltd.

2009 COMPARED WITH 2008

The Company's results of operations and cash flows for 2008 include the results of Altivity from March 10, 2008, the date of the Altivity Transaction, through December 31, 2008.

Net Sales

<i>In millions</i>	Year Ended December 31,			
	2009	2008	Increase (Decrease)	Percent Change
Paperboard Packaging	\$3,423.5	\$3,377.4	\$ 46.1	1.4%
Flexible Packaging	672.3	702.0	(29.7)	(4.2)
Total	\$4,095.8	\$4,079.4	\$ 16.4	0.4%

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

<i>In millions</i>	Year Ended December 31,							
	Variances							2009
	2008	Price	Volume/Mix			Exchange	Total	
			Acquisition	Organic	Divested Businesses			
Paperboard Packaging	\$3,377.4	\$ 15.0	\$ 209.3	\$(106.2)	\$ (55.5)	\$ (16.5)	\$ 46.1	\$3,423.5
Flexible Packaging	702.0	(19.4)	122.0	(108.3)	(23.6)	(0.4)	(29.7)	672.3
Total	\$4,079.4	\$ (4.4)	\$ 331.3	\$(214.5)	\$ (79.1)	\$ (16.9)	\$ 16.4	\$4,095.8

Paperboard Packaging

The Company's Net Sales from paperboard packaging in 2009 increased by \$46.1 million, or 1.4%, to \$3,423.5 million from \$3,377.4 million in 2008 as a result of the Altivity Transaction, improved pricing in beverage and consumer products, as well as higher volume/mix in beverage. Beverage volumes were up in the beer market, primarily in the sub-premium category, but remained down in soft drink. Beer sales also benefited by the move to 30-pack. The increase in Net Sales was partially offset by lower volume in consumer products, containerboard and European open market, and the impact of the two coated-recycled board mills divested in September 2008. The lower consumer products sales were due to a decision to exit lower margin business as well as the general market conditions in which volume has remained steady in staples (e.g., dry mixes, cereal, pizza) and continues to be down in discretionary items (e.g., candy, eating out). Management idled the corrugated medium machine at the West Monroe, LA mill for 36 days during the first six months of 2009 due to softness in that market. Unfavorable currency exchange rate changes, primarily in Europe, also negatively impacted Net Sales.

Flexible Packaging

The Company's Net Sales from flexible packaging in 2009 decreased by \$29.7 million as the volume increase from the Altivity Transaction was offset by lower volumes due to market declines in the building products, chemicals, minerals, and agriculture and food industries, lower pricing due to negotiated deflationary pass throughs, and the impact of the divested businesses.

Income (Loss) from Operations

<i>In millions</i>	Year Ended December 31,			
	2009	2008	Increase (Decrease)	Percent Change
Paperboard Packaging	\$288.3	\$ 220.9	\$ 67.4	30.5%
Flexible Packaging	2.5	35.5	(33.0)	(93.0)
Corporate	(8.1)	(106.5)	98.4	N.M. ^(a)
Total	\$282.7	\$ 149.9	\$ 132.8	88.6%

Note:

(a) Percentage calculation not meaningful.

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

In millions	Year Ended December 31,								
	2008	Volume/Mix			Variances			Total	2009
		Price	Acquisition	Organic	Inflation	Exchange	Other(a)		
Paperboard Packaging	\$ 220.9	\$ 15.0	\$ 19.5	\$ (20.0)	\$ (19.0)	\$ (2.0)	\$ 73.9	\$ 67.4	\$288.3
Flexible Packaging	35.5	(19.4)	3.4	(16.6)	19.2	1.6	(21.2)	(33.0)	2.5
Corporate	(106.5)	—	24.4	—	—	9.5	64.5	98.4	(8.1)
Total	\$ 149.9	\$ (4.4)	\$ 47.3	\$ (36.6)	\$ 0.2	\$ 9.1	\$ 117.2	\$ 132.8	\$282.7

Note:

(a) Includes the Company's cost reduction initiatives, the alternative fuel tax credit and merger-related expenses.

Paperboard Packaging

The Company's Income from Operations from paperboard packaging in 2009 increased by \$67.4 million, or 30.5%, to \$288.3 million from \$220.9 million in 2008 as a result of cost savings and synergies, the Altivity Transaction and the improved pricing. These increases were partially offset by the lower volume, higher inflation and depreciation expense and higher unabsorbed fixed costs, including the 36 days of downtime of the corrugated medium machine. The inflation was primarily related to labor and related benefits, primarily pension expense, (\$29.8 million); outside board purchases (\$20.4 million); and the December 31, 2008 inventory sold during the first quarter of 2009 (\$19.5 million); partially offset by lower costs primarily for secondary fiber, energy and wood (\$50.7 million). In 2008, the Company recorded a charge for the permanent shutdown of the #2 coated board machine at the West Monroe, LA mill.

Flexible Packaging

The Company's Income from Operations from flexible packaging in 2009 decreased by \$33.0 million as a result of the lower pricing and volume, lower fixed cost absorption due to downtime for inventory control, and higher depreciation and work force reduction expenses. The higher costs were partially offset by lower inflation, primarily for external board and chemical-based inputs, the volume increase from the Altivity Transaction and the gain on the sale of the ink business. In addition, in 2009, the Company recorded an \$11.5 million impairment charge relating to its facility in Ontario, Canada.

Corporate

The Company's Loss from Operations from corporate was \$8.1 million in 2009 compared to \$106.5 million in 2008. The improvement resulted primarily from the alternative fuel tax credit net of expenses of \$137.8 million. The improvement was partially offset by higher merger-related expenses of \$22.7 million, excluding an \$18.8 million non-cash charge related to excess maintenance, repair and overhaul ("MRO") inventory, and higher incentive expense. As part of the integration strategy, control over MRO inventory was centralized and the current on hand/replenishment strategy was reviewed. As a result of the review, the Company determined that \$18.8 million of inventory on hand was excess and recorded a non-cash charge. Results for 2008 included \$24.4 million of expense related to the step-up in inventory basis to fair value, partially offset by a favorable \$10.4 million mark-to-market adjustment for an interest rate swap.

INTEREST EXPENSE, NET, INCOME TAX EXPENSE, AND EQUITY INCOME OF UNCONSOLIDATED ENTITIES

Interest Expense, Net

Interest Expense, Net decreased by \$19.0 million to \$196.4 million in 2009 from \$215.4 million in 2008. Interest Expense, Net decreased due to lower average rates on the unhedged portion of the Company's debt. During the fourth quarter 2009, the Company recorded a non-cash credit to interest expense, net of \$13.8 million related to the interest rate swap mentioned above. The Company should have been amortizing

the fair value of the swap as of the date of hedge designation on a straight line basis to reduce interest expense since August 2008. The effect on prior periods was not material to the consolidated financial statements in those periods. The swap expired in January 2010. As of December 31, 2009, approximately 7% of the Company's total debt was subject to floating interest rates.

Income Tax Expense

During 2009, the Company recognized Income Tax Expense of \$24.1 million on Income before Income Taxes and Equity Income of Unconsolidated Entities of \$79.2 million. During 2008, the Company recognized Income Tax Expense of \$34.4 million on Loss before Income Taxes and Equity Income of Unconsolidated Entities of \$65.5 million. Income Tax Expense for 2009 and 2008 primarily relates to the non-cash expense of \$31.7 million and \$29.4 million, respectively, associated with the amortization of goodwill for tax purposes. In addition, in 2009, the Company determined that a valuation allowance for its U.K. operations was no longer required.

Equity Income of Unconsolidated Entities

Equity Income of Unconsolidated Entities was \$1.3 million in 2009 and \$1.1 million in 2008 and is related to the Company's equity investment in the joint venture, Rengo Riverwood Packaging, Ltd.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

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

Cash Flows

<i>In millions</i>	Years Ended December 31,	
	2010	2009
Net Cash Provided by Operating Activities	\$ 338.1	\$ 503.5
Net Cash Used in Investing Activities	(122.7)	(124.7)
Net Cash Used in Financing Activities	(227.4)	(399.2)

Net cash provided by operating activities in 2010 totaled \$338.1 million, compared to \$503.5 million in 2009. The decrease was primarily due to the alternative fuel tax credit received in 2009 of \$134.8 million, lower inventory levels at the end of 2009 as a result of inventory reduction effort and timing of compensation and benefits.

Net cash used in investing activities in 2010 totaled \$122.7 million, compared to \$124.7 million in 2009. This year over year change was due primarily to \$9.8 million of proceeds from the sale of assets in 2009, partially offset by a decrease in capital spending of \$7.1 million as a result of completion of the integration plans.

Net cash used in financing activities in 2010 totaled \$227.4 million, compared to \$399.2 million used in financing activities in 2009. This decrease was primarily due to lower net payments under the Company's revolving credit facilities, partially offset by the Company's redemptions in June and August of 2010 for \$34.9 million and \$66.8 million, respectfully, of its Senior Subordinated Notes due 2013. On September 29, 2010, the Company completed the issuance and sale of \$250.0 million of aggregate principal amount of its 7.875% Senior Notes due in 2018. A portion of the proceeds were used to retire, through a tender offer, \$220.6 million aggregate principal amount of 9.5% Senior Subordinated Notes due 2013. In October 2010, the Company redeemed an additional \$29.4 million of its Senior Subordinated Notes due 2013. The Company also made payments on its term loans which totaled \$115.5 million in the fourth quarter of 2010.

Liquidity and Capital Resources

The Company’s liquidity needs arise primarily from debt service on its substantial indebtedness and from the funding of its capital expenditures, ongoing operating costs and working capital. Principal and interest payments under the term loan facility and the revolving credit facility, together with principal and interest payments on the Company’s 9.5% Senior Notes due 2017, the 9.5% Senior Subordinated Notes due 2013, and the 7.875% Senior Notes due 2018 (“Notes”), represent significant liquidity requirements for the Company. Based upon current levels of operations, anticipated cost savings and expectations as to future growth, the Company believes that cash generated from operations, together with amounts available under its revolving credit facility and other available financing sources, will be adequate to permit the Company to meet its debt service obligations, necessary capital expenditure program requirements and ongoing operating costs and working capital needs, although no assurance can be given in this regard. The Company’s future financial and operating performance, ability to service or refinance its debt and ability to comply with the covenants and restrictions contained in its debt agreements (see “Covenant Restrictions”) will be subject to future economic conditions, including conditions in the credit markets, and to financial, business and other factors, many of which are beyond the Company’s control, and will be substantially dependent on the selling prices and demand for the Company’s products, raw material and energy costs, and the Company’s ability to successfully implement its overall business and profitability strategies.

As of December 31, 2010, the Company had approximately \$1.3 billion of NOLs for U.S. federal income tax purposes. These NOLs generally may be used by the Company to offset taxable income earned in subsequent taxable years. However, the Company’s ability to use these NOLs to offset its future taxable income may be subject to significant limitations as a result of certain shifts in ownership due to direct or indirect transfers of the Company’s common stock by one or more five percent stockholders, or issuance or redemption of the Company’s common stock, which, when taken together with previous changes in ownership of the Company’s common stock, constitute an ownership change under Section 382. Imposition of any such limitation of the use of NOLs could have an adverse effect on the Company’s future after tax free cash flow.

Covenant Restrictions

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

Under the terms of the Credit Agreement, the Company must comply with a maximum consolidated secured leverage ratio, which is defined as the ratio of: (a) total long-term and short-term indebtedness of the Company and its consolidated subsidiaries as determined in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”), plus the aggregate cash proceeds received by the Company and its subsidiaries from any receivables or other securitization but excluding therefrom (i) all unsecured indebtedness, (ii) all subordinated indebtedness permitted to be incurred under the Credit Agreement, and (iii) all secured indebtedness of foreign subsidiaries to (b) Adjusted EBITDA, which we refer to as Credit Agreement EBITDA(1). Pursuant to this financial covenant, the Company must maintain a maximum consolidated secured leverage ratio of less than the following:

	Maximum Consolidated Secured Leverage Ratio ⁽¹⁾
October 1, 2009 and thereafter	4.75 to 1.00

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Note:

- (1) Credit Agreement EBITDA is defined in the Credit Agreement as consolidated net income before consolidated net interest expense, non-cash expenses and charges, total income tax expense, depreciation expense, expense associated with amortization of intangibles and other assets, non-cash provisions for reserves for discontinued operations, extraordinary, unusual or non-recurring gains or losses or charges or credits, gain or loss associated with sale or write-down of assets not in the ordinary course of business, any income or loss accounted for by the equity method of accounting, and projected run rate cost savings, prior to or within a twelve month period.

At December 31, 2010, the Company was in compliance with the financial covenant in the Credit Agreement and the ratio was as follows:

Consolidated Secured Leverage Ratio — 2.73 to 1.00

The Company's management believes that presentation of the consolidated secured leverage ratio and Credit Agreement EBITDA herein provides useful information to investors because borrowings under the Credit Agreement are a key source of the Company's liquidity, and the Company's ability to borrow under the Credit Agreement is dependent on, among other things, its compliance with the financial ratio covenant. Any failure by the Company to comply with this financial covenant could result in an event of default, absent a waiver or amendment from the lenders under such agreement, in which case the lenders may be entitled to declare all amounts owed to be due and payable immediately.

Credit Agreement EBITDA is a financial measure not calculated in accordance with U.S. GAAP, and is not a measure of net income, operating income, operating performance or liquidity presented in accordance with U.S. GAAP. Credit Agreement EBITDA should be considered in addition to results prepared in accordance with U.S. GAAP, but should not be considered a substitute for or superior to U.S. GAAP results. In addition, Credit Agreement EBITDA may not be comparable to EBITDA or similarly titled measures utilized by other companies because other companies may not calculate Credit Agreement EBITDA in the same manner as the Company does.

The calculations of the components of the maximum consolidated secured leverage ratio for and as of the period ended December 31, 2010 are listed below:

<i>In millions</i>	Twelve Months Ended December 31, 2010	
Net Income	\$	10.7
Income Tax Expense		27.5
Interest Expense, Net		174.5
Depreciation and Amortization		288.7
Equity Income of Unconsolidated Entities, Net of Dividends		(0.4)
Other Non-Cash Charges		39.1
Merger Related Expenses		55.1
Losses Associated with Sale/Write-Down of Assets		4.9
Other Non-Recurring/Extraordinary/Unusual Items		8.4
Projected Run Rate Cost Savings ^(a)		60.9
Credit Agreement EBITDA	\$	669.4

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<i>In millions</i>	As of December 31, 2010
Short-Term Debt	\$ 26.0
Long-Term Debt	2,553.1
Total Debt	\$ 2,579.1
Less: Adjustments ^(b)	751.4
Consolidated Secured Indebtedness	\$ 1,827.7

Notes:

- (a) As defined by the Credit Agreement, this represents projected cost savings expected by the Company to be realized as a result of specific actions taken or expected to be taken prior to or within twelve months of the period in which Credit Agreement EBITDA is to be calculated, net of the amount of actual benefits realized or expected to be realized from such actions.

The terms of the Credit Agreement limit the amount of projected run rate cost savings that may be used in calculating Credit Agreement EBITDA by stipulating that such amount may not exceed the lesser of (i) ten percent of EBITDA as defined in the Credit Agreement for the last twelve-month period (before giving effect to projected run rate cost savings) and (ii) \$100 million. As a result, in calculating Credit Agreement EBITDA above, the Company used projected run rate cost savings of \$60.9 million or ten percent of EBITDA as calculated in accordance with the Credit Agreement, which amount is lower than total projected cost savings identified by the Company, net of actual benefits realized for the twelve month period ended December 31, 2010. Projected run rate cost savings were calculated by the Company solely for its use in calculating Credit Agreement EBITDA for purposes of determining compliance with the maximum consolidated secured leverage ratio contained in the Credit Agreement and should not be used for any other purpose.

- (b) Represents consolidated indebtedness/securitization that is either (i) unsecured, or (ii) all subordinated indebtedness permitted to be incurred under the Credit Agreement, or secured indebtedness permitted to be incurred by the Company's foreign subsidiaries per the Credit Agreement.

The Senior Notes and Senior Subordinated Notes are rated B by Standard & Poor's and B3 by Moody's Investor Services. The Company's indebtedness under the Credit Agreement is rated BB+ by Standard & Poor's and Ba3 by Moody's Investor Services. As of December 31, 2010, Moody's Investor Services' ratings on the Company has improved to a stable outlook, while Standard & Poor's ratings on the Company have a positive outlook. During 2010, cash paid for interest was \$180.9 million.

If inflationary pressures on key inputs resume, or depressed selling prices, lower sales volumes, increased operating costs or other factors have a negative impact on the Company's ability to increase its profitability, the Company may not be able to maintain its compliance with the financial covenant in its Credit Agreement. The Company's ability to comply in future periods with the financial covenant in the Credit Agreement will depend on its ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, business and other factors, many of which are beyond the Company's control, and will be substantially dependent on the selling prices for the Company's products, raw material and energy costs, and the Company's ability to successfully implement its overall business strategies, and meet its profitability objective. If a violation of the financial covenant or any of the other covenants occurred, the Company would attempt to obtain a waiver or an amendment from its lenders, although no assurance can be given that the Company would be successful in this regard. The Credit Agreement and the indentures governing the Notes have certain cross-default or cross-acceleration provisions; failure to comply with these covenants in any agreement could result in a violation of such agreement which could, in turn, lead to violations of other agreements pursuant to such cross-default or cross-acceleration provisions. If an event of default occurs, the lenders are entitled to declare all amounts owed to be due and payable immediately. The Credit Agreement is collateralized by substantially all of the Company's domestic assets.

Capital Investment

The Company's capital investment in 2010 was \$122.8 million compared to \$129.9 million in 2009. During 2010, the Company had capital spending of \$90.6 million for improving process capabilities, \$18.3 million for capital spares and \$13.9 million for manufacturing packaging machinery.

Environmental Matters

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

For further discussion of the Company's environmental matters, see Note 14 in the Notes to Consolidated Financial Statements included herein under "Item 8., Financial Statements and Supplementary Data."

Contractual Obligations and Commitments

A summary of our contractual obligations and commitments as of December 31, 2010 is as follows:

<i>In millions</i>	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-Term Debt	\$2,572.4	\$ 19.3	\$ 112.8	\$1,770.9	\$ 669.4
Operating Leases	143.6	35.4	50.9	29.6	27.7
Interest Payable	697.8	137.8	227.5	202.4	130.1
Purchase Obligations ^(a)	553.9	128.4	157.8	118.7	149.0
Pension Funding	58.0	58.0	—	—	—
Total Contractual Obligations ^(b)	\$4,025.7	\$ 378.9	\$ 549.0	\$2,121.6	\$ 976.2

Notes:

- (a) Purchase obligations primarily consist of commitments related to pine pulpwood, wood chips, and wood processing and handling.
- (b) Some of the figures included in this table are based on management's estimates and assumptions about these obligations. Because these estimates and assumptions are necessarily subjective, the obligations the Company will actually pay in the future periods may vary from those reflected in the table.

International Operations

For 2010, before intercompany eliminations, net sales from operations outside of the U.S. represented approximately 10% of the Company's net sales. The Company's revenues from export sales fluctuate with changes in foreign currency exchange rates. At December 31, 2010, approximately 7% of the Company's total assets were denominated in currencies other than the U.S. dollar. The Company has significant operations in countries that use the British pound sterling, the Australian dollar, the Japanese yen or the euro as their functional currencies. The effect of a generally stronger U.S. dollar against these currencies produced a net currency translation adjustment gain of \$5.5 million, which was recorded as an adjustment to Shareholders' Equity for the year ended December 31, 2010. The magnitude and direction of this adjustment in the future depends on the relationship of the U.S. dollar to other currencies. The Company cannot predict major currency fluctuations. The Company pursues a currency hedging program in order to limit the impact of foreign currency exchange fluctuations on financial results. See "Financial Instruments" below.

The functional currency of the Company's international subsidiaries is the local currency for the country in which the subsidiaries own their primary assets. The translation of the applicable currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. Any related translation adjustments are recorded directly to shareholders' equity. Gains and losses on foreign currency transactions are included in Other (Income) Expense, Net for the period in which the exchange rate changes.

Financial Instruments

The Company pursues a currency hedging program which utilizes derivatives to limit the impact of foreign currency exchange fluctuations on its consolidated financial results. Under this program, the Company has entered into forward exchange contracts in the normal course of business to hedge certain foreign currency denominated transactions. Realized and unrealized gains and losses on these forward contracts are included in the measurement of the basis of the related foreign currency transaction when recorded. The Company also pursues a hedging program that utilizes derivatives designed to manage risks associated with future variability in cash flows and price risk related to future energy cost increases. Under this program, the Company has entered into natural gas swap contracts to hedge a portion of its natural gas requirements through December 2011. Realized gains and losses on these contracts are included in the financial results concurrently with the recognition of the commodity purchased. The Company uses interest rate swaps to manage interest rate risks on future interest payments caused by interest rate changes on its variable rate term loan facility. The Company does not hold or issue financial instruments for trading purposes. See “Item 7A., Quantitative and Qualitative Disclosure About Market Risk.”

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Actual results could differ from these estimates, and changes in these estimates are recorded when known. The critical accounting policies used by management in the preparation of the Company’s consolidated financial statements are those that are important both to the presentation of the Company’s financial condition and results of operations and require significant judgments by management with regard to estimates used. The critical judgments by management relate to pension benefits, retained insurable risks, future cash flows associated with impairment testing for goodwill and long-lived assets, and deferred income taxes.

• Pension Benefits

The Company sponsors defined benefit pension plans (the “Plans”) for eligible employees in North America and certain international locations. The funding policy for the qualified defined benefit plans is to, at a minimum, contribute assets as required by the Internal Revenue Code Section 412. Nonqualified U.S. plans providing benefits in excess of limitations imposed by the U.S. income tax code are not funded.

The Company’s pension expense for defined benefit pension plans was \$30.0 million in 2010 compared with \$47.9 million in 2009. Pension expense is calculated based upon a number of actuarial assumptions applied to each of the defined benefit plans. The weighted average expected long-term rate of return on pension fund assets used to calculate pension expense was 7.95% and 7.91% in 2010 and 2009, respectively. The expected long-term rate of return on pension assets was determined based on several factors, including historical rates of return, input from our pension investment consultants and projected long-term returns of broad equity and bond indices. The Company evaluates its long-term rate of return assumptions annually and adjusts them as necessary.

The Company determined pension expense using both the fair value of assets and a calculated value that averages gains and losses over a period of years. Investment gains or losses represent the difference between the expected and actual return on assets. As of December 31, 2010, the net actuarial loss was \$194.5 million. These net losses may increase future pension expense if not offset by (i) actual investment returns that exceed the assumed investment returns, or (ii) other factors, including reduced pension liabilities arising from higher discount rates used to calculate pension obligations, or (iii) other actuarial gains, including whether such accumulated actuarial losses at each measurement date exceed the “corridor” determined under the *Compensation — Retirement Benefits* topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification™ (“the FASB Codification”).

The discount rate used to determine the present value of future pension obligations at December 31, 2010 was based on a yield curve constructed from a portfolio of high-quality corporate debt securities with

maturities ranging from 1 year to 30 years. Each year's expected future benefit payments were discounted to their present value at the appropriate yield curve rate thereby generating the overall discount rate for the Company's pension obligations. The weighted average discount rate used to determine the pension obligations was 5.74% and 6.10% in 2010 and 2009, respectively.

The Company's pension expense is estimated to be approximately \$27 million in 2011. The estimate is based on a weighted average expected long-term rate of return of 7.91%, a weighted average discount rate of 5.74% and other assumptions. Pension expense beyond 2011 will depend on future investment performance, the Company's contribution to the plans, changes in discount rates and other factors related to covered employees in the plans.

If the discount rate assumptions for the Company's U.S. plans were reduced by 0.25%, pension expense would increase by approximately \$4 million and the December 31, 2010 pension funding obligation would increase by about \$25 million.

The fair value of assets in the Company's plans was \$706.0 million at December 31, 2010 and \$622.2 million at December 31, 2009. The projected benefit obligations exceed the fair value of plan assets by \$223.7 million and \$236.7 million as of December 31, 2010 and 2009, respectively. Primarily due to the lower discount rates, the accumulated benefit obligation ("ABO") exceeded plan assets by \$204.2 million at the end of 2010. At the end of 2009, the ABO exceeded the fair value of plan assets by \$219.1 million.

• ***Retained Insurable Risks***

The Company is self-insured for certain losses relating to workers' compensation claims and employee medical and dental benefits. Provisions for expected losses are recorded based on the Company's estimates, on an undiscounted basis, of the aggregate liabilities for known claims and estimated claims incurred but not reported. The Company has purchased stop-loss coverage or insurance with deductibles in order to limit its exposure to significant claims. The Company also has an extensive safety program in place to minimize its exposure to workers' compensation claims. Self-insured losses are accrued based upon estimates of the aggregate uninsured claims incurred using certain actuarial assumptions, loss development factors followed in the insurance industry and historical experience.

• ***Goodwill***

The Company evaluates goodwill for potential impairment annually as of October 1, as well as whenever events or changes in circumstances suggest that the fair value of a reporting unit may no longer exceeds its carrying amount. Potential impairment of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit. As of October 1, 2010, the Company had seven reporting units, of which five of the units had goodwill.

The calculated fair value of each reporting unit is determined by utilizing a discounted cash flow analysis based on the Company's forecasts discounted using a weighted average cost of capital and market indicators of terminal year cash flows based upon a multiple of EBITDA. In determining fair value, management relies on and considers a number of factors, including but not limited to, operating results, business plans, economic projections, forecasts including anticipated future cash flows, and market data and analysis, including market capitalization. Fair value determinations are sensitive to changes in the factors described above. There are inherent uncertainties related to these factors and judgments in applying them to the analysis of goodwill recoverability.

The Company performed its annual goodwill impairment test as of October 1, 2010 and concluded that the fair value of its reporting units exceeded their carrying values including goodwill and, therefore, that goodwill was not impaired. Fair values exceeded carrying value by at least 42% for each of the Company's reporting units as of October 1, 2010.

The variability of the assumptions that management uses to perform the goodwill impairment test depends on a number of conditions, including uncertainty about future events and cash flows. Accordingly, the Company's accounting estimates may materially change from period to period due to changing market factors.

If the Company had used other assumptions and estimates or if different conditions occur in future periods, future operating results could be materially impacted. The Company determined that if forecasted cash flows were decreased by 10%, the calculated fair value of each of the reporting units would continue to exceed their respective carrying values. Alternatively, if the Company had concluded that it was appropriate to increase the WACC by 100 basis points or to decrease the terminal EBITDA multiple by one times terminal EBITDA, the fair value for each of the reporting units would continue to exceed its carrying value. Therefore, the Company does not believe that any of its reporting units are at risk for an impairment of goodwill.

The assumptions used in the goodwill impairment testing process could be adversely impacted by certain of the risks discussed in “Item 1A., Risk Factors” and thus could result in future goodwill impairment charges.

• *Recovery of Long-Lived Assets*

The Company reviews long-lived assets (including property, plant and equipment and intangible assets) for impairment whenever events or changes in circumstances indicate that the carrying amount of such long-lived assets may not be fully recoverable by undiscounted cash flows. Measurement of the impairment loss, if any, is based on the fair value of the asset, which is determined by an income, cost or market approach. The Company evaluates the recovery of its long-lived assets by analyzing operating results and considering significant events or changes in the business environment that may have triggered impairment. See Note 13 in the Notes to Consolidated Financial Statements included herein under “Item 8., Financial Statements and Supplementary Data.”

• *Deferred Income Taxes and Potential Assessments*

As of December 31, 2010, the Company, in accordance with the *Income Taxes* topic of the FASB Codification, has determined that \$92.6 million of undistributed foreign earnings are not intended to be reinvested indefinitely by its non-U.S. subsidiaries. Deferred income tax was recorded as a reduction to the Company’s NOLs on these undistributed earnings as well as the financial statement carrying value in excess of tax basis in the amount of \$35.4 million. As of December 31, 2009, the Company had determined that \$83.8 million of undistributed foreign earnings were not intended to be reinvested indefinitely. Deferred income tax was recorded as a reduction to the Company’s NOLs on these undistributed earnings, as well as the financial statement carrying value in excess of tax basis in the amount of \$32.0 million. The Company periodically determines whether the non-U.S. subsidiaries will invest their undistributed earnings indefinitely and reassesses this determination as appropriate.

The Company records current liabilities for potential assessments. The accruals relate to uncertain tax positions in a variety of taxing jurisdictions and are based on what management believes will be the most likely outcome of these positions. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities, or the expiration of the statute of limitations.

NEW ACCOUNTING STANDARDS

For a discussion of recent accounting pronouncements impacting the Company, see Note 1 in the Notes to Consolidated Financial Statements included herein under “Item 8., Financial Statements and Supplementary Data.”

BUSINESS OUTLOOK

The Company expects to realize between \$70 million and \$90 million of year over year operating cost savings from its continuous improvement programs, including Lean Sigma manufacturing projects.

Total capital investment for 2011 is expected to be between \$170 million and \$190 million and is expected to relate principally to the Company’s process capability improvements (approximately \$146 million), acquiring capital spares (approximately \$20 million), and producing packaging machinery (approximately \$14 million).

The Company also expects the following in 2011:

- Depreciation and amortization between \$285 million and \$305 million.
- Interest expense of \$145 million to \$160 million, including \$9 million of non-cash interest expense associated with amortization of debt issuance costs.
- Debt reduction of \$200 million to \$220 million.
- Pension plan contributions of \$45 million to \$70 million.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company does not trade or use derivative instruments with the objective of earning financial gains on interest or currency rates, nor does it use leveraged instruments or instruments where there are no underlying exposures identified.

Interest Rates

The Company is exposed to changes in interest rates, primarily as a result of its short-term and long-term debt, which bear both fixed and floating rate debt. The Company uses interest rate swap agreements effectively to fix the LIBOR rate on certain variable rate borrowings. At December 31, 2010, the Company had interest rate swap agreements with a notional amount of \$1,250.0 million.

The table below sets forth interest rate sensitivity information related to the Company’s debt.

Long-Term Debt Principal Amount by Maturity-Average Interest Rate

<i>In millions</i>	Expected Maturity Date						Total	Fair Value
	2011	2012	2013	2014	2015	Thereafter		
Total Debt								
Fixed Rate	\$ 0.4	\$ 1.4	\$ 73.6	\$ —	\$ —	\$ 669.4(a)	\$ 744.8	\$ 806.3
Average Interest Rate	4.14%	6.61%	9.48%	—%	—%	8.90%		
Variable Rate	\$ 18.9	\$ 18.9	\$ 18.9	\$ 1,770.9	\$ —	\$ —	\$ 1,827.6	\$ 1,820.5
Average Interest Rate, spread range is 2.00% — 2.75%	LIBOR+ spread	LIBOR+ spread	LIBOR+ spread	LIBOR+ spread	—	—		

Total Interest Rate Swaps-Notional Amount by Expiration-Average Swap Rate

<i>In millions</i>	Expected Maturity Date					Total	Fair Value
	2011	2012	2013	2014	Thereafter		
Interest Rate Swaps (Pay Fixed/Receive Variable)							
Notional	\$330.0	\$920.0	\$ —	\$ —	\$ —	\$ 1,250.0	\$(33.3)
Average Pay Rate	3.13%	2.62%	—%	—%	—%		
Average Receive Rate	3-Month LIBOR	3-Month LIBOR	—	—	—		

Note:

(a) Includes face amounts of \$425.0 million and \$250.0 million.

Foreign Exchange Rates

The Company enters into forward exchange contracts to effectively hedge substantially all accounts receivable resulting from transactions denominated in foreign currencies. The purpose of these forward exchange contracts is to protect the Company from the risk that the eventual functional currency cash flows resulting from the collection of these accounts receivable will be adversely affected by changes in exchange

rates. At December 31, 2010, multiple foreign currency forward exchange contracts existed, with maturities ranging up to three months. Those forward currency exchange contracts outstanding at December 31, 2010, when aggregated and measured in U.S. dollars at December 31, 2010 exchange rates, had net notional amounts totaling \$8.2 million. The Company continuously monitors these forward exchange contracts and adjusts accordingly to minimize the exposure.

The Company also enters into forward exchange contracts to hedge certain other anticipated foreign currency transactions. The purpose of these contracts is to protect the Company from the risk that the eventual functional currency cash flows resulting from anticipated foreign currency transactions will be adversely affected by changes in exchange rates.

During the years ended December 31, 2010 and 2009, no amounts were reclassified to earnings in connection with forecasted transactions that were no longer considered probable of occurring and there was no amount of ineffectiveness related to changes in the fair value of foreign currency forward contracts. Additionally, there were no amounts excluded from the measure of effectiveness during the years ended December 31, 2010 and 2009.

**Foreign Exchange Rates Contractual Amount by Expected
Maturity-Average Contractual Exchange Rate**

<i>In millions</i>	December 31, 2010	
	Contract Amount	Fair Value
FORWARD EXCHANGE AGREEMENTS:		
Receive \$US/Pay Yen	\$ 31.4	\$(0.6)
Weighted average contractual exchange rate	82.44	
Receive \$US/Pay Euro	\$ 18.9	\$ 0.6
Weighted average contractual exchange rate	1.38	
Receive \$US/Pay GBP	\$ 8.4	\$ 0.1
Weighted average contractual exchange rate	1.58	

Natural Gas Contracts

The Company has hedged a portion of its expected usage for 2011. The carrying amount and fair value of the natural gas swap contracts is a net liability of \$0.7 million as of December 31, 2010. Such contracts are designated as cash flow hedges and are accounted for by deferring the quarterly change in fair value of the outstanding contracts in Shareholders' Equity. On the date a contract matures, the resulting gain or loss is reclassified into Cost of Sales concurrently with the recognition of the commodity purchased. The ineffective portion of the swap contracts change in fair value, if any, would be recognized immediately in earnings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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GRAPHIC PACKAGING HOLDING COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

<i>In millions, except per share amounts</i>	Year Ended December 31,		
	2010	2009	2008
Net Sales	\$4,095.0	\$4,095.8	\$4,079.4
Cost of Sales	3,501.8	3,567.2	3,587.1
Selling, General and Administrative	320.4	314.6	306.9
Other (Income) Expense, Net	(1.8)	(15.6)	2.3
Restructuring and Other Special Charges (Credits)	55.1	(53.1)	33.2
Income from Operations	219.5	282.7	149.9
Interest Expense, Net	(174.5)	(196.4)	(215.4)
Loss on Modification or Extinguishment of Debt	(8.4)	(7.1)	—
Income (Loss) before Income Taxes and Equity Income of Unconsolidated Entities	36.6	79.2	(65.5)
Income Tax Expense	(27.5)	(24.1)	(34.4)
Income (Loss) before Equity Income of Unconsolidated Entities	9.1	55.1	(99.9)
Equity Income of Unconsolidated Entities	1.6	1.3	1.1
Income (Loss) from Continuing Operations	10.7	56.4	(98.8)
Loss from Discontinued Operations, Net of Taxes	—	—	(0.9)
Net Income (Loss)	\$ 10.7	\$ 56.4	\$ (99.7)
Income (Loss) Per Share — Basic and Diluted			
Continuing Operations	\$ 0.03	\$ 0.16	\$ (0.31)
Discontinued Operations	—	—	(0.00)
Total	\$ 0.03	\$ 0.16	\$ (0.32)
Weighted Average Number of Shares Outstanding — Basic	343.8	343.1	315.8
Weighted Average Number of Shares Outstanding — Diluted	347.4	344.6	315.8

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

GRAPHIC PACKAGING HOLDING COMPANY

CONSOLIDATED BALANCE SHEETS

<i>In millions, except share amounts</i>	December 31,	
	2010	2009
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 138.7	\$ 149.8
Receivables, Net	382.2	382.3
Inventories, Net	417.3	436.5
Deferred Income Tax Assets	28.0	34.7
Other Current Assets	47.4	18.0
Total Current Assets	1,013.6	1,021.3
Property, Plant and Equipment, Net	1,641.5	1,797.4
Goodwill	1,205.2	1,204.6
Intangible Assets, Net	576.6	620.0
Other Assets	47.7	58.5
Total Assets	\$ 4,484.6	\$ 4,701.8
LIABILITIES		
Current Liabilities:		
Short-Term Debt and Current Portion of Long-Term Debt	\$ 26.0	\$ 17.6
Accounts Payable	361.5	361.8
Compensation and Employee Benefits	93.5	105.6
Interest Payable	28.4	42.7
Other Accrued Liabilities	86.3	106.8
Total Current Liabilities	595.7	634.5
Long-Term Debt	2,553.1	2,782.6
Deferred Income Tax Liabilities	241.1	226.9
Accrued Pension and Postretirement Benefits	275.0	284.6
Other Noncurrent Liabilities	72.7	44.4
Total Liabilities	3,737.6	3,973.0
SHAREHOLDERS' EQUITY		
Preferred Stock, par value \$.01 per share; 100,000,000 shares authorized at December 31, 2010 and December 31, 2009; no shares issued or outstanding	—	—
Common Stock, par value \$.01 per share; 1,000,000,000 shares authorized at December 31, 2010 and 2009, respectively; 343,698,778 and 343,245,250 shares issued and outstanding at December 31, 2010 and 2009, respectively	3.4	3.4
Capital in Excess of Par Value	1,965.2	1,958.2
Accumulated Deficit	(1,008.3)	(1,019.0)
Accumulated Other Comprehensive Loss	(213.3)	(213.8)
Total Shareholders' Equity	747.0	728.8
Total Liabilities and Shareholders' Equity	\$ 4,484.6	\$ 4,701.8

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

GRAPHIC PACKAGING HOLDING COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>In millions, except share amounts</i>	Common Stock		Capital in	Accumulated	Accumulated	Comprehensive
	Shares	Amount	Excess of Par Value	Deficit	Other Comprehensive Income (Loss)	Income (Loss)
Balances at December 31, 2007	200,978,569	\$ 2.0	\$1,191.6	\$ (975.7)	\$ (73.9)	
Net Loss	—	—	—	(99.7)	—	\$ (99.7)
Other Comprehensive (Loss) Income:						
Derivative Instruments	—	—	—	—	(60.6)	(60.6)
Pension Benefit Plans	—	—	—	—	(212.2)	(212.2)
Postretirement Benefit Plans	—	—	—	—	2.4	2.4
Postemployment Benefit Plans	—	—	—	—	1.2	1.2
Currency Translation Adjustment	—	—	—	—	(15.1)	(15.1)
Total Comprehensive Loss	—	—	—	—	—	\$ (384.0)
Common Stock Issued for Acquisition	139,445,038	1.4	761.4	—	—	
Issuance of Shares for Stock-Based Awards	2,098,863	—	2.4	—	—	
Balances at December 31, 2008	342,522,470	\$ 3.4	\$1,955.4	\$(1,075.4)	\$ (358.2)	
Net Income	—	—	—	56.4	—	\$ 56.4
Other Comprehensive Income (Loss):						
Derivative Instruments	—	—	—	—	33.4	33.4
Pension Benefit Plans	—	—	—	—	91.7	91.7
Postretirement Benefit Plans	—	—	—	—	7.6	7.6
Postemployment Benefit Plans	—	—	—	—	3.9	3.9
Currency Translation Adjustment	—	—	—	—	7.8	7.8
Total Comprehensive Income	—	—	—	—	—	\$ 200.8
Issuance of Shares for Stock-Based Awards	722,780	—	2.8	—	—	
Balances at December 31, 2009	343,245,250	\$ 3.4	\$1,958.2	\$(1,019.0)	\$ (213.8)	
Net Income	—	—	—	10.7	—	10.7
Other Comprehensive Income (Loss):						
Derivative Instruments	—	—	—	—	7.7	7.7
Pension Benefit Plans	—	—	—	—	(6.2)	(6.2)
Postretirement Benefit Plans	—	—	—	—	(6.5)	(6.5)
Currency Translation Adjustment	—	—	—	—	5.5	5.5
Total Comprehensive Income	—	—	—	—	—	\$ 11.2
Issuance of Shares for Stock-Based Awards	453,528	—	7.0	—	—	
Balances at December 31, 2010	343,698,778	\$ 3.4	\$1,965.2	\$(1,008.3)	\$ (213.3)	

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

GRAPHIC PACKAGING HOLDING COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In millions</i>	Year Ended December 31,		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$ 10.7	\$ 56.4	\$ (99.7)
Non-cash Items Included in Net Income (Loss):			
Depreciation and Amortization	288.7	305.4	264.3
Write-off of Deferred Debt Issuance Costs on Early Extinguishment of Debt	1.4	2.3	—
Amortization of Deferred Debt Issuance Costs	8.3	8.5	7.9
Deferred Income Taxes	21.6	19.6	28.0
Amount of Postretirement Expense (Less) Greater Than Funding	(18.2)	4.7	(38.4)
Inventory Step Up Related to Altivity	—	—	24.4
Impairment Charges/Asset Write-offs	14.6	15.3	14.9
Other, Net	7.7	(6.8)	2.2
Changes in Operating Assets and Liabilities (See Note 3)	3.3	98.1	(19.0)
Net Cash Provided by Operating Activities	338.1	503.5	184.6
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital Spending	(122.8)	(129.9)	(183.3)
Acquisition Costs Related to Altivity	—	—	(30.3)
Cash Acquired Related to Altivity	—	—	60.2
Proceeds from Sales of Assets, Net of Selling Costs	—	9.8	20.3
Other, Net	0.1	(4.6)	(11.1)
Net Cash Used in Investing Activities	(122.7)	(124.7)	(144.2)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Issuance or Modification of Debt	30.6	423.8	1,200.0
Payments on Debt	(246.4)	(664.5)	(1,195.9)
Borrowings under Revolving Credit Facilities	138.8	166.2	1,072.5
Payments on Revolving Credit Facilities	(139.7)	(308.6)	(940.5)
Redemption and Early Tender Premiums and Debt Issuance Costs	(10.9)	(16.1)	(16.3)
Other, Net	0.2	—	—
Net Cash (Used in) Provided by Financing Activities	(227.4)	(399.2)	119.8
EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.9	0.1	0.6
Net (Decrease) Increase in Cash and Cash Equivalents	(11.1)	(20.3)	160.8
Cash and Cash Equivalents at Beginning of Period	149.8	170.1	9.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 138.7	\$ 149.8	\$ 170.1

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

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Graphic Packaging Holding Company (“GPHC” and, together with its subsidiaries, the “Company”) is a leading provider of packaging solutions for a wide variety of products to food, beverage and other consumer products companies. The Company is the largest U.S. producer of folding cartons and holds a leading market position in coated unbleached kraft paperboard, coated-recycled boxboard and flexible packaging. The Company’s customers include some of the most widely recognized companies in the world. The Company strives to provide its customers with packaging solutions designed to deliver marketing and performance benefits at a competitive cost by capitalizing on its low-cost paperboard mills and converting plants, its proprietary carton and packaging designs, and its commitment to customer service.

GPHC became a new publicly-traded parent company when, on March 10, 2008, the businesses of Graphic Packaging Corporation (“GPC”) and Altiivity Packaging, LLC (“Altiivity”) were combined through a series of transactions. All of the equity interests in Altiivity’s parent company were contributed to GPHC in exchange for 139,445,038 shares of GPHC’s common stock, par value \$0.01. Stockholders of GPC received one share of GPHC common stock for each share of GPC common stock held immediately prior to the transactions. Subsequently, all of the equity interests in Altiivity’s parent company were contributed to GPHC’s primary operating company, Graphic Packaging International, Inc. (“GPII”). Together, these transactions are referred to herein as the “Altiivity Transaction.”

For accounting purposes, the Altiivity Transaction was accounted for as a purchase by GPHC under the Financial Accounting Standards Board (“FASB”) business combinations standards. Under the purchase method of accounting, the assets and liabilities of Altiivity were recorded, as of the date of the closing of the Altiivity Transaction, at their respective fair values and added to those of GPII. The difference between the purchase price and the fair values of the assets acquired and liabilities assumed of Altiivity was recorded as goodwill. The historical financial statements of GPC became the historical financial statements of GPHC. The accompanying Consolidated Statements of Operations and Cash Flows for the year ended December 31, 2008 includes nine months and approximately three weeks of Altiivity and twelve months of GPC’s results. See Note 4 — Altiivity Transaction.

GPHC and GPC conduct no significant business and have no independent assets or operations other than GPHC’s ownership of all of GPC’s outstanding common stock, and GPC’s ownership of all of GPII’s outstanding common stock.

Basis of Presentation and Principles of Consolidation

The Company’s Consolidated Financial Statements include all subsidiaries in which the Company has the ability to exercise direct or indirect control over operating and financial policies. The accompanying Consolidated Financial Statements include the worldwide operations of the paperboard packaging segment, which includes the paperboard packaging, packaging machinery, and containerboard businesses; and the flexible packaging segment, which converts kraft, specialty paper and plastics into multi-wall, consumer and specialty retail bags and produces flexible packaging, label solutions, and laminations. Intercompany transactions and balances are eliminated in consolidation.

The Company has reclassified the presentation of certain prior period information to conform to the current presentation format. These reclassifications had no impact on operating income, or the Consolidated Statements of Shareholders’ Equity and had an immaterial impact on the Consolidated Balance Sheets, Consolidated Statements of Cash Flows, and certain captions on the Consolidated Statements of Operations.

The results of operations for Graphic Packaging International Sweden, the Company’s discontinued operations, have been eliminated from the Company’s continuing operations and classified as discontinued

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

operations for the period presented within the Company's Consolidated Statements of Operations. In 2008, the Company determined an additional \$0.9 million environmental reserve was necessary and recorded this in discontinued operations within the Company's Consolidated Statements of Operations.

The Company holds a 50% ownership interest in a joint venture with Rengo Riverwood Packaging, Ltd. (in Japan) which is accounted for using the equity method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting periods. Actual results could differ from these estimates, and changes in these estimates are recorded when known. Estimates are used in accounting for, among other things, pension benefits, retained insurable risks, slow-moving and obsolete inventory, allowance for doubtful accounts, useful lives for depreciation and amortization, future cash flows, discount rates and earnings before interest, taxes, depreciation and amortization, ("EBITDA") multiples associated with impairment testing of goodwill and long-term assets, fair value of derivative financial instruments, deferred income tax assets and potential income tax assessments, and contingencies.

Revenue Recognition

The Company receives revenue from the sales of manufactured products. The Company recognizes sales revenue when all of the following criteria are met: persuasive evidence of an agreement exists, delivery has occurred or services have been rendered, the Company's price to the buyer is fixed or determinable and collectability is reasonably assured. Delivery is not considered to have occurred until the customer takes title and assumes the risks and rewards of ownership. The timing of revenue recognition is largely dependent on shipping terms. Revenue is recorded at the time of shipment for terms designated as free on board ("f.o.b.") shipping point. For sales transactions designated f.o.b. destination, revenue is recorded when title to the product passes upon delivery to the customer. The Company recognizes revenues on its annual and multi-year carton supply contracts as the shipment occurs in accordance with the shipping terms discussed above.

Discounts and allowances are comprised of trade allowances and rebates, cash discounts and sales returns. Cash discounts and sales returns are estimated using historical experience. Trade allowances are based on the estimated obligations and historical experience. Customer rebates are determined based on contract terms and are recorded at the time of sale.

Shipping and Handling

The Company includes shipping and handling costs in Cost of Sales.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized; other repairs and maintenance charges are expensed as incurred. The Company's cost and related accumulated depreciation applicable to assets retired or sold are removed from the accounts and the gain or loss on disposition is included in income from operations.

Interest is capitalized on assets under construction for one year or longer with an estimated spending of \$1.0 million or more. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Capitalized interest was \$1.1 million, \$2.4 million and \$1.8 million in the years ended December 31, 2010, 2009 and 2008, respectively.

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company assesses its long-lived assets, including certain identifiable intangibles, for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. To analyze recoverability, the Company projects future cash flows, undiscounted and before interest, over the remaining life of such assets. If these projected cash flows are less than the carrying amount, an impairment would be recognized, resulting in a write-down of assets with a corresponding charge to earnings. The impairment loss is measured based upon the difference between the carrying amount and the fair value of the assets. The Company assesses the appropriateness of the useful life of its long-lived assets periodically. See Note 13 — Impairment.

Depreciation and Amortization

Depreciation is computed using the straight-line method based on the following estimated useful lives of the related assets:

Buildings	40 years
Land improvements	15 years
Machinery and equipment	3 to 40 years
Furniture and fixtures	10 years
Automobiles, trucks and tractors	3 to 5 years

Depreciation expense for 2010, 2009 and 2008 was \$239.8 million, \$256.9 million and \$222.8 million, respectively.

Intangible assets (liabilities) with a determinable life are amortized on a straight-line basis over that period. The amortization expense for each intangible asset (liability) is recorded in the Consolidated Statements of Operations according to the nature of that asset (liability).

Goodwill is the Company's only intangible asset not subject to amortization at December 31, 2010 and 2009. The following table displays the intangible assets (liabilities) that continue to be subject to amortization and aggregate amortization expense as of December 31, 2010 and 2009:

<i>In millions</i>	December 31, 2010			December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable Intangible Assets (Liabilities):						
Customer Relationships	\$ 657.2	\$ 129.0	\$ 528.2	\$ 656.3	\$ 91.5	\$ 564.8
Non-Compete Agreements	7.3	6.2	1.1	7.2	3.9	3.3
Patents, Trademarks and Licenses	129.0	81.0	48.0	124.2	71.6	52.6
Supply Contracts and Leases, Net	(2.1)	(1.4)	(0.7)	(2.1)	(1.4)	(0.7)
Total	\$ 791.4	\$ 214.8	\$ 576.6	\$ 785.6	\$ 165.6	\$ 620.0

The Company recorded amortization expense for the years ended December 31, 2010, 2009 and 2008 of \$48.9 million, \$48.5 million and \$41.5 million, respectively, relating to intangible assets (liabilities) subject to amortization. The Company expects amortization expense to be approximately \$47 million in 2011, \$44 million in 2012, and \$43 million for 2013 through 2015.

Research and Development

Research and development costs, which relate primarily to the development and design of new packaging machines and products and are recorded as a component of Selling, General and Administrative expenses, are

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

expensed as incurred. Expenses for the years ended December 31, 2010, 2009 and 2008 were \$12.8 million, \$7.2 million and \$8.0 million, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits, certificates of deposit and other marketable securities with original maturities of three months or less.

Accounts Receivable and Allowances

Accounts receivable are stated at the amount owed by the customer, net of an allowance for estimated uncollectible accounts, returns and allowances, and cash discounts. The allowance for doubtful accounts is estimated based on historical experience, current economic conditions and the credit worthiness of customers. Receivables are charged to the allowance when determined to be no longer collectible.

Concentration of Credit Risk

The Company's cash, cash equivalents, and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are of high credit quality. Accounts receivable are derived from revenue earned from customers located in the U.S. and internationally. As of December 31, 2010 and 2009, no customers accounted for more than 10% of net accounts receivable.

Inventories

Inventories are stated at the lower of cost or market with cost determined principally by the first-in, first-out ("FIFO") basis. Average cost basis is used to determine the cost of supplies inventories. Raw materials and consumables used in the production process such as wood chips and chemicals are valued at purchase cost on a FIFO basis upon receipt. Work in progress and finished goods inventories are valued at the cost of raw material consumed plus direct manufacturing costs (such as labor, utilities and supplies) as incurred and an applicable portion of manufacturing overhead. Inventories are stated net of an allowance for slow-moving and obsolete inventory.

Alternative Fuel Tax Credit

The Company burns alternative fuel at its West Monroe, LA and Macon, GA mills in order to produce energy and recover chemicals. During 2009, the U.S. Internal Revenue Code allowed an excise tax credit under certain circumstances for the use of alternative fuels and alternative fuel mixtures. In the first quarter 2009, the Company filed an application with the Internal Revenue Service (the "IRS") for certification of eligibility to receive the tax credit for its use of black liquor in alternative fuel mixtures in the recovery boilers at the mills. During the second quarter 2009, the Company received notification from the IRS that its registration as an alternate fuel mixer had been approved. The Company submitted excise tax refund claims totaling \$147.2 million based on fuel usage at the two mills from mid-January 2009 through December 31, 2009. The Company received excise tax refunds totaling \$134.8 million through the end of the year in 2009, and the remainder was received in 2010. The net impact of the excise tax credit is included in Restructuring and Other Special Charges (Credits) in the amount of \$137.8 million for the year ended December 31, 2009 and is included in Corporate for segment reporting purposes. The excise tax credit expired on December 31, 2009.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill

The Company tests goodwill for impairment annually as of October 1, as well as whenever events or changes in circumstances suggest that the estimated fair value of a reporting unit may no longer exceed its carrying amount.

The Company tests goodwill for impairment at the reporting unit level, which is an operating segment or level below an operating segment, which is referred to as a component. A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. However, two or more components of an operating segment are aggregated and deemed a single reporting unit if the components have similar economic characteristics.

Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount including goodwill, to the fair value of the reporting unit. The estimated fair value of each reporting unit is determined by utilizing a discounted cash flow analysis based on the Company's forecasts discounted using a weighted average cost of capital and market indicators of terminal year cash flows based upon a multiple of EBITDA. If the carrying amount of a reporting unit exceeds its estimated fair value, goodwill is considered potentially impaired. In determining fair value, management relies on and considers a number of factors, including but not limited to, operating results, business plans, economic projections, forecasts including anticipated future cash flows, and market data and analysis, including market capitalization. The assumptions we use are based on what we believe a hypothetical market participant would use in estimating fair value. Fair value determinations are sensitive to changes in the factors described above. There are inherent uncertainties related to these factors and judgments in applying them to the analysis of goodwill recoverability. We completed the annual test of goodwill associated with each of our reporting units during 2010 and concluded that the fair values were in excess of the carrying values of each of the reporting units. No events have occurred since the latest annual goodwill impairment assessment that would necessitate an interim goodwill impairment assessment.

The following is a rollforward of goodwill by reportable segment as of December 31, 2010:

<i>In millions</i>	Paperboard Packaging	Flexible Packaging	Total
Balance at December 31, 2008	\$ 1,050.3	\$ 154.5	\$1,204.8
Altivity Purchase Accounting	(4.4)	4.8	0.4
Divestiture of Businesses	—	(1.9)	(1.9)
Foreign Currency Effects	—	1.3	1.3
Balance at December 31, 2009	\$ 1,045.9	\$ 158.7	\$1,204.6
Altivity Purchase Accounting	(1.1)	—	(1.1)
Foreign Currency Effects	0.6	1.1	1.7
Balance at December 31, 2010	\$ 1,045.4	\$ 159.8	\$1,205.2

Retained Insurable Risks

It is the Company's policy to self-insure or fund a portion of certain expected losses related to group health benefits and workers' compensation claims. Provisions for expected losses are recorded based on the Company's estimates, on an undiscounted basis, of the aggregate liabilities for known claims and estimated claims incurred but not reported.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Asset Retirement Obligations

Asset retirement obligations are accounted for in accordance with the provisions of the *Asset Retirement and Environmental Obligations* topic of FASB Accounting Standards Codification™ (“the FASB Codification”). A liability and asset are recorded equal to the present value of the estimated costs associated with the retirement of long-lived assets where a legal or contractual obligation exists and the liability can be reasonably estimated. The liability is accreted over time and the asset is depreciated over the remaining life of the asset. Upon settlement of the liability, we will recognize a gain or loss for any difference between the settlement amount and the liability recorded. Asset retirement obligations with indeterminate settlement dates are not recorded until such time that a reasonable estimate may be made.

International Currency

The functional currency of the international subsidiaries is the local currency for the country in which the subsidiaries own their primary assets. The translation of the applicable currencies into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. Any related translation adjustments are recorded directly to a separate component of Shareholders’ Equity, unless there is a sale or complete liquidation of the underlying foreign investments.

The Company pursues a currency hedging program which utilizes derivatives to limit the impact of foreign currency exchange fluctuations on its consolidated financial results. Under this program, the Company has entered into forward exchange contracts in the normal course of business to hedge certain foreign currency denominated transactions. Realized and unrealized gains and losses on these forward contracts are included in the measurement of the basis of the related foreign currency transaction when recorded.

Adoption of New Accounting Standards

Effective January 1, 2010, the Company adopted guidance as required by the *Consolidation* topic of the FASB Codification which clarifies the accounting and reporting for decreases in ownership of a subsidiary. The adoption did not have an impact on the Company’s financial position, results of operations or cash flows.

Effective January 1, 2010, the Company adopted guidance contained within the *Fair Value Measurements and Disclosures* topic of the FASB Codification to improve the disclosure requirements related to Level 1 and Level 2 fair value measurements. The guidance requires entities to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and to describe the reasons for the transfers. In addition, entities are required to present separately information about purchases, sales, issuances, and settlements for fair value measurements using significant unobservable inputs (Level 3). The disclosures related to Level 3 fair value measurements are effective for the Company in 2011. The guidance requires new disclosures only and did not have an impact on the Company’s financial position, results of operations or cash flows. Effective January 1, 2011, the Company adopted the second phase of the amended guidance within the *Fair Value Measurements and Disclosures* topic of the FASB Codification, which requires the Company to disclose information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements on a gross basis, separately for assets and liabilities. The adoption of this amended guidance will require expanded disclosure in the notes to the Company’s consolidated financial statements but will not have an impact on the Company’s financial position, results of operations or cash flows.

Accounting Standards Not Yet Adopted

In October 2009, the FASB issued guidance amending the *Revenue Recognition* topic of the FASB Codification. The guidance enables vendors to account for transactions with the same customer involving

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

multiple products or services (deliverables) separately rather than as a combined unit, and is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. This guidance will be effective for the Company in the first quarter of 2011, and is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2 — SUPPLEMENTAL BALANCE SHEET DATA

Receivables, Net:

<i>In millions</i>	2010	2009
Trade	\$366.5	\$356.5
Less: Allowance	(3.2)	(4.6)
	363.3	351.9
Other	18.9	30.4
Total	\$382.2	\$382.3

Inventories, Net:

<i>In millions</i>	2010	2009
Finished Goods	\$231.7	\$251.9
Work in Progress	36.5	40.3
Raw Materials	102.0	105.2
Supplies	65.6	63.6
	435.8	461.0
Less: Allowance	(18.5)	(24.5)
Total	\$417.3	\$436.5

Other Current Assets:

<i>In millions</i>	2010	2009
Asset Held for Sale	\$27.4	\$ —
Prepaid Expenses	19.7	17.6
Other	0.3	0.4
Total	\$47.4	\$18.0

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Property, Plant and Equipment, Net:

<i>In millions</i>	2010	2009
Property, Plant and Equipment, at Cost		
Land and Improvements	\$ 118.7	\$ 134.3
Buildings	329.7	357.3
Machinery and Equipment	3,169.2	3,106.7
Construction-in-Progress	63.6	62.6
	3,681.2	3,660.9
Less: Accumulated Depreciation	(2,039.7)	(1,863.5)
Total	\$ 1,641.5	\$ 1,797.4

Other Assets:

<i>In millions</i>	2010	2009
Deferred Debt Issuance Costs, Net of Amortization of \$26.2 million and \$20.9 million for 2010 and 2009, respectively	\$24.7	\$34.4
Deferred Income Tax Assets	6.3	9.4
Prepaid Benefit Cost	—	2.2
Other	16.7	12.5
Total	\$47.7	\$58.5

Other Accrued Liabilities:

<i>In millions</i>	2010	2009
Fair Value of Derivatives, current portion	\$19.8	\$ 26.3
Restructuring Reserves	2.1	7.6
Deferred Revenue	14.9	16.1
Accrued Customer Rebates	18.2	22.0
Other	31.3	34.8
Total	\$86.3	\$106.8

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 3 — SUPPLEMENTAL CASH FLOW INFORMATION

Cash Flow Provided by (Used in) Operations Due to Changes in Operating Assets and Liabilities:

<i>In millions</i>	2010	2009	2008
Receivables, Net	\$ 5.0	\$ (6.5)	\$ 16.5
Inventories, Net	13.3	91.0	32.6
Prepaid Expenses	(7.3)	8.8	(13.7)
Accounts Payable	6.0	19.4	(21.4)
Compensation and Employee Benefits	(11.9)	12.4	(27.8)
Income Taxes	(2.4)	0.1	(4.8)
Interest Payable	(15.3)	(15.1)	16.5
Other Accrued Liabilities	(12.1)	(17.3)	(17.1)
Other Noncurrent Liabilities	28.0	5.3	0.2
Total	\$ 3.3	\$ 98.1	\$(19.0)

Cash paid for interest and cash paid, net of refunds, for income taxes was as follows:

<i>In millions</i>	2010	2009	2008
Interest	\$180.9	\$219.5	\$193.4
Income Taxes	6.7	7.7	5.0

Significant non-cash activities were as follows:

<i>In millions</i>	2010	2009	2008
Issuance of Common Stock Related to Acquisition	\$—	\$—	\$762.8

NOTE 4 — ALTIVITY TRANSACTION

On March 10, 2008, the businesses of GPC and Altivity were combined in a transaction accounted for under the FASB's business combination guidance. Altivity was the largest privately-held producer of folding cartons and a market leader in all of its major businesses, including coated-recycled boxboard and flexible packaging. Altivity operated recycled boxboard mills and consumer product packaging facilities in North America.

The Company determined that the relative outstanding share ownership, voting rights, and the composition of the governing body and senior management positions required GPC to be the acquiring entity for accounting purposes, resulting in the historical financial statements of GPC becoming the historical financial statements of the Company. Under the purchase method of accounting, the assets and liabilities of Altivity were recorded, as of the date of the closing of the Altivity Transaction, at their respective fair values and added to those of GPII. The purchase price for the acquisition was based on the average closing price of the Company's common stock on the NYSE for two days prior to, including, and two days subsequent to the public announcement of the transaction of \$5.47 per share and capitalized transaction costs. The purchase

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

price has been allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of the Altivity Transaction. The final purchase price allocation is as follows:

In millions

Purchase Price	\$ 762.8
Acquisition Costs	30.3
Assumed Debt	1,167.6
Total Purchase Consideration	\$1,960.7

In millions

Cash and Cash Equivalents	\$ 60.2
Receivables, Net	181.2
Inventories, Net	265.0
Prepays	13.1
Property, Plant and Equipment	636.7
Intangible Assets	561.1
Other Assets	4.5
Total Assets Acquired	1,721.8
Current Liabilities, Excluding Current Portion of Long-Term Debt	253.7
Pension and Postemployment Benefits	35.3
Other Noncurrent Liabilities	35.8
Total Liabilities Assumed	324.8
Net Assets Acquired	1,397.0
Goodwill	563.7
Total Estimated Fair Value of Net Assets Acquired	\$1,960.7

The Company has finalized plans to close certain facilities of the acquired company and has established restructuring reserves that are considered liabilities assumed in the Altivity Transaction. See Note 5 — Restructuring Reserves.

The excess of the total purchase consideration over the aggregate fair value of identifiable net assets acquired was allocated to goodwill. Management believes that the portion of the total purchase consideration attributable to goodwill represents benefits expected as a result of the acquisition, including 1) significant cost-reduction opportunities and synergies by combining sales and support functions and eliminating duplicate corporate functions, 2) diversification of the Company's product line and new opportunities for top-line growth, which will allow the Company to compete effectively in the global packaging market, and 3) expansion of the Company's manufacturing system to include expanded folding carton converting operations, flexible packaging facilities, ink manufacturing facilities and label facilities.

The following table shows the final allocation of goodwill by segment:

<i>In millions</i>	Paperboard Packaging	Flexible Packaging	Total
Goodwill	\$404.4	\$159.3	\$563.7

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company expects to deduct approximately \$310 million of goodwill for tax purposes.

The following table summarizes acquired intangibles other than goodwill:

In millions

Customer Relationships	\$546.4
Non-Compete Agreements	8.2
Trademarks and Patents	7.5
Leases and Supply Contracts	(1.0)
Total Estimated Fair Value of Intangible Assets	\$561.1

The fair value of intangible assets is being amortized on a straight-line basis over the remaining useful life, estimated at the date of the Altivity Transaction, of 17 years for customer relationships and four years for trademarks and patents, and over the remaining contractual period for the non-compete, lease and supply contracts.

The following unaudited pro forma consolidated results of operations assume that the acquisition of Altivity occurred as of the beginning of the periods presented and excludes the 2008 results for the two coated-recycled board mills divested in September 2008. This pro forma data is based on historical information and does not necessarily reflect the actual results that would have occurred, nor is it indicative of future results of operations.

<i>In millions</i>	<u>Year Ended December 31,</u> <u>2008</u>	
Net Sales	\$	4,415.0
Net Loss		(66.6)
Loss Per Share — Basic and Diluted		(0.19)

NOTE 5 —RESTRUCTURING RESERVES

The Company formulated plans to close or exit certain production facilities resulting from the Altivity Transaction. Restructuring reserves were established in accordance with the requirements of Emerging Issues Task Force 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*, and the *Exit or Disposal Cost Obligations* topic of the FASB Codification Topic 420.

The amount of severance and benefits recorded in 2010, 2009 and 2008 totaled \$2.2 million, \$4.1 million and \$1.6 million, respectively. These severance and benefits are included in Restructuring and Other Special Charges (Credits) in the Consolidated Statements of Operations. The portion of the restructuring reserves expected to be settled within one year is included in Other Accrued Liabilities on the Company's Consolidated Balance Sheets.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the transactions within the restructuring reserves:

<i>In millions</i>	Severance and Benefits	Facility Closure Costs	Equipment Removal	Total
Establish Reserve	\$ 7.0	\$ 8.5	\$ 1.8	\$ 17.3
Additions to Reserves	13.4	2.3	0.8	16.5
Cash Payments	(6.1)	(0.7)	(0.5)	(7.3)
Other Adjustments	(0.4)	(0.3)	(0.1)	(0.8)
Balance at December 31, 2008	\$ 13.9	\$ 9.8	\$ 2.0	\$ 25.7
Additions to Reserves	6.4	0.9	0.3	7.6
Cash Payments	(11.8)	(2.2)	(0.3)	(14.3)
Other Adjustments	(5.0)	(5.0)	(1.4)	(11.4)
Balance at December 31, 2009	\$ 3.5	\$ 3.5	\$ 0.6	\$ 7.6
Additions to Reserves	2.2	—	—	2.2
Cash Payments	(2.9)	(1.8)	(0.3)	(5.0)
Other Adjustments	(2.2)	(0.5)	—	(2.7)
Balance at December 31, 2010	\$ 0.6	\$ 1.2	\$ 0.3	\$ 2.1

Accelerated or incremental depreciation was recorded for assets that would be removed from service before the end of their originally estimated useful lives due to the facility closures. The amount of accelerated depreciation recorded in 2010, 2009 and 2008 was \$3.9 million, \$9.1 million and \$5.4 million, respectively.

Upon finalizing its restructuring activities, in the second quarter of 2010, the Company concluded that certain facilities were no longer an essential part of its manufacturing and warehouse footprint and that the facilities would be sold. Accordingly the facilities are reported at the lower of their carrying value or fair market value less costs to sell and reclassified as assets held for sale and are included in other current assets. In addition, estimated liabilities related to the partial or complete withdrawal from certain multi-employment benefit plans for union employees at certain of these facilities were established. Charges of \$21.9 million for estimated multiemployer pension plan withdrawal liabilities and \$7.8 million related to assets written down to fair market value less costs to sell were recorded, and are included in Restructuring and Other Special Charges (Credits) in the Condensed Consolidated Statements of Operations for the twelve months ended December 31, 2010.

NOTE 6 — DEBT

Short-Term Debt is composed of the following:

<i>In millions</i>	2010	2009
Short-Term Borrowings	\$ 6.7	\$ 7.6
Current Portion of Long-Term Debt	19.3	10.0
Total	\$26.0	\$17.6

Short-term borrowings are principally at the Company's international subsidiaries. The weighted average interest rate on short-term borrowings as of December 31, 2010 and 2009 was 2.6% and 2.9%, respectively.

On May 16, 2007, the Company entered into a \$1,355 million Credit Agreement ("Credit Agreement"). The Credit Agreement provided for a \$300 million revolving credit facility due on May 16, 2013 and a

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

\$1,055 million term loan facility due on May 16, 2014. The revolving credit facility bears interest at a rate of LIBOR plus 225 basis points and the term loan facility bears interest at a rate of LIBOR plus 200 basis points. The Company's obligations under the Credit Agreement are collateralized by substantially all of the Company's domestic assets.

On March 10, 2008, the Company entered into Amendment No. 1 and Amendment No. 2 to the Credit Agreement. Under such amendments, the Company obtained (i) a new \$1,200 million term loan facility, due on May 16, 2014, to refinance the outstanding amounts under Altivity's parent company's existing first and second lien credit facilities and (ii) an increase to the Company's existing revolving credit facility to \$400 million due on May 16, 2013. The Company's existing \$1,055 million term loan facility remains in place. The new term loan bears interest at LIBOR plus 275 basis points. The Company's weighted average interest rate on senior secured term debt equals approximately LIBOR plus 241 basis points. In connection with the new term loan and revolver increase, the Company recorded approximately \$16 million of deferred financing costs.

On December 3, 2009, the Company entered into Amendment No. 3 to the Credit Agreement. In satisfaction of a condition precedent to the effectiveness of Amendment No. 3, the Company made a \$150.0 million voluntary prepayment of the outstanding term loans under the Credit Agreement (the "Initial Term Loan Prepayment"). Amendment No. 3 increases the basket under which the Company may voluntarily redeem or repurchase prior to maturity its 9.5% Senior Subordinated Notes due 2013 from time to time outstanding by an amount equal to \$37.5 million plus 75.0% of the aggregate principal amount of prepayments of the term loans under the Company's Credit Agreement made after the effective date of Amendment No. 3 (excluding the Initial Term Loan Prepayment). As a condition precedent to any future redemption or repurchase of the notes prior to their maturity, Amendment No. 3 requires that the Company have available liquidity (defined as cash and cash equivalents on hand plus availability under the Company's senior secured revolver) of at least \$250 million. In connection with Amendment No. 3, the Company recorded deferred financing costs of approximately \$1 million. These costs are being amortized using the effective interest method over the term of the facilities.

On June 16, 2009, the Company completed the issuance and sale of \$245 million aggregate principal amount of its 9.5% Senior Notes due in 2017. The proceeds from the offering were \$238.4 million after deducting the original issue discount. The proceeds were used to retire, through a tender offer, \$225 million aggregate principal amount of the 8.5% Senior Notes due in 2011 and to pay applicable early tender premiums and offering expenses.

On August 5, 2009, the Company announced that it would redeem and prepay approximately \$20 million in aggregate principal and interest of the 8.5% Senior Notes due in 2011. The Credit Agreement contains, among other exceptions to the restrictions on prepayment of the Senior Notes, a \$20 million basket for such redemptions. The redemption occurred on September 4, 2009 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount of the notes redeemed, plus accrued and unpaid interest up to, but not including the Redemption Date. In total, \$19.9 million aggregate principal amount of the 8.5% Senior Notes due in 2011 was redeemed on September 4, 2009.

On August 20, 2009, the Company completed the issuance and sale of an additional \$180 million of 9.5% Senior Notes due in 2017. The proceeds from the offering were \$185.4 million, including a premium of \$5.4 million. These proceeds were used to redeem the remaining \$180.1 million aggregate principal amount of the 8.5% Senior Notes due in 2011, to pay accrued interest on these existing notes, and to pay fees and expenses incurred in connection with the offering and redemption. In connection with the 9.5% Senior Notes due in 2017, the Company recorded deferred financing costs of approximately \$10 million. These costs are being amortized using the effective interest method over the term of the 9.5% Senior Notes due in 2017.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with the above retirements, the Company recorded charges of \$7.1 million in 2009. The charges are reflected as Loss on Modification or Extinguishment of Debt in the Company's Consolidated Statements of Operations. The charges consisted of unamortized deferred financing costs and, in regards to the June 2009 retirement, the early tender premiums associated with the 8.5% Senior Notes due in 2011.

In June 2010, the Company purchased \$34.9 million aggregate principal amount of its 9.5% Senior Subordinated Notes due 2013 at purchase prices ranging from 101.75% to 101.833% of the principal amount of the notes purchased, plus accrued and unpaid interest up to, but not including the date of purchase.

On July 15, 2010, the Company announced that it would redeem and prepay approximately \$66.8 million in aggregate principal of the 9.5% Senior Subordinated Notes due in 2013 at a redemption price of 101.583%. The redemption occurred on August 16, 2010.

On September 29, 2010, the Company completed the issuance and sale of \$250.0 million of aggregate principal amount of its 7.875% Senior Notes due in 2018. A portion of the proceeds were used to retire, through a tender offer, \$220.6 million aggregate principal amount of 9.5% Senior Subordinated Notes due 2013. On October 29, 2010, the Company redeemed \$29.4 million of its Senior Subordinated Notes due 2013 at a redemption price of 101.583%. In the fourth quarter of 2010, the Company also paid down \$115.5 million of its term loans.

The June 2010, August 2010 and October 2010 retirements were treated as extinguishments of debt and charges of \$3.4 million consisting of unamortized deferred financing costs and amounts paid in excess of par are reflected as Loss on Modification or Extinguishment of Debt in the Company's Consolidated Statements of Operations.

The September 2010 debt exchange was accounted for as a modification. Fees paid to third parties of \$5.0 million are reflected as Loss on Modification or Extinguishment of Debt in the Company's Consolidated Statements of Operations. Fees paid to creditors of approximately \$4.0 million are reflected as a reduction of debt and will be amortized using the effective interest method over the term of the 7.875% Senior Notes.

Long-Term Debt is composed of the following:

<i>In millions</i>	2010	2009
Senior Notes with interest payable semi-annually at 7.875%, payable in 2018 (\$250.0 million face amount)	\$ 246.0	—
Senior Notes with interest payable semi-annually at 9.5%, payable in 2017 (\$425.0 million face amount)	423.5	423.7
Senior Subordinated Notes with interest payable semi-annually at 9.5%, payable in 2013	73.3	425.0
Senior Secured Term Loan Facility with interest payable at various dates at floating rates (2.29% at December 31, 2010) payable through 2014	837.7	890.7
Senior Secured Term Loan Facility with interest payable at various dates at floating rates (3.04% at December 31, 2010) payable through 2014	989.9	1,052.4
Senior Secured Revolving Facility with interest payable at various dates at floating rates (2.50% at December 31, 2010) payable in 2013	—	—
Other	2.0	0.8
	2,572.4	2,792.6
Less: current portion	19.3	10.0
Total	\$2,553.1	\$2,782.6

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-Term Debt maturities are as follows:

<i>In millions</i>	
2011	\$ 19.3
2012	20.3
2013	92.5
2014	1,770.9
2015	—
After 2015	669.4
Total	\$2,572.4

At December 31, 2010, the Company and its U.S. and international subsidiaries had the following commitments, amounts outstanding and amounts available under revolving credit facilities:

<i>In millions</i>	Total Commitments	Total Outstanding	Total Available ^(a)
Revolving Credit Facility	\$ 400.0	\$ —	\$ 363.6
International Facilities	17.2	6.7	10.5
Total	\$ 417.2	\$ 6.7	\$ 374.1

Note:

- (a) In accordance with its debt agreements, the Company's availability under its Revolving Credit Facility has been reduced by the amount of standby letters of credit issued of \$36.4 million as of December 31, 2010. These letters of credit are primarily used as security against its self-insurance obligations and workers' compensation obligations. These letters of credit expire at various dates through 2012 unless extended.

The Credit Agreement and the indentures governing the 9.5% Senior Notes due 2017, the 9.5% Senior Subordinated Notes due 2013, and the 7.875% Senior Notes due 2018 (the "Indentures") limit the Company's ability to incur additional indebtedness. Additional covenants contained in the Credit Agreement and the Indentures, among other things, restrict the ability of the Company to dispose of assets, incur guarantee obligations, prepay other indebtedness, make dividend and other restricted payments, create liens, make equity or debt investments, make acquisitions, modify terms of the Indentures, engage in mergers or consolidations, change the business conducted by the Company and its subsidiaries, and engage in certain transactions with affiliates. Such restrictions, together with the highly leveraged nature of the Company, could limit the Company's ability to respond to changing market conditions, fund its capital spending program, provide for unexpected capital investments or take advantage of business opportunities. As of December 31, 2010, the Company was in compliance with the covenants in the Credit Agreement.

NOTE 7 — STOCK INCENTIVE PLANS

The Company has five equity compensation plans, but since 2004 the Company's only plan pursuant to which new grants are made is the Graphic Packaging Holding Company Amended and Restated 2004 Stock and Incentive Compensation Plan (previously named the Graphic Packaging Corporation 2004 Stock and Incentive Compensation Plan) (the "2004 Plan"). Under the 2004 Plan, the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs") and other types of stock-based and cash awards to employees and directors of the Company. The other plans are the 2003 Riverwood Holding, Inc. Long-Term Incentive Plan ("2003 LTIP"), the Riverwood Holding, Inc. 2002 Stock Incentive Plan ("2002 SIP"), the Graphic Packaging Equity Incentive Plan ("EIP"), and the Graphic Packaging Equity Compensation Plan for Non-Employee Directors ("Graphic NEDP"). Stock options and other awards granted under all of the

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Company's plans generally vest and expire in accordance with terms established at the time of grant. Shares issued pursuant to awards under the plans are from the Company's authorized but unissued shares. Compensation costs are recognized on a straight-line basis over the requisite service period of the award.

Stock Options

GPC and the Company have not granted any stock options since 2004. The weighted average fair value of stock options is estimated to be \$2.73 per option as of the date of grant for stock options granted in 2004. The Company used the Black-Scholes Merton option pricing model to value stock options with the following assumptions: dividend yield of zero, expected volatility ranging from 0% to 74%, risk-free interest rates ranging from 4.23% to 6.75%, a zero forfeiture rate and an expected life of 3 to 10 years.

The following table summarizes information pertaining to stock options outstanding and exercisable at December 31, 2010 and the option exercise price range per plan. No options have been granted under the 2004 Plan, so this plan has been omitted from the table.

Plan	Shares Subject to Options	Weighted Average Exercise Price	Shares Subject to Exercisable Options	Weighted Average Exercise Price	Exercise Price Range	Weighted Average Remaining Contractual Life in Years
2003 LTIP	684,070	\$ 5.96	684,070	\$ 5.96	\$4.70 to \$6.57	2.72
2002 SIP	2,130,754	7.88	2,130,754	7.88	7.88	1.00
EIP	2,463,443	7.60	2,463,443	7.60	1.55 to 13.74	2.59
Graphic NEDP	2,000	7.11	2,000	7.11	7.11	0.41
Total	5,280,267	\$ 7.50	5,280,267	\$ 7.50	—	1.96

As of December 31, 2010 and 2009, there were 5,280,267 and 6,442,092 exercisable options, respectively.

A summary of option activity during the three years ended December 31, 2010 is as follows:

	Options	Weighted Average Exercise Price
Outstanding — December 31, 2007	12,730,238	\$ 7.41
Exercised	—	—
Canceled	(5,614,351)	7.66
Outstanding — December 31, 2008	7,115,887	\$ 7.21
Exercised	—	—
Canceled	(673,795)	6.54
Outstanding — December 31, 2009	6,442,092	\$ 7.28
Exercised	(80,150)	2.30
Canceled	(1,081,675)	6.57
Outstanding — December 31, 2010	5,280,267	\$ 7.50

Stock Awards, Restricted Stock and Restricted Stock Units

The Company's 2004 Plan permits the grant of stock awards, restricted stock and RSUs. All RSUs vest and become payable in one to five years from date of grant. RSUs granted to employees generally contain service requirements and performance conditions that must be met for the shares to vest. Upon vesting, RSUs are payable in cash and shares of common stock, based on the proportion set forth in the grant agreements. Stock awards granted to non-employee directors are unrestricted.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Data concerning RSUs and stock awards granted in the years ended December 31:

	2010	2009	2008
RSUs — Employees	5,503,250	8,390,054	1,139,970
Weighted-average price per share	\$ 3.60	\$ 0.89	\$ 2.72
Stock Awards — Board of Directors	339,612	651,310	433,697
Weighted-average price per share	\$ 3.18	\$ 1.52	\$ 2.28

A summary of the Company's unvested RSUs as of December 31, 2010 and changes during the fiscal years ended December 31 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Outstanding — December 31, 2007	4,796,944	\$ 4.11
Granted	1,139,970	2.72
Released	(4,844,138)	4.11
Canceled	(5,266)	2.72
Outstanding — December 31, 2008	1,087,510	\$ 2.72
Granted	8,390,054	0.89
Released	(207,037)	2.72
Canceled	(565,408)	1.09
Outstanding — December 31, 2009	8,705,119	\$ 1.07
Granted	5,503,250	3.60
Released	(76,546)	2.22
Canceled	(288,339)	2.26
Outstanding — December 31, 2010	13,843,484	\$ 2.05

The value of the RSUs is based on the market value of the Company's common stock on the date of grant. The shares payable in cash are subject to variable accounting and marked to market accordingly. The RSUs payable in cash are recorded as liabilities, whereas the RSUs payable in shares are recorded in Shareholders' Equity. The unrecognized expense at December 31, 2010 is approximately \$19 million and is expected to be recognized over a weighted average period of 2 years.

The value of a stock award is based on the market value of the Company's common stock on the date of grant. These awards are unrestricted on the date of grant.

During 2009 and 2008, the Company also issued 15,607 and 56,823 shares of phantom stock, respectively, representing compensation deferred by one of its directors. These shares of phantom stock are fully vested on the date of grant and are payable upon termination of service as a director. The Company also has an obligation to issue 40,091 shares in payment of employee deferred compensation.

During 2010, 2009 and 2008, \$12.8 million, \$5.9 million and \$6.6 million, respectively, were charged to compensation expense for stock incentive plans. Of the amount charged to expense during 2008, \$7.1 million was attributable to the accelerated vesting of RSUs and other payments triggered by the change of control resulting from the Altivity Transaction on March 10, 2008.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 8 — POSTRETIREMENT AND OTHER BENEFITS**DEFINED BENEFIT PLANS**

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

Currently, the North American plans are closed to newly-hired salaried and non-union hourly employees. The U.K. defined benefit plan was frozen effective March 31, 2001 and replaced with a defined contribution plan.

Pension and Postretirement Expense

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

<i>In millions</i>	<u>Pension Benefits</u>			<u>Postretirement Health Care Benefits</u>		
	<u>Year Ended December 31,</u>					
	2010	2009	2008	2010	2009	2008
Components of Net Periodic Cost:						
Service Cost	\$ 19.0	\$ 20.5	\$ 18.5	\$ 1.1	\$ 1.4	\$ 1.3
Interest Cost	51.3	50.5	47.5	3.0	3.3	3.1
Expected Return on Plan Assets	(50.8)	(41.8)	(51.3)	—	—	—
Amortization:						
Prior Service Cost (Credit)	0.5	1.2	2.7	(0.2)	(0.1)	(0.2)
Actuarial Loss (Gain)	10.1	20.2	2.2	(1.3)	(1.2)	(0.6)
Curtailment Gain	(0.2)	(3.2)	—	(0.3)	—	—
Other	0.1	0.5	0.1	—	—	—
Net Periodic Cost	\$ 30.0	\$ 47.9	\$ 19.7	\$ 2.3	\$ 3.4	\$ 3.6

Certain assumptions used in determining the pension and postretirement expenses were as follows:

	<u>Pension Benefits</u>			<u>Postretirement Health Care Benefits</u>		
	<u>Year Ended December 31,</u>					
	2010	2009	2008	2010	2009	2008
Weighted Average Assumptions:						
Discount Rate	6.10%	6.28%	6.21%	5.93%	6.27%	6.17%
Rate of Increase in Future Compensation Levels	2.19%	2.52%	2.44%	—	—	—
Expected Long-Term Rate of Return on Plan Assets	7.95%	7.91%	7.96%	—	—	—
Initial Health Care Cost Trend Rate	—	—	—	8.50%	9.00%	9.00%
Ultimate Health Care Cost Trend Rate ^(a)	—	—	—	5.00%	5.00%	5.00%
Ultimate Year ^(a)	—	—	—	2017	2017	2017

Note:

(a) One of the salaried plan's costs was capped beginning in 1999.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Funded Status

The following table sets forth the funded status of the Company's pension and postretirement plans as of December 31:

<i>In millions</i>	<u>Pension Benefits</u>		<u>Postretirement Health Care Benefits</u>	
	2010	2009	2010	2009
Change in Benefit Obligation:				
Benefit Obligation at Beginning of Year	\$ 858.9	\$ 812.1	\$ 49.6	\$ 57.0
Service Cost	19.0	20.5	1.1	1.4
Interest Cost	51.3	50.5	3.0	3.3
Actuarial Loss (Gain)	43.8	3.2	4.9	(9.3)
Foreign Currency Exchange	(3.4)	13.2	—	0.2
Curtailement	—	(3.5)	(0.3)	(0.6)
Settlement	—	(1.7)	—	—
Benefits Paid	(39.4)	(36.0)	(3.2)	(2.9)
Other	(0.5)	0.6	0.5	0.5
Benefit Obligation at End of Year	\$ 929.7	\$ 858.9	\$ 55.6	\$ 49.6
Change in Plan Assets:				
Fair Value of Plan Assets at Beginning of Year	\$ 622.2	\$ 489.0	\$ —	\$ —
Actual Return on Plan Assets	79.3	115.5	—	—
Employer Contributions	47.3	43.6	3.2	2.9
Foreign Currency Exchange	(2.8)	12.3	—	—
Benefits Paid	(39.4)	(37.7)	(3.2)	(2.9)
Other	(0.6)	(0.5)	—	—
Fair Value of Plan Assets at End of Year	\$ 706.0	\$ 622.2	\$ —	\$ —
Plan Assets Less than Projected Benefit Obligation	\$(223.7)	\$(236.7)	\$ (55.6)	\$ (49.6)
Amounts Recognized in the Consolidated Balance Sheets Consist of:				
Noncurrent Asset — Prepaid Benefit Cost	\$ —	\$ 2.2	\$ —	\$ —
Accrued Pension and Postretirement Benefits Liability — Current	(0.7)	(0.8)	(3.6)	(3.1)
Accrued Pension and Postretirement Benefits Liability — Noncurrent	(223.0)	(238.1)	(52.0)	(46.5)
Accumulated Other Comprehensive Income:				
Net Actuarial Loss (Gain)	194.5	189.6	(7.1)	(13.4)
Prior Service (Income) Cost	(0.2)	0.3	(1.1)	(1.3)
Weighted Average Calculations:				
Discount Rate	5.74%	6.10%	5.48%	5.93%
Rates of Increase in Future Compensation Levels	2.16%	2.19%	—	—
Initial Health Care Cost Trend Rate	—	—	8.50%	8.50%
Ultimate Health Care Cost Trend Rate ^(a)	—	—	5.00%	5.00%
Ultimate Year	—	—	2018	2017

(a) One of the salaried plan's cost was capped beginning in 1999.

Accumulated Benefit Obligation

The accumulated benefit obligation, ("ABO"), for all defined benefit pension plans was \$910.2 million and \$841.3 million at December 31, 2010 and 2009, respectively. All of the Company's defined benefit pension plans had an ABO in excess of plan assets at December 31, 2010 and 2009, except at December 31, 2009, one plan had assets of \$17.2 million and an ABO of \$15.0 million.

Employer Contributions

The Company made contributions of \$47.3 million and \$43.6 million to its pension plans during 2010 and 2009, respectively. The Company also made postretirement health care benefit payments of \$3.2 million

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and \$2.9 million during 2010 and 2009, respectively. For 2011, the Company expects to make contributions of \$45 to \$70 million to its pension plans and approximately \$4 million to its postretirement health care plans.

Pension Assets

The Company's overall investment strategy is to achieve a mix of investments for long-term growth and near-term benefit payments through diversification of asset types, fund strategies and fund managers. Investment risk is measured on an on-going basis through annual liability measurements, periodic asset/liability studies, and quarterly investment portfolio reviews. The plans invest in the following major asset categories: cash, equity securities, fixed income securities, real estate and diversified growth funds. At December 31, 2010 and 2009, pension investments did not include any direct investments in the Company's stock or the Company's debt.

The weighted average allocation of plan assets and the target allocation by asset category is as follows:

	Target	2010	2009
Cash	—	0.3%	1.0%
Equity Securities	52.0	55.1	53.4
Fixed Income Securities	42.0	39.7	40.2
Other Investments	6.0	4.9	5.4
Total	100.0%	100.0%	100.0%

The plans' investment in equity securities primarily includes investments in U.S. and international companies of varying sizes and industries. The strategy of these investments is to 1) exceed the return of an appropriate benchmark for such equity classes and 2) through diversification, reduce volatility while enhancing long term real growth.

The plans' investment in fixed income securities includes government bonds, investment grade bonds and non-investment grade bonds across a broad and diverse issuer base. The strategy of these investments is to provide income and stability and to diversify the fixed income exposure of the plan assets, thereby reducing volatility.

The Company's approach to developing the expected long-term rate of return on pension plan assets combines an analysis of historical investment performance by asset class, the Company's investment guidelines and current and expected economic fundamentals.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables set forth, by category and within the fair value hierarchy, the fair value of the Company's pension assets at December 31, 2010 and 2009:

<i>In millions</i>	Fair Value Measurements at December 31, 2010			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category:				
Cash	\$ 3.7	\$ 1.3	\$ 2.4	\$ —
Equity Securities:				
Domestic	264.4	52.1	212.3	—
Foreign	123.1	32.5	90.6	—
Fixed Income Securities:	280.4	111.4	169.0	—
Other Investments:				
Real estate ^(a)	11.6	11.6	—	—
Diversified growth fund ^(b)	22.8	22.8	—	—
Total	\$706.0	\$ 231.7	\$ 474.3	\$ —

<i>In millions</i>	Fair Value Measurements at December 31, 2009			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category:				
Cash	\$ 4.3	\$ 1.1	\$ 3.2	\$ —
Equity Securities:				
Domestic	226.5	44.9	181.6	—
Foreign	105.9	29.9	76.0	—
Fixed Income Securities:	251.5	96.1	155.4	—
Other Investments:				
Real estate ^(a)	11.4	11.4	—	—
Diversified growth fund ^(b)	22.6	22.6	—	—
Total	\$622.2	\$ 206.0	\$ 416.2	\$ —

(a) This category represents investments in real estate funds which are traded daily on a public exchange.

(b) The fund invests in a combination of traditional investments (equities, bonds, and foreign exchange), seeking to achieve returns through active asset allocation over a three to five year horizon.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Postretirement Health Care Trend Rate Sensitivity

Assumed health care cost trend rates affect the amounts reported for postretirement health care benefit plans. A one-percentage-point change in assumed health care trend rates would have the following effects on 2010 data:

<i>In millions</i>	One Percentage Point	
	Increase	Decrease
Health Care Trend Rate Sensitivity:		
Effect on Total Interest and Service Cost Components	\$ 0.4	\$ (0.3)
Effect on Year-End Postretirement Benefit Obligation	\$ 4.4	\$ (3.7)

Estimated Future Benefit Payments

The following represents the Company's estimated future pension and postretirement health care benefit payments through the year 2020:

<i>In millions</i>	Pension Plans	Postretirement Health Care Benefits
2011	\$ 43.7	\$ 4.0
2012	45.4	3.9
2013	48.3	4.1
2014	51.2	4.4
2015	53.9	4.7
2016 — 2020	317.9	25.7

Amounts in Accumulated Other Comprehensive Loss Expected to Be Recognized in Net Periodic Benefit Costs in 2011

During 2011, amounts recorded in Accumulated Other Comprehensive Loss expected to be recognized in Net Periodic Benefit Costs are as follows:

<i>In millions</i>	Pension Benefits	Postretirement Health Care Benefits	Postemployment Benefits ^(a)
Recognition of Prior Service Cost	\$ 0.4	\$(0.2)	\$ —
Recognition of Actuarial Loss (Gain)	11.3	(0.7)	0.2

Note:

(a) The Company maintains postemployment benefits for U.S. employees. Certain benefits are based on years of service. In 2010, there was no impact to Accumulated Other Comprehensive Loss.

Multi-Employer Plan

Certain of the Company's employees participate in multi-employer plans that provide both pension and other postretirement health care benefits to employees under union-employer organization agreements. Expense related to ongoing participation in these plans for the years ended December 31, 2010 and 2009 was \$8.0 million and \$8.3 million, respectively. The multi-employer plans were assumed as part of the Altivity Transaction.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

DEFINED CONTRIBUTION PLANS

The Company provides defined contribution plans for eligible U.S. employees. The Company's contributions to the plans are based upon employee contributions, a percentage of eligible compensation, and the Company's annual operating results. Contributions to these plans for the years ended December 31, 2010, 2009 and 2008 were \$19.5 million, \$20.2 million and \$17.6 million, respectively.

NOTE 9 —INCOME TAXES

The U.S. and international components of Income (Loss) before Income Taxes and Equity Income of Unconsolidated Entities consisted of the following:

<i>In millions</i>	<u>Year Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
U.S.	\$29.3	\$89.0	\$(73.1)
International	7.3	(9.8)	7.6
Income (Loss) before Income Taxes and Equity Income of Unconsolidated Entities	\$36.6	\$79.2	\$(65.5)

The provisions for Income Tax Expense on Income (Loss) before Income Taxes and Equity Income of Unconsolidated Entities consisted of the following:

<i>In millions</i>	<u>Year Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current (Expense) Benefit			
U.S.	\$ 0.1	\$ 0.1	\$ (0.4)
International	(6.0)	(4.6)	(6.0)
Total Current	(5.9)	(4.5)	(6.4)
Deferred (Expense) Benefit			
U.S.	(21.4)	(31.4)	(28.3)
International	(0.2)	11.8	0.3
Total Deferred	(21.6)	(19.6)	(28.0)
Income Tax Expense	\$(27.5)	\$(24.1)	\$(34.4)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of Income Tax Expense on Income (Loss) before Income Taxes and Equity Income of Unconsolidated Entities at the federal statutory rate of 35% compared with the Company's actual Income Tax Expense is as follows:

<i>In millions</i>	Year Ended December 31,					
	2010	Percent	2009	Percent	2008	Percent
Income Tax (Expense) Benefit at U.S. Statutory Rate	\$(12.8)	35.0%	\$(27.7)	35.0%	\$ 22.9	35.0%
U.S. State and Local Tax (Expense) Benefit	(0.8)	2.2	(4.3)	5.5	1.9	3.0
Permanent Items	(0.6)	1.6	(6.6)	8.3	(1.5)	(2.3)
Change in Valuation Allowance:						
Amortization of Goodwill	(28.2)	77.2	(31.7)	40.0	(29.4)	(44.8)
Prior Period Adjustment	6.3	(17.3)	—	—	—	—
Other Changes in Valuation Allowance	10.5	(28.7)	43.2	(54.5)	(24.8)	(37.9)
International Tax Rate Differences	0.4	(1.2)	0.4	(0.5)	0.6	0.9
Foreign Withholding Tax	(0.9)	2.5	(0.1)	0.1	(0.1)	(0.2)
Adjustment to Tax Contingencies	0.6	(1.6)	(0.1)	0.1	(0.1)	(0.1)
Other	(2.0)	5.5	2.8	(3.6)	(3.9)	(6.1)
Income Tax Expense	\$(27.5)	75.2%	\$(24.1)	30.4%	\$(34.4)	(52.5)%

The tax effects of differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities as of December 31 were as follows:

<i>In millions</i>	2010	2009
Current Deferred Income Tax Assets:		
Compensation Based Accruals	\$ 25.8	\$ 34.9
Other	20.4	16.2
Valuation Allowance	(18.2)	(16.4)
Net Current Deferred Income Tax Assets	\$ 28.0	\$ 34.7
Noncurrent Deferred Income Tax Assets & Liabilities:		
Net Operating Loss Carryforwards	\$ 518.4	\$ 537.5
Postretirement Benefits	94.6	90.3
Tax Credits	12.8	12.7
Other	76.4	59.3
Valuation Allowance	(290.1)	(239.1)
Property, Plant and Equipment	(264.8)	(269.6)
Goodwill	(210.2)	(188.3)
Other Intangibles	(171.9)	(220.3)
Net Noncurrent Deferred Income Tax Assets & Liabilities	\$(234.8)	\$(217.5)
Net Deferred Income Tax Liability	\$(206.8)	\$(182.8)

The Company has reviewed the net deferred income tax assets as of December 31, 2010 and 2009, respectively, and determined that it is more likely than not that some or all of the net deferred income tax

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

assets will not be realized. The valuation allowance of \$308.3 million and \$255.5 million at December 31, 2010 and 2009, respectively, is maintained on the remaining net deferred income tax assets for which the Company has not determined that realization is more likely than not. Of the total valuation allowance, \$29.7 million relates to foreign jurisdictions and the remaining \$278.6 million relates to the U.S. The need for a valuation allowance is made on a country-by-country basis, and the amount of the valuation allowance has changed as of December 31, 2010 over 2009 primarily due to operating activities in various countries in 2010 and changes in deferred income tax balances. As of December 31, 2010, the Company has concluded that due to difficulty in maintaining profitability and the lack of sufficient future taxable income of the appropriate character, realization is less than more likely than not on the deferred income tax assets related primarily to the Company's Brazil, Canada, China, France, Germany, and U.S. operations.

The following table represents a summary of the valuation allowances against deferred tax assets as of and for the three years ended December 31, 2010, 2009, and 2008, respectively:

<i>In millions</i>	December 31,		
	2010	2009	2008
Balance Beginning of Period	\$255.5	\$304.3	\$356.9
Charges to Costs and Expenses	20.8	24.2	28.3
Additions (Deduction)	32.0	(73.0)	(80.9)
Balance at End of Period	\$308.3	\$255.5	\$304.3

The U.S. federal net operating loss carryforwards expire as follows:

<i>In millions</i>	
2012	\$ 202.9
2018	295.0
2019	196.8
2021	144.2
2022	72.1
2023	122.0
2025	22.6
2026	93.3
2027	10.3
2028	126.1
Total	\$1,285.3

U.S. state net operating loss carryforward amounts total \$1.1 billion and expire in various years.

International net operating loss carryforward amounts total \$101.7 million, of which substantially all have no expiration date.

As of December 31, 2010, the Company, in accordance with the *Income Taxes* topic of the FASB Codification, has determined that \$92.6 million of undistributed foreign earnings are not intended to be reinvested indefinitely by its non-U.S. subsidiaries. Deferred income tax was recorded as a reduction to the Company's net operating losses on these undistributed earnings as well as the financial statement carrying value in excess of tax basis in the amount of \$35.4 million. As of December 31, 2009, the Company had determined that \$83.8 million of undistributed foreign earnings were not intended to be reinvested indefinitely. Deferred income tax was recorded as a reduction to the Company's net operating losses on these undistributed

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

earnings as well as the financial statement carrying value in excess of tax basis in the amount of \$32.0 million. The Company periodically determines whether the non-U.S. subsidiaries will invest their undistributed earnings indefinitely and reassesses this determination as appropriate.

During 2010, the Company determined that the tax basis of goodwill acquired in the Altivity Transaction was not correct and recorded a non-cash credit to income tax expense of \$8.9 million in the fourth quarter of 2010 (of which \$6.3 million related to prior years). The Company should have been recognizing less income tax expense since March 2008. The effect on prior periods was not material to the consolidated financial statements in those periods.

Uncertain Tax Positions

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>In millions</i>	2010	2009
Balance at January 1,	\$ 1.5	\$1.4
Additions for tax positions of prior years	0.1	0.1
Reductions for tax positions of prior years	(0.7)	—
Settlements	—	—
Effect of Exchange Rate Changes	—	—
Balance at December 31,	\$ 0.9	\$1.5

At December 31, 2010, the gross unrecognized tax benefits of \$0.9 million, if recognized, would affect the annual effective income tax rate.

The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits within its global operations in Income Tax Expense. The Company had \$0.2 million for the payment of interest and penalties accrued at December 31, 2010 and 2009.

The Company does not anticipate that total unrecognized tax benefits will significantly change within the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local tax examinations for years before 2007 or non-U.S. income tax examinations for years before 2002.

NOTE 10 — FINANCIAL INSTRUMENTS, DERIVATIVES AND HEDGING ACTIVITIES

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

Interest Rate Risk

The Company uses interest rate swaps to manage interest rate risks on future interest payments caused by interest rate changes on its variable rate term loan facility. The differential to be paid or received under these agreements is recognized as an adjustment to Interest Expense related to the debt. At December 31, 2010, the Company had interest rate swap agreements with a notional amount of \$1,250.0 million which expire on

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

various dates from 2011 to 2012 under which the Company will pay fixed rates of 2.24% to 3.84% and receive three-month LIBOR rates.

These derivative instruments are designated as cash flow hedges and, to the extent they are effective in offsetting the variability of the hedged cash flows, changes in the derivatives' fair value are not included in current earnings but are included in Accumulated Other Comprehensive Loss. These changes in fair value will subsequently be reclassified into earnings as a component of Interest Expense as interest is incurred on amounts outstanding under the term loan facility. Ineffectiveness measured in the hedging relationship is recorded in earnings in the period it occurs.

During 2008, the Company recorded a favorable fair value adjustment of \$10.4 million to income for an interest rate swap assumed in the Altivity Transaction. During the fourth quarter 2009, the Company recorded a non-cash credit to interest expense of \$13.8 million related to this interest rate swap. The Company should have been amortizing the fair value of the swap as of the date of hedge designation on a straight line basis to reduce interest expense since August 2008. The effect on prior periods was not material to the consolidated financial statements in those periods. The swap expired in January 2010.

During 2010 and 2009, there were minimal amounts of ineffectiveness. Additionally, there were no amounts excluded from the measure of effectiveness.

Commodity Risk

To manage risks associated with future variability in cash flows and price risk attributable to certain commodity purchases, the Company enters into natural gas swap contracts to hedge prices for a designated percentage of its expected natural gas usage. The Company has hedged a portion of its expected usage for 2011. Such contracts are designated as cash flow hedges. The contracts are carried at fair value with changes in fair value recognized in Other Comprehensive Income (Loss), and the resulting gain or loss is reclassified into Cost of Sales concurrently with the recognition of the commodity purchased. The ineffective portion of the swap contract's change in fair value, if any, would be recognized immediately in earnings.

During 2010 and 2009, there were minimal amounts of ineffectiveness related to changes in the fair value of natural gas swap contracts. Additionally, there were no amounts excluded from the measure of effectiveness.

Foreign Currency Risk

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

At December 31, 2010 and 2009, multiple forward exchange contracts existed that expire on various dates throughout the following year. Those purchased forward exchange contracts outstanding at December 31, 2010 and 2009, when aggregated and measured in U.S. dollars at contractual rates at December 31, 2010 and 2009, respectively, had notional amounts totaling \$58.7 million and \$60.6 million.

No amounts were reclassified to earnings during 2010 and 2009 in connection with forecasted transactions that were no longer considered probable of occurring, and there was no amount of ineffectiveness related to changes in the fair value of foreign currency forward contracts. Additionally, there were no amounts excluded from the measure of effectiveness during 2010 and 2009.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Derivatives not Designated as Hedges

The Company enters into forward exchange contracts to effectively hedge substantially all of accounts receivable resulting from transactions denominated in foreign currencies in order to manage risks associated with foreign currency transactions adversely affected by changes in exchange rates. At December 31, 2010 and 2009, multiple foreign currency forward exchange contracts existed, with maturities ranging up to three months. Those foreign currency exchange contracts outstanding at December 31, 2010 and 2009, when aggregated and measured in U.S. dollars at exchange rates at December 31, 2010 and 2009, respectively, had net notional amounts totaling \$8.2 million and \$10.1 million. Unrealized gains and losses resulting from these contracts are recognized in Other (Income) Expense, Net and approximately offset corresponding recognized but unrealized gains and losses on these accounts receivable.

Foreign Currency Movement Effect

Net international currency exchange losses (gains) included in determining Income from Operations for the years ended December 31, 2010, 2009 and 2008 were \$5.5 million, \$(0.8) million and \$10.7 million, respectively.

NOTE 11 — FAIR VALUE MEASUREMENT

The Company follows the fair value guidance integrated into the *Fair Value Measurements and Disclosures* topic of the FASB Codification in regards to financial and nonfinancial assets and liabilities. Nonfinancial assets and nonfinancial liabilities include those measured at fair value in goodwill impairment testing, asset retirement obligations initially measured at fair value, and those assets and liabilities initially measured at fair value in a business combination.

The FASB's guidance defines fair value, establishes a framework for measuring fair value and expands the fair value disclosure requirements. The accounting guidance applies to accounting pronouncements that require or permit fair value measurements. It indicates, among other things, that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The guidance defines fair value based upon an exit price model, whereby fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance clarifies that fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

Valuation Hierarchy

The *Fair Value Measurements and Disclosures* topic establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 inputs — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs — quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 inputs — unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value.

An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company has determined that its financial assets and financial liabilities include derivative instruments which are carried at fair value and are valued using Level 2 inputs in the fair value hierarchy. The Company uses valuation techniques based on discounted cash flow analyses, which reflects the terms of the derivatives and uses observable market-based inputs, including forward rates and uses market price quotations obtained from independent derivatives brokers.

Fair Value of Financial Instruments

The fair value of the Company's derivative instruments is as follows:

<i>In millions</i>	Derivative Assets			Derivative Liabilities		
	Balance Sheet Location	December 31, 2010	December 31, 2009	Balance Sheet Location	December 31, 2010	December 31, 2009
Derivative Contracts Designated as Hedging Instruments						
Commodity Contracts	Other Current Assets	\$ 0.1	\$ 0.3	Other Accrued Liabilities and Other Noncurrent Liabilities	\$ 0.8	\$ —
Foreign Currency Contracts	Other Current Assets	0.7	1.0	Other Accrued Liabilities	0.6	—
Interest Rate Swap Agreements	Other Current Assets	—	—	Other Accrued Liabilities, Other Noncurrent Liabilities, and Interest Payable	33.3	49.6
Total Derivative Contracts		\$ 0.8	\$ 1.3			\$ 34.7 \$ 49.6

As of December 31, 2010, there has not been any significant impact to the fair value of the Company's derivative liabilities due to its own credit risk. Similarly, there has not been any significant adverse impact to the Company's derivative assets based on evaluation of the Company's counterparties' credit risks.

The fair values of the Company's other financial assets and liabilities at December 31, 2010 and 2009 approximately equal the carrying values reported on the Consolidated Balance Sheets except for Long-Term Debt. The fair value of the Company's Long-Term Debt was \$2,626.8 million and \$2,762.6 million as compared to the carrying amounts of \$2,572.4 million and \$2,792.6 million as of December 31, 2010 and 2009, respectively. The fair value of Long-Term Debt is based on quoted market prices.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Effect of Derivative Instruments

The effect of derivative instruments in cash flow hedging relationships on the Company's Consolidated Statements of Operations for the year ended December 31, 2010 and 2009 is as follows:

<i>In millions</i>	Amount of Loss (Gain) Recognized in Accumulated Other Comprehensive Loss		Location in Statement of Operations (Effective Portion)	Amount of Loss (Gain) Recognized in Statement of Operations (Effective Portion)		Location in Statement of Operations (Ineffective Portion)	Amount of (Gain) Loss Recognized in Statement of Operations (Ineffective Portion)	
	Twelve Months Ended December 31,			Twelve Months Ended December 31,			Twelve Months Ended December 31,	
	2010	2009		2010	2009		2010	2009
Commodity Contracts	\$ 9.7	\$ 15.5	Cost of Sales	\$ 7.8	\$ 43.0	Cost of Sales	\$ (0.1)	\$ (0.8)
Foreign Currency Contracts	(0.2)	(2.2)	Other (Income),	(0.6)	(0.5)	Other (Income),	—	—
Interest Rate Swap Agreements	24.8	29.1	Net Interest Expense, Net	34.8	33.3	Net Interest Expense, Net	(0.2)	0.1
Total	\$ 34.3	\$ 42.4		\$ 42.0	\$ 75.8		\$ (0.3)	\$ (0.7)

The effect of derivative instruments not designated as hedging instruments on the Company's Consolidated Statements of Operations for the years ended December 31, 2010 and 2009 is as follows:

<i>In millions</i>	2010	2009	
Foreign Currency Contracts	Other (Income) Expense, Net	\$1.9	\$3.8

Accumulated Derivative Instruments (Loss) Gain

The following is a rollforward of Accumulated Derivative Instruments (Loss) Gain which is included in the Company's Consolidated Balance Sheets and Consolidated Statements of Shareholders' Equity as of December 31:

<i>In millions</i>	2010	2009	2008
Balance at January 1	\$(35.1)	\$(68.5)	\$ (7.9)
Reclassification to earnings	42.0	75.8	10.2
Current period change in fair value	(34.3)	(42.4)	(70.8)
Balance at December 31	\$(27.4)	\$(35.1)	\$(68.5)

At December 31, 2010, the Company expects to reclassify approximately \$24.2 million of losses in the next twelve months from Accumulated Other Comprehensive Loss (Gain) to earnings, contemporaneously with and offsetting changes in the related hedged exposure. The actual amount that will be reclassified to future earnings may vary from this amount as a result of changes in market conditions.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 12 — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of Accumulated Other Comprehensive Income (Loss) are as follows:

<i>In millions</i>	Years Ended December 31,								
	2010			2009			2008		
	Pretax Amount	Tax Effect	Net Amount	Pretax Amount	Tax Effect	Net Amount	Pretax Amount	Tax Effect	Net Amount
Derivative Instruments Gain (Loss)	\$ 7.7	\$ —	\$ 7.7	\$ 33.4	\$ —	\$ 33.4	\$ (60.6)	\$ —	\$ (60.6)
Currency Translation Adjustment	5.5	—	5.5	7.8	—	7.8	(15.1)	—	(15.1)
Pension Benefit Plans	(4.4)	(1.8)	(6.2)	90.0	1.7	91.7	(212.2)	—	(212.2)
Postretirement Benefit Plans	(6.5)	—	(6.5)	7.9	(0.3)	7.6	2.4	—	2.4
Postemployment Benefit Plans	—	—	—	3.9	—	3.9	1.2	—	1.2
Other Comprehensive Income (Loss)	\$ 2.3	\$ (1.8)	\$ 0.5	\$ 143.0	\$ 1.4	\$ 144.4	\$(284.3)	\$ —	\$(284.3)

The balances of Accumulated Other Comprehensive Income (Loss), net of applicable taxes are as follows:

<i>In millions</i>	December 31,	
	2010	2009
Accumulated Derivative Instruments Loss	\$ (27.4)	\$ (35.1)
Currency Translation Adjustment	0.1	(5.4)
Pension Benefit Plans	(194.4)	(188.2)
Postretirement Benefit Plans	7.9	14.4
Postemployment Benefit Plans	0.5	0.5
Accumulated Other Comprehensive Loss	\$(213.3)	\$(213.8)

NOTE 13 — IMPAIRMENT

In accordance with the *Property, Plant, and Equipment* topic of the FASB Codification, the Company reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying value of these assets may exceed their current fair values.

During 2009, the Company recognized an impairment charge of \$11.5 million relating to a flexible packaging plant located in Ontario, Canada. An operating loss in 2009, as well as the projection of continuing losses, led the Company to test the plant's long-lived assets for impairment. Fair value was determined using an income approach based on management's assumptions and a market approach based on comparable sales of similar assets. The impairment charge is included as a component of Restructuring and Other Special Charges (Credits) on the Consolidated Statements of Operations and is a component of the Company's flexible packaging segment.

During 2010, the Company classified \$27.4 million as assets held for sale, which resulted in an impairment of \$7.8 million as discussed in Note 5 — Restructuring Reserves. Assets held for sale by segment are \$22.8 million in paperboard packaging and \$4.6 million in flexible packaging. These assets are recorded at the lower of book value or fair value less cost to sell. Fair value was determined using a market approach based on values of similar assets.

Both of these valuation approaches are based on Level 3 inputs in the fair value hierarchy. See Note 11 — Fair Value Measurement.

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 14 —ENVIRONMENTAL AND LEGAL MATTERS

Environmental Matters

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

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

On October 8, 2007, the Company received a notice from the United States Environmental Protection Agency (the "EPA") indicating that it is a potentially responsible party for the remedial investigation and feasibility study to be conducted at the Devil's Swamp Lake site in East Baton Rouge Parish, Louisiana. The Company believes it is a de minimis contributor to the site and expects to enter into negotiations with the EPA and other potentially responsible parties regarding its potential responsibility and liability, but it is too early in the investigation process to quantify possible costs with respect to such site.

The Company has established reserves for those facilities or issues where liability is probable and the costs are reasonably estimable. The Company believes that the amounts accrued for all of its loss contingencies, and the reasonably possible loss beyond the amounts accrued, are not material to the Company's consolidated financial position, results of operations or cash flows. The Company cannot estimate with certainty other future corrective compliance, investigation or remediation costs. Costs relating to historic usage that the Company considers to be reasonably possible of resulting in liability are not quantifiable at this time. The Company will continue to monitor environmental issues at each of its facilities, as well as regulatory developments, and will revise its accruals, estimates and disclosures relating to past, present and future operations, as additional information is obtained.

Legal Matters

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

NOTE 15 —COMMITMENTS AND CONTINGENCIES

The Company leases certain warehouse facilities, office space, data processing equipment and plant equipment under long-term, non-cancelable contracts that expire at various dates and are subject to renewal

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

options and some leases contain escalation clauses. At December 31, 2010, total minimum rental payments under these leases were as follows:

<i>In millions</i>	<i>At December 31,</i>
2011	\$ 35.4
2012	28.3
2013	22.6
2014	16.7
2015	12.9
Thereafter	27.7
Total	\$ 143.6

Total rental expense was approximately \$37 million, \$40 million and \$42 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The Company has entered into other long-term contracts principally for the purchase of fiber and chip processing. The minimum purchase commitments extend beyond 2015. At December 31, 2010, total commitments under these contracts were as follows:

<i>In millions</i>	<i>At December 31,</i>
2011	\$ 128.4
2012	95.5
2013	62.3
2014	59.0
2015	59.7
Thereafter	149.0
Total	\$ 553.9

NOTE 16 —RELATED PARTY TRANSACTIONS

MillerCoors Brewing Company, a joint venture between Molson Coors Brewing Company (formerly known as the Adolph Coors Company) and SABMiller, accounted for approximately \$250 million of the Company's Net Sales for the year ended December 31, 2010. For the years ended December 31, 2009 and 2008, Molson Coors Brewing Company (or its predecessor, Coors Brewing Company) accounted for approximately \$260 million and \$87 million, respectively, of the Company's Net Sales. For the year ended December 31, 2008, SABMiller accounted for approximately \$132 million of the Company's Net Sales. The Company continues to sell packaging products to MillerCoors Brewing Company. The supply agreement, effective July 1, 2010, with MillerCoors Brewing Company will not expire until April 1, 2016. Mr. Jeffrey H. Coors, a member of the Company's Board of Directors, was an Executive Vice President of the Adolph Coors Company from 1991 to 1992 and its President from 1985 to 1989. Together with family members and related trusts, Mr. Coors owns a significant interest in MillerCoors Brewing Company.

NOTE 17 —BUSINESS SEGMENT AND GEOGRAPHIC AREA INFORMATION

The Company reports its results in two business segments: paperboard packaging and flexible packaging. As a result of changes in the Company's internal reporting structure, the previously reported multi-wall bag and specialty packaging segments have been combined into a single reportable segment called flexible

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

packaging. These segments are evaluated by the chief operating decision maker based primarily on Income from Operations. The Company's reportable segments are based upon strategic business units that offer different products. The accounting policies of the reportable segments are the same as those described above in Note 1 — Nature of Business and Summary of Significant Accounting Policies.

The paperboard packaging segment is highly integrated and includes a system of mills and plants that produces a broad range of paperboard grades convertible into folding cartons. Folding cartons are used primarily to protect products, such as food, detergents, paper products, beverages, and health and beauty aids, while providing point of purchase advertising. The paperboard packaging business segment includes the design, manufacture and installation of packaging machinery related to the assembly of cartons and the production and sale of corrugated medium and kraft paper from paperboard mills in the U.S.

The flexible packaging segment converts kraft and specialty paper into multi-wall bags, consumer and specialty retail bags and produces flexible packaging, label solutions and laminations. The bags are designed to ship and protect a wide range of industrial and consumer products including fertilizers, chemicals, concrete and pet and food products. The flexible packaging, label solutions and laminations are converted from a wide variety of technologically advanced films for use in the food, pharmaceutical and industrial end-markets. Flexible packaging paper and metallized paper labels and heat transfer labels are used in a wide range of consumer applications.

The Company did not have any one customer who accounted for 10% or more of the Company's net sales during 2010, 2009 or 2008.

Business segment information is as follows:

<i>In millions</i>	Year Ended December 31,		
	2010	2009	2008
NET SALES:			
Paperboard Packaging	\$3,419.4	\$3,423.5	\$3,377.4
Flexible Packaging	675.6	672.3	702.0
Total	\$4,095.0	\$4,095.8	\$4,079.4
INCOME (LOSS) FROM OPERATIONS:			
Paperboard Packaging	\$ 303.7	\$ 288.3	\$ 220.9
Flexible Packaging	18.0	2.5	35.5
Corporate ^(a)	(102.2)	(8.1)	(106.5)
Total	\$ 219.5	\$ 282.7	\$ 149.9
CAPITAL EXPENDITURES:			
Paperboard Packaging	\$ 114.9	\$ 107.8	\$ 145.6
Flexible Packaging	3.6	8.6	12.2
Corporate	4.3	13.5	25.5
Total	\$ 122.8	\$ 129.9	\$ 183.3
DEPRECIATION AND AMORTIZATION:			
Paperboard Packaging	\$ 251.8	\$ 252.7	\$ 224.9
Flexible Packaging	31.6	40.9	25.2
Corporate	5.3	11.8	14.2
Total	\$ 288.7	\$ 305.4	\$ 264.3

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<i>In millions</i>	December 31,	
	2010	2009
ASSETS AT DECEMBER 31:		
Paperboard Packaging	\$3,480.4	\$3,654.2
Flexible Packaging	844.6	856.2
Corporate ^(b)	159.6	191.4
Total	\$4,484.6	\$4,701.8

Business geographic area information is as follows:

<i>In millions</i>	Year Ended December 31,		
	2010	2009	2008
NET SALES:			
U.S./Canada	\$3,860.2	\$3,862.6	\$3,842.6
Central/South America	77.0	70.3	55.1
Europe	168.9	171.7	197.6
Asia Pacific	134.5	121.8	112.7
Eliminations ^(c)	(145.6)	(130.6)	(128.6)
Total	\$4,095.0	\$4,095.8	\$4,079.4

<i>In millions</i>	2010		2009	
	ASSETS AT DECEMBER 31:			
U.S./Canada	\$4,024.5	\$4,209.8		
Central/South America	69.1	73.5		
Europe	167.1	176.8		
Asia Pacific	64.3	50.3		
Corporate ^(b)	159.6	191.4		
Total	\$4,484.6	\$4,701.8		

Notes:

- (a) Primarily consists of unallocated general corporate expenses and costs associated with the combination with Alitivity.
- (b) Corporate assets are principally cash and equivalents, other current assets, deferred income tax assets, deferred debt issue costs and a portion of property, plant and equipment.
- (c) Represents primarily the elimination of intergeographic sales between the Company's U.S., Europe, Asia Pacific and Central/South America operations.

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 18 — QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Results of operations for the four quarters of 2010 and 2009 are shown below.

<i>In millions, except per share amounts</i>	2010				
	First	Second	Third	Fourth	Total
Statement of Operations Data:					
Net Sales	\$1,004.1	\$1,036.5	\$1,042.8	\$1,011.6	\$4,095.0
Gross Profit	145.8	148.8	155.1	143.5	593.2
Restructuring and Other Special Charges (Credits)	8.5	46.6	—	—	55.1
Income from Operations	59.6	22.8	78.5	58.6	219.5
Net Income (Loss)	6.3	(32.8)	17.6	19.6	10.7
Income (Loss) Per Share — Basic and Diluted	0.02	(0.10)	0.05	0.06	0.03

<i>In millions, except per share amounts</i>	2009				
	First	Second	Third	Fourth	Total
Statement of Operations Data:					
Net Sales	\$1,019.2	\$1,043.8	\$1,054.2	\$978.6	\$4,095.8
Gross Profit	126.3	142.1	146.4	113.8	528.6
Restructuring and Other Special Charges (Credits)	14.9	(20.9)	(23.9)	(23.2)	(53.1)
Income from Operations	33.1	88.0	97.5	64.1	282.7
Net (Loss) Income	(28.2)	19.6	33.2	31.8	56.4
(Loss) Income Per Share — Basic and Diluted	(0.08)	0.06	0.10	0.09	0.16

NOTE 19 — EARNINGS PER SHARE

<i>In millions, except per share data</i>	Year Ended December 31,		
	2010	2009	2008
Net Income (Loss)	\$ 10.7	\$ 56.4	\$(99.7)
Weighted Average Shares:			
Basic	343.8	343.1	315.8
Dilutive effect of RSUs	3.6	1.5	—
Diluted	347.4	344.6	315.8
Earnings Per Share — Basic and Diluted	\$ 0.03	\$ 0.16	\$(0.32)

The following are the potentially dilutive securities excluded from the above calculation because the effect would have been anti-dilutive:

	Year Ended December 31,		
	2010	2009	2008
Employee Stock Options	4,904,675	6,290,080	—
Restricted Stock Awards	—	557,293	—
Total	4,904,675	6,847,373	—

GRAPHIC PACKAGING HOLDING COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE 20 — GUARANTOR CONSOLIDATING FINANCIAL STATEMENTS

This disclosure is required because certain subsidiaries of Altivity became guarantors of GPII debt securities on March 10, 2008, the date of the closing of the Altivity Transaction.

These consolidating financial statements reflect GPHC and GPC (collectively “the Parent”); GPII, the Subsidiary Issuer; and the Subsidiary Guarantors, which consist of all material 100% owned subsidiaries of GPII other than its foreign subsidiaries. The nonguarantor subsidiaries are herein referred to as “Nonguarantor Subsidiaries.” Separate complete financial statements of the Subsidiary Guarantors are not presented because the guarantors are jointly and severally, fully and unconditionally liable under the guarantees.

<i>In millions</i>	Year Ended December 31, 2010					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
Net Sales	\$ —	\$ 3,308.1	\$ 527.8	\$ 423.5	\$ (164.4)	\$ 4,095.0
Cost of Sales	—	2,815.0	467.7	383.5	(164.4)	3,501.8
Selling, General and Administrative	—	255.5	34.7	30.2	—	320.4
Other (Income) Expense, Net	—	(3.2)	(0.1)	1.5	—	(1.8)
Restructuring and Other Special Charges	—	55.1	—	—	—	55.1
Income from Operations	—	185.7	25.5	8.3	—	219.5
Interest Expense, Net	—	(173.5)	—	(1.0)	—	(174.5)
Loss on Modification or Extinguishment of Debt	—	(8.4)	—	—	—	(8.4)
Income before Income Taxes and Equity						
Income of Unconsolidated Entities	—	3.8	25.5	7.3	—	36.6
Income Tax Expense	—	(21.2)	(0.5)	(5.8)	—	(27.5)
(Loss) Income before Equity Income of Unconsolidated Entities	—	(17.4)	25.0	1.5	—	9.1
Equity Income of Unconsolidated Entities	—	—	—	1.6	—	1.6
Equity in Net Earnings of Subsidiaries	10.7	28.1	1.0	—	(39.8)	—
Net Income	\$10.7	\$ 10.7	\$ 26.0	\$ 3.1	\$ (39.8)	\$ 10.7

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<i>In millions</i>	Year Ended December 31, 2009					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
Net Sales	\$ —	\$ 3,312.4	\$ 514.8	\$ 399.2	\$ (130.6)	\$ 4,095.8
Cost of Sales	—	2,869.6	457.8	373.3	(133.5)	3,567.2
Selling, General and Administrative	—	249.1	38.2	27.3	—	314.6
Other Income, Net	—	(2.2)	(6.0)	(7.4)	—	(15.6)
Restructuring and Other Special (Credits) Charges	—	(66.1)	—	13.0	—	(53.1)
Income (Loss) from Operations	—	262.0	24.8	(7.0)	2.9	282.7
Interest Expense, Net	—	(194.5)	0.2	(2.1)	—	(196.4)
Loss on Modification or Extinguishment of Debt	—	(7.1)	—	—	—	(7.1)
Income (Loss) before Income Taxes and Equity						
Income of Unconsolidated Entities	—	60.4	25.0	(9.1)	2.9	79.2
Income Tax (Expense) Benefit	—	(31.5)	0.6	6.8	—	(24.1)
Income (Loss) before Equity Income of						
Unconsolidated Entities	—	28.9	25.6	(2.3)	2.9	55.1
Equity Income of Unconsolidated Entities	—	—	—	1.3	—	1.3
Equity in Net Earnings of Subsidiaries	56.4	27.5	(1.9)	—	(82.0)	—
Net Income (Loss)	\$ 56.4	\$ 56.4	\$ 23.7	\$ (1.0)	\$ (79.1)	\$ 56.4

<i>In millions</i>	Year Ended December 31, 2008					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
Net Sales	\$ —	\$ 2,380.3	\$ 1,404.6	\$ 423.1	\$ (128.6)	\$ 4,079.4
Cost of Sales	—	2,119.7	1,212.9	384.1	(129.6)	3,587.1
Selling, General and Administrative	—	172.1	105.0	29.8	—	306.9
Other (Income) Expense, Net	—	(1.4)	4.2	(0.5)	—	2.3
Restructuring and Other Special Charges	—	33.2	—	—	—	33.2
Income from Operations	—	56.7	82.5	9.7	1.0	149.9
Interest (Expense) Income, Net	—	(212.6)	1.3	(4.1)	—	(215.4)
(Loss) Income before Income Taxes and Equity						
Income of Unconsolidated Entities	—	(155.9)	83.8	5.6	1.0	(65.5)
Income Tax Expense	—	(27.6)	(2.8)	(4.0)	—	(34.4)
(Loss) Income before Equity Income of						
Unconsolidated Entities	—	(183.5)	81.0	1.6	1.0	(99.9)
Equity Income of Unconsolidated Entities	—	—	—	1.1	—	1.1
Equity in Net Earnings of Subsidiaries	(99.7)	84.7	2.2	—	12.8	—
(Loss) Income from Continuing Operations	(99.7)	(98.8)	83.2	2.7	13.8	(98.8)
Loss from Discontinued Operations, Net of Taxes	—	(0.9)	—	—	—	(0.9)
Net (Loss) Income	\$(99.7)	\$ (99.7)	\$ 83.2	\$ 2.7	\$ 13.8	\$ (99.7)

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<i>In millions</i>	December 31, 2010					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ —	\$ 107.1	\$ —	\$ 31.6	\$ —	\$ 138.7
Receivables, Net	—	266.1	46.0	70.1	—	382.2
Inventories, Net	—	315.8	55.2	46.3	—	417.3
Deferred Income Tax Assets	—	27.4	—	0.6	—	28.0
Intercompany	8.8	144.0	(103.3)	(49.5)	—	—
Other Current Assets	—	42.0	1.0	4.4	—	47.4
Total Current Assets	8.8	902.4	(1.1)	103.5	—	1,013.6
Property, Plant and Equipment, Net	—	1,460.0	119.5	62.2	(0.2)	1,641.5
Investment in Consolidated Subsidiaries	738.2	220.8	0.8	129.6	(1,089.4)	—
Goodwill	—	1,170.7	—	34.5	—	1,205.2
Other Assets	—	600.2	0.2	23.9	—	624.3
Total Assets	\$747.0	\$4,354.1	\$ 119.4	\$ 353.7	\$ (1,089.6)	\$ 4,484.6
LIABILITIES						
Current Liabilities:						
Short-Term Debt and Current Portion of						
Long-Term Debt	\$ —	\$ 18.9	\$ —	\$ 7.1	\$ —	\$ 26.0
Accounts Payable	—	281.6	38.0	41.9	—	361.5
Interest Payable	—	28.4	—	—	—	28.4
Other Accrued Liabilities	—	157.4	8.7	13.7	—	179.8
Total Current Liabilities	—	486.3	46.7	62.7	—	595.7
Long-Term Debt	—	2,552.2	—	0.9	—	2,553.1
Deferred Income Tax Liabilities	—	237.1	—	4.0	—	241.1
Other Noncurrent Liabilities	—	340.3	—	7.4	—	347.7
Total Liabilities	—	3,615.9	46.7	75.0	—	3,737.6
SHAREHOLDERS' EQUITY						
Total Shareholders' Equity	747.0	738.2	72.7	278.7	(1,089.6)	747.0
Total Liabilities and Shareholders' Equity	\$747.0	\$4,354.1	\$ 119.4	\$ 353.7	\$ (1,089.6)	\$ 4,484.6

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<i>In millions</i>	December 31, 2009					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ —	\$ 124.3	\$ —	\$ 25.5	\$ —	\$ 149.8
Receivables, Net	—	266.0	41.6	74.7	—	382.3
Inventories, Net	—	333.2	56.8	46.5	—	436.5
Deferred Income Tax Assets	—	34.4	—	0.3	—	34.7
Intercompany	1.8	193.5	(130.9)	(64.4)	—	—
Other Current Assets	—	13.8	0.7	3.5	—	18.0
Total Current Assets	1.8	965.2	(31.8)	86.1	—	1,021.3
Property, Plant and Equipment, Net	—	1,594.9	139.1	63.6	(0.2)	1,797.4
Investment in Consolidated Subsidiaries	727.0	184.2	(0.2)	123.2	(1,034.2)	—
Goodwill	—	1,171.9	—	32.7	—	1,204.6
Other Assets	—	649.2	0.7	28.6	—	678.5
Total Assets	\$728.8	\$4,565.4	\$ 107.8	\$ 334.2	\$ (1,034.4)	\$ 4,701.8
LIABILITIES						
Current Liabilities:						
Short-Term Debt and Current Portion of						
Long-Term Debt	\$ —	\$ 10.0	\$ —	\$ 7.6	\$ —	\$ 17.6
Accounts Payable	—	282.8	39.5	39.5	—	361.8
Interest Payable	—	42.7	—	—	—	42.7
Other Accrued Liabilities	—	184.5	12.6	15.3	—	212.4
Total Current Liabilities	—	520.0	52.1	62.4	—	634.5
Long-Term Debt	—	2,782.6	—	—	—	2,782.6
Deferred Income Tax Liabilities	—	221.7	0.9	4.3	—	226.9
Other Noncurrent Liabilities	—	314.1	—	14.9	—	329.0
Total Liabilities	—	3,838.4	53.0	81.6	—	3,973.0
SHAREHOLDERS' EQUITY						
Total Shareholders' Equity	728.8	727.0	54.8	252.6	(1,034.4)	728.8
Total Liabilities and Shareholders' Equity	\$728.8	\$4,565.4	\$ 107.8	\$ 334.2	\$ (1,034.4)	\$ 4,701.8

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<i>In millions</i>	Year Ended December 31, 2010					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net Income (Loss)	\$ 10.7	\$ 10.7	\$ 25.9	\$ 3.1	\$ (39.7)	\$ 10.7
Non-cash Items Included in Net Income (Loss):						
Depreciation and Amortization	—	263.1	16.7	8.9	—	288.7
Amortization of Deferred Debt Issuance Costs	—	8.3	—	—	—	8.3
Deferred Income Taxes	—	21.9	(0.3)	—	—	21.6
Amount of Postretirement Expense Less Than Funding	—	(16.0)	—	(2.2)	—	(18.2)
Impairment Charges/Asset Write-Offs	—	7.6	7.0	—	—	14.6
Equity in Net Earnings of Subsidiaries	(10.7)	(28.1)	(1.0)	—	39.8	—
Other, Net	—	9.1	—	—	—	9.1
Changes in Operating Assets and Liabilities	—	45.7	(45.0)	2.7	(0.1)	3.3
Net Cash Provided by Operating Activities	—	322.3	3.3	12.5	—	338.1
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital Spending	—	(111.9)	(3.3)	(7.6)	—	(122.8)
Other, Net	—	0.1	—	—	—	0.1
Net Cash Used in Investing Activities	—	(111.8)	(3.3)	(7.6)	—	(122.7)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from Issuance or Modification of Debt	—	29.4	—	1.2	—	30.6
Payments on Debt	—	(246.4)	—	—	—	(246.4)
Borrowings under Revolving Credit Facilities	—	82.4	—	56.4	—	138.8
Payments on Revolving Credit Facilities	—	(82.4)	—	(57.3)	—	(139.7)
Redemption and Early Tender Premiums and Debt Issuance Costs	—	(10.9)	—	—	—	(10.9)
Other, Net	—	0.2	—	—	—	0.2
Net Cash (Used in) Provided by Financing Activities	—	(227.7)	—	0.3	—	(227.4)
Effect of Exchange Rate Changes on Cash	—	—	—	0.9	—	0.9
Net (Decrease) Increase in Cash and Cash Equivalents	—	(17.2)	—	6.1	—	(11.1)
Cash and Cash Equivalents at Beginning of Period	—	124.3	—	25.5	—	149.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ —	\$ 107.1	\$ —	\$ 31.6	\$ —	\$ 138.7

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<i>In millions</i>	Year Ended December 31, 2009					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net Income (Loss)	\$ 56.4	\$ 56.4	\$ 23.7	\$ (1.0)	\$ (79.1)	\$ 56.4
Non-cash Items Included in Net Income (Loss):						
Depreciation and Amortization	—	271.5	23.1	10.8	—	305.4
Amortization of Deferred Debt Issuance Costs	—	8.5	—	—	—	8.5
Deferred Income Taxes	—	31.4	—	(11.8)	—	19.6
Amount of Postemployment						
Expense Greater (Less) Than Funding	—	10.0	—	(5.3)	—	4.7
Impairment Charges/Asset Write-Offs	—	3.1	2.7	11.8	—	17.6
Equity in Net Earnings of Subsidiaries	(56.4)	(27.5)	1.9	—	82.0	—
Other, Net	—	(6.8)	—	—	—	(6.8)
Changes in Operating Assets and Liabilities	—	126.4	(44.9)	19.5	(2.9)	98.1
Net Cash Provided by Operating Activities	—	473.0	6.5	24.0	—	503.5
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital Spending	—	(115.5)	(8.2)	(6.2)	—	(129.9)
Proceeds from Sales of Assets, Net of Selling Costs	—	—	9.8	—	—	9.8
Other, Net	—	(4.0)	(0.6)	—	—	(4.6)
Net Cash (Used in) Provided by Investing Activities	—	(119.5)	1.0	(6.2)	—	(124.7)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from Issuance of Debt	—	423.8	—	—	—	423.8
Payments on Debt	—	(664.5)	—	—	—	(664.5)
Borrowings under Revolving Credit Facilities	—	105.9	—	60.3	—	166.2
Payments on Revolving Credit Facilities	—	(249.1)	—	(59.5)	—	(308.6)
Redemption and Early Tender Premiums and Debt						
Issuance Costs	—	(16.1)	—	—	—	(16.1)
Net Cash (Used in) Provided by Financing Activities	—	(400.0)	—	0.8	—	(399.2)
Effect of Exchange Rate Changes on Cash	—	—	—	0.1	—	0.1
Net (Decrease) Increase in Cash and Cash Equivalents	—	(46.5)	7.5	18.7	—	(20.3)
Cash and Cash Equivalents at Beginning of Period	—	170.8	(7.5)	6.8	—	170.1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ —	\$ 124.3	\$ —	\$ 25.5	\$ —	\$ 149.8

GRAPHIC PACKAGING HOLDING COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

<i>In millions</i>	Year Ended December 31, 2008					
	Parent	Subsidiary Issuer	Combined Guarantor Subsidiaries	Combined Nonguarantor Subsidiaries	Consolidating Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net (Loss) Income	\$(99.7)	\$ (99.7)	\$ 83.2	\$ 2.7	\$ 13.8	\$ (99.7)
Non-cash Items Included in Net (Loss) Income:						
Depreciation and Amortization	—	208.4	46.7	9.2	—	264.3
Deferred Income Taxes	—	19.4	8.1	0.5	—	28.0
Amount of Postemployment Expense Less Than Funding	—	(33.4)	—	(5.0)	—	(38.4)
Amortization of Deferred Debt Issuance Costs	—	7.9	—	—	—	7.9
Inventory Step Up Related to Altivity	—	—	24.4	—	—	24.4
Impairment Charges/Asset Write-offs	—	15.0	(0.2)	0.1	—	14.9
Equity in Net Earnings of Subsidiaries	99.7	(84.7)	(2.2)	—	(12.8)	—
Other, Net	—	2.7	(0.9)	0.4	—	2.2
Changes in Operating Assets and Liabilities	—	117.2	(135.0)	(0.2)	(1.0)	(19.0)
Net Cash Provided by Operating Activities	—	152.8	24.1	7.7	—	184.6
CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital Spending	—	(141.4)	(31.6)	(10.3)	—	(183.3)
Acquisition Costs Related to Altivity	—	(30.3)	—	—	—	(30.3)
Cash Acquired Related to Altivity	—	60.2	—	—	—	60.2
Proceeds from Sales of Assets, Net of Selling Costs	—	20.3	—	—	—	20.3
Other, Net	—	(11.1)	—	—	—	(11.1)
Net Cash Used in Investing Activities	—	(102.3)	(31.6)	(10.3)	—	(144.2)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from Issuance of Debt	—	1,200.0	—	—	—	1,200.0
Payments on Debt	—	(1,195.9)	—	—	—	(1,195.9)
Borrowings under Revolving Credit Facilities	—	985.8	—	86.7	—	1,072.5
Payments on Revolving Credit Facilities	—	(853.4)	—	(87.1)	—	(940.5)
Redemption and Early Tender Premiums and Debt Issuance Costs	—	(16.3)	—	—	—	(16.3)
Net Cash Provided by (Used in) Financing Activities	—	120.2	—	(0.4)	—	119.8
Effect of Exchange Rate Changes on Cash	—	—	—	0.6	—	0.6
Net Increase (Decrease) in Cash and Cash Equivalents	—	170.7	(7.5)	(2.4)	—	160.8
Cash and Cash Equivalents at Beginning of Period	—	0.1	—	9.2	—	9.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ —	\$ 170.8	\$ (7.5)	\$ 6.8	\$ —	\$ 170.1

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Graphic Packaging Holding Company

We have audited the accompanying Consolidated Balance Sheets of Graphic Packaging Holding Company as of December 31, 2010 and 2009, and the related Consolidated Statements of Operations, Shareholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 Graphic Packaging Holding Company at December 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Graphic Packaging Holding Company's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 8, 2011 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP
Atlanta, Georgia
March 8, 2011

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Graphic Packaging Holding Company

We have audited Graphic Packaging Holding Company's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Graphic Packaging Holding Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Graphic Packaging Holding Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, 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 Sheets as of December 31, 2010 and 2009 and the related Consolidated Statements of Operations, Shareholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2010 of Graphic Packaging Holding Company, and our report dated March 8, 2011 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP
Atlanta, Georgia
March 8, 2011

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management has established disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within time periods specified in the Securities and Exchange Commission rules and forms. Such disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

Based on management's evaluation as of the end of the period covered by this Annual Report on Form 10-K, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) were effective as of the end of the period covered by this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). 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. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only with proper authorizations; and (iii) 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.

The Company's management, under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2010 based on criteria for effective control over financial reporting described in *Internal Control — Integrated Framework* issued by the COSO. Based on this assessment, the Company's management concluded that its internal control over financial reporting was effective as of December 31, 2010.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2010 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

During the preparation of the 2010 financial statements, the Company determined that the tax basis of goodwill assumed in the Altivity Transaction was not correct. As a result, the Company recorded a reduction of income tax expense for 2010 to correct this non-cash expense associated with the amortization of goodwill for tax purposes. The effect on the current and prior periods was not material to the consolidated financial statements for those periods. The Company determined that this error was part of the purchase accounting for the Altivity Transaction. We and Ernst & Young LLP, our independent registered public accounting firm, previously identified internal control deficiencies as well as the item described above, in our assessments of internal control over financial reporting as of December 31, 2009. All of these control deficiencies pertained to certain non-routine purchase accounting matters that arose from the Altivity Transaction. We and Ernst & Young have concluded that, had they and we been aware of this additional deficiency in our internal control over financial reporting at February 23, 2010, the date of their and our reports on our internal control over financial reporting as of December 31, 2009, they and we would have concluded that a material weakness existed and that our internal control over financial reporting was ineffective at that date. The Company had previously remediated all of the other purchase accounting related deficiencies during 2010 and the tax deficiency has been remediated as of the date of this filing and believes its internal controls over financial reporting were effective as of December 31, 2010.

ITEM 9B. *OTHER INFORMATION*

None.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

Pursuant to Instruction G.(3) to Form 10-K, the information relating to Directors of the Registrant, compliance with Section 16(a) of the Exchange Act and compliance with the Company's Code of Ethics required by Item 10 is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2011, which is to be filed pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year ended December 31, 2010.

ITEM 11. *EXECUTIVE COMPENSATION*

Pursuant to Instruction G.(3) to Form 10-K, the information required by Item 11 is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2011, which is to be filed pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year ended December 31, 2010.

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

Pursuant to Instruction G.(3) to Form 10-K, the information required by Item 12 is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2011, which is to be filed pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year ended December 31, 2010.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Pursuant to Instruction G.(3) to Form 10-K, the information required by Item 13 is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2011, which is to be filed pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year ended December 31, 2010.

ITEM 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

Pursuant to Instruction G.(3) to Form 10-K, the information required by Item 14 is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 19, 2011, which is to be filed pursuant to Regulation 14A within 120 days after the end of the Registrant's fiscal year ended December 31, 2010.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- a.) Financial statements, financial statement schedule and exhibits filed as part of this report:
1. Consolidated Statements of Operations for each of the three years in the period ended December 31, 2010
 Consolidated Balance Sheets as of December 31, 2010 and 2009
 Consolidated Statements of Shareholders' Equity for each of the three years in the period ended December 31, 2010
 Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2010
 Notes to Consolidated Financial Statements
 Report of Independent Registered Public Accounting Firm
 2. All schedules are omitted as the information required is either included elsewhere in the consolidated financial statements herein or is not applicable.
 3. Exhibits to Annual Report on Form 10-K for Year Ended December 31, 2010.

Exhibit Number	Description
2.3	Transaction Agreement and Agreement and Plan of Merger dated as of July 9, 2007, by and among the Company, Bluegrass Container Holdings, LLC, TPG Bluegrass IV, L.P., TPG Bluegrass IV — AIV 2, L.P., TPG Bluegrass V, L.P., TPG Bluegrass V — AIV 2, L.P., TPG FOF V — A, L.P., TPG FOF V — B, L.P., BCH Management, LLC, Field Holdings, Inc., New Giant Corporation and Giant Merger Sub, Inc. Filed as Exhibit 2.1 to Graphic Packaging Corporation's Current Report on Form 8-K filed on July 11, 2007 and incorporated herein by reference.
3.1	Restated Certificate of Incorporation of New Giant Corporation. Filed as Exhibit 3.1 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on March 10, 2008 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Graphic Packaging Holding Company. Filed as Exhibit 3.2 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on March 10, 2008 and incorporated herein by reference.
3.3	Certificate of Designation Preferences and Rights of Series A Junior Participating Preferred Stock. Filed as Exhibit 3.3 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on March 10, 2008 and incorporated herein by reference.
4.1	Stockholders Agreement dated as of July 9, 2007, by and among New Giant Corporation, the persons listed on the signature pages thereto as Family Stockholders, Clayton, Dubilier & Rice Fund V Limited Partnership, EXOR Group S.A., TPG Bluegrass IV, L.P., TPG Bluegrass IV, Inc., TPG Bluegrass IV — AIV 2, L.P., TPG Bluegrass V, L.P., TPG Bluegrass V, Inc., TPG Bluegrass V — AIV 2, L.P., TPG FOF V — A, L.P. and TPG FOF V — B, L.P., and Field Holdings, Inc. Filed as Annex E to New Giant Corporation's Registration Statement on Form S-4 filed on August 31, 2007, as amended and incorporated herein by reference.
4.2	Registration Rights Agreement dated as of July 9, 2007, by and among New Giant Corporation, the persons listed on Schedule I thereto as Family Stockholders, any of the persons listed on Schedule I thereto as "Astro Stockholders," Clayton, Dubilier & Rice Fund V Limited Partnership, EXOR Group S.A., TPG Bluegrass IV, L.P., TPG Bluegrass IV, Inc., TPG Bluegrass IV — AIV 2, L.P., TPG Bluegrass V, L.P., TPG Bluegrass V, Inc., TPG Bluegrass V — AIV 2, L.P., BCH Management, LLC, TPG FOF V — A, L.P., TPG FOF V — B, L.P. Filed as Annex F to New Giant Corporation's Registration Statement on Form S-4 filed on August 31, 2007, as amended and incorporated herein by reference.

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Exhibit Number	Description
4.3	Rights Agreement entered into between Graphic Packaging Holding Company and Wells Fargo Bank, National Association. Filed as Exhibit 4.3 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on March 10, 2008 and incorporated herein by reference.
4.4	Indenture, dated as of June 16, 2009, among Graphic Packaging International, Inc., the guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 9.5% Senior Notes due 2017 of Graphic Packaging International, Inc. Filed as Exhibit 4.1 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on June 18, 2009 and incorporated herein by reference.
4.5	Registration Rights Agreement entered into between Graphic Packaging Holding Company and Banc of America Securities LLC, J.P. Morgan Securities and Goldman, Sachs & Co. Filed as Exhibit 4.2 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on June 18, 2009 and incorporated herein by reference.
4.6	Supplemental Indenture, dated as of August 20, 2009, among Graphic Packaging International, Inc., the guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 9.5% Senior Notes due 2017 of Graphic Packaging International, Inc. Filed as Exhibit 4.1 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on August 26, 2009 and incorporated herein by reference.
4.7	Registration Rights Agreement entered into between Graphic Packaging Holding Company and Banc of America Securities LLC. Filed as Exhibit 4.2 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on August 26, 2009 and incorporated herein by reference.
4.8	Indenture, dated as of August 8, 2003, among Graphic Packaging International, Inc., as Issuer, Graphic Packaging Corporation and GPI Holding, Inc., as Note Guarantors, and Wells Fargo Bank Minnesota, National Association, as Trustee, relating to the 9.5% Senior Subordinated Notes due 2013 of Graphic Packaging International, Inc. Filed as Exhibit 4.5 to Graphic Packaging Corporation's Current Report on Form 8-K filed on August 13, 2003 and incorporated herein by reference.
4.9	Form of 9.5% Senior Subordinated Notes due 2013 of Graphic Packaging International, Inc. (included in Exhibit 4.6). Filed as Exhibit A to the Indenture, dated as of August 8, 2003, among Graphic Packaging International, Inc., as Issuer, Registrant and GPI Holding, Inc., as Note Guarantors, and Wells Fargo Bank Minnesota, National Association, as Trustee, relating to the 9.5% Senior Subordinated Notes due 2013 of Graphic Packaging International, Inc. Filed as Exhibit 4.5 to Registrant's Current Report on Form 8-K filed on August 13, 2003 and incorporated herein by reference.
4.10	Supplemental Indenture in Respect of Note Guarantee (9.5% Senior Subordinated Notes due 2013) dated as of March 10, 2008 among Bluegrass Container Holding, LLC and its subsidiaries, Graphic Packaging Holding Company, Graphic Packaging International, Inc., Graphic Packaging Corporation and Wells Fargo Bank, National Association, successor by merger to Wells Fargo Bank Minnesota, National Association. Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on March 10, 2008 and incorporated herein by reference.
4.11	Voting Agreement dated as of July 9, 2007, by and among Bluegrass Container Holdings, LLC, the persons listed on the signature pages thereto as a Family Stockholder, Clayton, Dubilier & Rice Fund V Limited Partnership, EXOR Group S.A., and, solely for the purposes of Section 5.2 thereof, New Giant Corporation. Filed as Exhibit 10.1 to New Giant Corporation's Current Report on Form 8-K filed on July 11, 2007 and incorporated herein by reference.
4.12	Indenture, dated as of September 29, 2010, among Graphic Packaging International, Inc. and Graphic Packaging Holding Company, Graphic Packaging Corporation and the other Note Guarantors party thereto, as Note Guarantors, and U.S. Bank National Association, as Trustee, relating to the 7.87% Senior Notes due 2018 of Graphic Packaging International, Inc. Filed as Exhibit 4.1 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on September 29, 2010 and incorporated herein by reference.

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Exhibit Number	Description
4.13	First Amendment dated as of July 1, 2010 to the Stockholders Agreement dated as of July 9, 2007, by and among Graphic Packaging Holding Company, the persons listed on the signature pages thereto as Family Stockholders, Clayton, Dubilier & Rice Fund V Limited Partnership, Old Town S.A., Field Holdings, Inc., TPG Bluegrass IV, L.P., TPG Bluegrass IV, Inc., TPG Bluegrass IV — AIV 2, L.P., TPG Bluegrass V, L.P., TPG Bluegrass V, Inc., TPG Bluegrass V — AIV 2, L.P., TPG FOF V-A, L.P. and TPG FOF V-B, L.P. Filed as Exhibit 4.1 to Graphic Packaging Holding Company's Quarterly Report on Form 10-Q filed on November 4, 2010 and incorporated herein by reference.
4.14	First Amendment dated as of July 1, 2010 to the Registration Rights Agreement dated as of July 9, 2007, by and among Graphic Packaging Holding Company, the persons listed on the signature pages thereto as Family Stockholders, Clayton, Dubilier & Rice Fund V Limited Partnership, Old Town S.A., Field Holdings, Inc., TPG Bluegrass IV, L.P., TPG Bluegrass IV, Inc., TPG Bluegrass IV — AIV 2, L.P., TPG Bluegrass V, L.P., TPG Bluegrass V, Inc., TPG Bluegrass V — AIV 2, L.P., TPG FOF V-A, L.P., TPG FOF V-B, L.P. and BCH Management, LLC. Filed as Exhibit 4.2 to Graphic Packaging Holding Company's Quarterly Report on Form 10-Q filed on November 4, 2010 and incorporated herein by reference.
10.1	\$1,355,000,000 Credit Agreement dated as of May 16, 2007 among Graphic Packaging International, Inc., Bank of America, N.A., as Administrative Agent, L/C Issuer, Swing Line Lender and Alternative Currency Funding Fronting Lender, Deutsche Bank Securities Inc., as Syndication Agent, Goldman Sachs Credit Partners L.P., LaSalle Bank National Association and Morgan Stanley Senior Funding, Inc., as Co-Documentation Agents, and the several lenders from time to time party thereto. Filed as Exhibit 10.1 to Graphic Packaging Corporation's Current Report on Form 8-K filed on May 21, 2007 and incorporated herein by reference.
10.2	Amendment No. 1 to Credit Agreement dated as of March 10, 2007 by and among Graphic Packaging International, Inc., Graphic Packaging Corporation, Bank of America, N.A., as Administrative Agent, and the Lenders signatory thereto. Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 10, 2008 and incorporated herein by reference.
10.3	Amendment No. 2 to Credit Agreement dated as of March 10, 2007 by and among Graphic Packaging International, Inc., Graphic Packaging Corporation, Bank of America, N.A. as Administrative Agent; and the Lenders signatory thereto. Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 10, 2008 and incorporated herein by reference.
10.4	Amendment No. 3 to Credit Agreement dated as of December 3, 2009 by and among Graphic Packaging International, Inc., Graphic Packaging Corporation, Bank of America, N.A. as Administrative Agent, the Lenders signatory thereto, and each of the Subsidiary Guarantors signatory thereto. Filed as Exhibit 10.4 to Graphic Packaging Holding Company's Annual Report on Form 10-K filed on February 23, 2010 and incorporated herein by reference.
10.5*	Employment Agreement, dated as of November 13, 2009, by and among Graphic Packaging International, Inc., Registrant and David W. Scheible. Filed as Exhibit 10.8 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.6*	Employment Agreement, dated as of November 5, 2009, by and among Graphic Packaging International, Inc., Registrant and Daniel J. Blount. Filed as Exhibit 10.3 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.7*	Employment Agreement, dated as of September 15, 2009, by and among Graphic Packaging International, Inc., Registrant and Stephen A. Hellrung. Filed as Exhibit 10.6 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.8*	Employment Agreement, dated as of November 9, 2009, by and among Graphic Packaging International, Inc., Registrant and Michael R. Schmal. Filed as Exhibit 10.9 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.9*	Employment Agreement, dated as of October 6, 2009, by and among Graphic Packaging International, Inc., Registrant and Michael P. Doss. Filed as Exhibit 10.4 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.

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Exhibit Number	Description
10.10*	Employment Agreement, dated as of October 13, 2009, by and among Graphic Packaging International, Inc., Registrant and Cynthia A. Baerman. Filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.11*	Employment Agreement, dated as of October 13, 2009, by and among Graphic Packaging International, Inc., Registrant and John C. Best. Filed as Exhibit 10.2 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.12*	Employment Agreement, dated as of September 25, 2009, by and among Graphic Packaging International, Inc., Registrant and Kristopher L. Dover. Filed as Exhibit 10.5 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.13*	Employment Agreement, dated as of October 26, 2009, by and among Graphic Packaging International, Inc., Registrant and Alan Nichols. Filed as Exhibit 10.7 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.14*	Employment Agreement, dated as of October 19, 2009, by and among Graphic Packaging International, Inc., Registrant and Joseph P. Yost. Filed as Exhibit 10.10 to Registrant's Current Report on Form 8-K filed on January 22, 2010 and incorporated herein by reference.
10.15*	Employment Agreement, dated as of August 9, 2010, by and among Graphic Packaging International, Inc., Registrant and Philip H. Geminder. Filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on August 12, 2010 and incorporated herein by reference.
10.16*	2003 Riverwood Holding, Inc. Long-Term Incentive Plan. Filed as Exhibit 10.15 to Registration Statement on Form S-4 (Registration Statement No. 333-104928) filed on May 2, 2003 and incorporated herein by reference.
10.17*	Riverwood Holding, Inc. 2002 Stock Incentive Plan. Filed as Exhibit 10.19 to Registrant's Annual Report on Form 10-K filed April 15, 2003 and incorporated herein by reference.
10.18*	Amendment No. 1 to Riverwood Holding, Inc. Stock Incentive Plan, Riverwood Holding, Inc. Supplemental Long-Term Incentive Plan and Riverwood Holding, Inc. 2002 Stock Incentive Plan. Filed as Exhibit 10.11 to Registrant's Quarterly Report on Form 10-Q filed on November 14, 2003 and incorporated herein by reference.
10.19*	Form of Management Stock Option Agreement entered into by and between Registrant and each of Michael R. Schmal, Daniel J. Blount and Stephen A. Hellrung. Filed as Exhibit 10.13 to Registrant's Quarterly Report on Form 10-Q filed on November 14, 2003 and incorporated herein by reference.
10.20*	Graphic Packaging Equity Incentive Plan, as amended and restated, effective as of March 1, 2001. Filed as Exhibit 10.9 to Graphic Packaging International Corporation's Annual Report on Form 10-K filed on March 23, 2001 and incorporated herein by reference.
10.21*	Graphic Packaging Equity Compensation Plan for Non-Employee Directors, as amended and restated. Filed as Exhibit 10.10 to Graphic Packaging International Corporation's Annual Report on Form 10-K filed on March 23, 2001 and incorporated herein by reference.
10.22*	Graphic Packaging Excess Benefit Plan, as amended and restated, effective as of January 1, 2009. Filed as Exhibit 10.22 to Graphic Packaging Holding Company's Annual Report on Form 10-K filed on February 23, 2010 and incorporated herein by reference.
10.23*	Graphic Packaging Supplemental Retirement Plan, as amended and restated, effective as of January 1, 2009. Filed as Exhibit 10.23 to Graphic Packaging Holding Company's Annual Report on Form 10-K filed on February 23, 2010 and incorporated herein by reference.
10.24*	ACX Technologies, Inc. Deferred Compensation Plan, as amended. Filed as Exhibit 10.15 to Graphic Packaging International Corporation's Annual Report on Form 10-K filed on March 7, 1996 and incorporated herein by reference.
10.25*	First Amendment to the Graphic Packaging Deferred Compensation Plan. Filed as Exhibit 10.16 to Graphic Packaging International Corporation's Annual Report on Form 10-K filed on March 23, 2001 and incorporated herein by reference.

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Exhibit Number	Description
10.26	Form of Indemnification Agreement, dated as of September 10, 2003, entered into by and among Registrant, GPI Holding, Inc., Graphic Packaging International, Inc. and each of Jeffrey H. Coors, Stephen M. Humphrey, Kevin J. Conway, G. Andrea Botta, John D. Beckett, Harold R. Logan, Jr., John R. Miller, Robert W. Tieken, B. Charles Ames (as emeritus director) and William K. Coors (as emeritus director). Filed as Exhibit 10.30 to Graphic Packaging Corporation's Annual Report on Form 10-K filed on March 16, 2004 and incorporated herein by reference.
10.27*	Amended and Restated 2004 Stock and Incentive Compensation Plan effective May 13, 2009. Filed as Appendix A of the Registrant's Definitive Proxy Statement on Schedule 14A filed on April 23, 2009 and incorporated herein by reference.
10.28*	Amended and Restated Riverwood Holding, Inc. Stock Incentive Plan effective May 17, 2005. Filed as Exhibit 10.38 to Registrant's Annual Report on Form 10-K filed on March 2, 2007 and incorporated herein by reference.
10.29*	Form of Service Restricted Stock Unit Award Agreement granted on March 16, 2005 under the 2004 Stock and Incentive Compensation Plan. Filed as Exhibit 10.32 to Registrant's Annual Report on Form 10-K filed on March 3, 2006 and incorporated herein by reference.
10.30*	Form of Service-Based Restricted Stock Unit Award Agreement granted on March 4, 2009. Filed as Exhibit 10.30 to Graphic Packaging Holding Company's Annual Report on Form 10-K filed on February 23, 2010 and incorporated herein by reference.
10.31*	Form of Performance-Based Restricted Stock Unit Award Agreement granted on March 4, 2009. Filed as Exhibit 10.31 to Graphic Packaging Holding Company's Annual Report on Form 10-K filed on February 23, 2010 and incorporated herein by reference.
10.32*	Graphic Packaging International, Inc. Management Incentive Plan.
10.33	Master Services Agreement dated November 29, 2007 by and between Graphic Packaging International, Inc. and Perot Systems Corporation. Filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on December 5, 2007 and incorporated herein by reference.
10.34	Purchase Agreement dated August 13, 2009, among Graphic Packaging International, Inc., Graphic Packaging Holding Company, Graphic Packaging Corporation, the other Guarantors party thereto, and Banc of America Securities LLC. Filed as Exhibit 10.1 to Graphic Packaging Holding Company's Current Report on Form 8-K filed on August 17, 2009 and incorporated herein by reference.
10.35*	Graphic Packaging International, Inc. Supplemental Plan for Participants in the Riverwood International Employees Retirement Plan, as amended and restated, effective as of January 1, 2009. Filed as Exhibit 10.36 to Graphic Packaging Holding Company's Annual Report on Form 10-K filed on February 23, 2010 and incorporated herein by reference.
10.36*	Riverwood International Change in Control Supplemental Retirement Plan, as amended and restated, effective as of January 1, 2008. Filed as Exhibit 10.37 to Graphic Packaging Holding Company's Annual Report on Form 10-K filed on February 23, 2010 and incorporated herein by reference.
10.37	Amended and Restated Form of Indemnification Agreement for Directors. Filed as Exhibit 10.1 to Graphic Packaging Holding Company's Quarterly Report on Form 10-Q filed on November 4, 2010 and incorporated herein by reference.
10.38*	Riverwood International Employees Retirement Plan, as amended and restated through December 31, 2009.
10.39*	First Amendment to the Riverwood International Employees Retirement Plan effective as of July 1, 2010.
10.40*	Second Amendment to the Riverwood International Employees Retirement Plan effective as of November 5, 2010.
10.41*	Graphic Packaging Retirement Plan, as amended and restated through December 31, 2009.
10.42*	First Amendment to the Graphic Packaging Retirement Plan effective as of July 1, 2010.
10.43*	Second Amendment to the Graphic Packaging Retirement Plan effective as of November 5, 2010.
14.1	Code of Business Conduct and Ethics.

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Exhibit Number	Description
21.1	List of Subsidiaries.
23.1	Consents of Ernst & Young LLP.
31.1	Certification required by Rule 13a-14(a).
31.2	Certification required by Rule 13a-14(a).
32.1	Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification required by Section 1350 of Chapter 63 of Title 18 of the United States Code.

* Executive compensation plan or agreement.

SIGNATURES

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

GRAPHIC PACKAGING HOLDING COMPANY
(Registrant)

<u>/s/ DAVID W. SCHEIBLE</u> David W. Scheible	President and Chief Executive Officer (Principal Executive Officer)	March 8, 2011
<u>/s/ DANIEL J. BLOUNT</u> Daniel J. Blount	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 8, 2011
<u>/s/ DEBORAH R. FRANK</u> Deborah R. Frank	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 8, 2011

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each of the directors of the Registrant whose signature appears below hereby appoints Daniel J. Blount and Stephen A. Hellrung, and each of them severally, as his or her attorney-in-fact to sign in his or her name and behalf, in any and all capacities stated below, and to file with the Securities and Exchange Commission any and all amendments to this report on Form 10-K, making such changes in this report on Form 10-K as appropriate, and generally to do all such things on their behalf in their capacities as directors and/or officers to enable the Registrant to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOHN R. MILLER</u> John R. Miller	Non-Executive Chairman and Director	March 8, 2011
<u>/s/ GEORGE V. BAYLY</u> George V. Bayly	Director	March 8, 2011
<u>/s/ G. ANDREA BOTTA</u> G. Andrea Botta	Director	March 8, 2011
<u>/s/ KEVIN R. BURNS</u> Kevin R. Burns	Director	March 8, 2011
<u>/s/ KEVIN J. CONWAY</u> Kevin J. Conway	Director	March 8, 2011
<u>/s/ JEFFREY H. COORS</u> Jeffrey H. Coors	Director	March 8, 2011
<u>/s/ JEFFREY LIAW</u> Jeffrey Liaw	Director	March 8, 2011
<u>/s/ HAROLD R. LOGAN, JR.</u> Harold R. Logan, Jr.	Director	March 8, 2011
<u>/s/ MICHAEL G. MACDOUGALL</u> Michael G. MacDougall	Director	March 8, 2011
<u>/s/ DAVID W. SCHEIBLE</u> David W. Scheible	Director	March 8, 2011
<u>/s/ ROBERT W. TIEKEN</u> Robert W. Tieken	Director	March 8, 2011
<u>/s/ LYNN A. WENTWORTH</u> Lynn A. Wentworth	Director	March 8, 2011



*Management
Incentive
Plan*

PLAN DOCUMENT



MANAGEMENT INCENTIVE PLAN

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I. PLAN PURPOSE:

The purpose of the Management Incentive Plan (the “Plan”) is to offer a short-term incentive award opportunity for key managers (“Participants”) who make significant contributions to the growth and profitability of Graphic Packaging Holding Company (together with its subsidiaries, the “Company”) and who demonstrate the loyalty and performance that the Company desires to encourage. The Plan is designed to emphasize management’s commitment to financial success and to the Company’s ultimate purpose of delivering a superior return on the investment of its shareholders. Each “Plan Year” for the Plan is January 1st to December 31st.

II. FINANCIAL PERFORMANCE:

The amounts of any awards under the Plan are substantially financially-driven and will be based in large part on the results of the Company as a whole and/or any subsidiary, affiliate or business unit of the Company, or a combination of these results. One or a combination of the following performance measures will be used to measure such results:

- Net earnings or net income (before or after taxes)
- Earnings per share
- Net sales growth
- Net operating profit
- Return measures (including, but not limited to, return on assets, capital, equity or sales)
- Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital)
- Earnings before or after taxes, interest, depreciation and/or amortization
- Gross or operating margins
- Productivity ratios
- Share price (including, but not limited to, growth measures and total shareholder return)
- Expense targets
- Margins
- Operating efficiency
- Customer satisfaction

- Working capital targets
- EVA[®] (Economic Value Added).

Focusing on these financial results reinforces management's essential obligation to the shareholders to do everything possible to achieve the best result in Company performance. It also promotes cooperation and teamwork across the Company's global business operations and support functions.

Each Participant's incentive award opportunity for any given Plan Year is based on the specific corporate performance measures established during the annual operating plan approval process, and approved by the Company's Compensation and Benefits Committee and the Board of Directors, for that Plan Year.

III. AWARD DETERMINATION AND APPROVAL:

The Plan is specifically designed to create substantial incentive opportunity for the achievement of the Company's most important financial goals and for continued service and sustained effort through the date of payment of any award (the "Payment Date"). After the conclusion of a Plan Year, the President and CEO will make a recommendation to the Compensation and Benefits Committee and Board of Directors of Graphic Packaging Holding Company regarding the payout under the Plan. This recommendation will be based upon the President and CEO's assessment of the degree to which the Company achieved the performance measures applicable to that Plan Year and the degree to which each Participant contributed to that achievement. The Company's Compensation and Benefits Committee will then make a recommendation to the full Board of Directors regarding the payout under the Plan. The full Board of Directors must approve all payments under the Plan.

IV. INDIVIDUAL PERFORMANCE FACTORS:

Award opportunities (before individual performance factors) range from 0% to 200% of an individual's target award. The individual performance factors can adjust a Participant's target award by up to 25%, either up or down. All adjustments to calculated awards based on individual performance factors are recommended by the

President and CEO and approved by the Compensation and Benefits Committee and the full Board of Directors.

Participants must maintain at least a “successful” performance rating throughout a Plan Year to be eligible for payment of an award regardless of corporate performance. Sustained performance problems may result in permanent disqualification of participation in the Plan.

V. CURRENCY:

All financial results will be stated on a U.S. dollar reporting basis for purposes of determining actual performance against the applicable performance measures for any given Plan Year.

VI. PARTICIPATION LEVEL AND NEW PARTICIPANTS:

Participation level is defined as the “target” incentive award opportunity provided to Participants under the Plan. Each Participant’s approved participation level is determined and communicated annually. The target incentive award opportunity is expressed as a percentage of a Participant’s base salary actually earned during any given Plan Year.

For Participants whose participation level changes during the 1st quarter of a Plan Year, the change will become effective retroactive to the first day of that Plan Year. If the change occurs in the 4th quarter of a Plan Year, it will take effect on January 1st of the following Plan Year. Changes occurring in the 2nd or 3rd quarters of a Plan Year will result in any awards earned being calculated on a strictly prorated basis for the number of days assigned to each participation level during that Plan Year.

New Participants shall have any awards earned strictly prorated by the number of days of participation in their first Plan Year, except if hired during the 4th Quarter. In this event, their participation will become effective the following Plan Year.

VII. REVISIONS TO PLAN:

Revisions to applicable performance goals and results for any given Plan Year may be

considered to recognize circumstances beyond the control of Participants. Such revisions will be rare in practice and only respond to extraordinary and unforeseeable events. It is understood that revisions may adjust for positive windfalls as well as negative shortfalls. Revisions must be approved by the President and CEO of the Company, the Compensation and Benefits Committee of the Board of Directors and the full Board of Directors.

VIII. FORM AND TIMING OF AWARDS:

All awards under the Plan will be paid in cash and in local currency. Awards will be subject to all applicable social insurance, income tax and other withholding requirements effective at the time of payment.

Awards paid to Participants in hyper-inflationary countries may be monetarily corrected to adjust for currency devaluation between the close of the plan year and the award payment date.

All awards will be paid between January 2 and March 15 of the calendar year following the close of each Plan Year.

IX. EMPLOYEES ON LEAVE:

Awards for employees on approved leave will be prorated to exclude the time away from work. Approved leaves include: sick, personal, family medical, and military leaves of absence.

X. TERMINATION, DEATH, OR DISABILITY:

Awards for a given Plan Year, if any, will be paid only to Participants who are actually employed on the Payment Date. A Participant whose employment terminates, whether by resignation or by discharge, for any reason (or no reason) prior to the Payment Date shall not earn or have any right to an award from the Plan for that Plan Year and shall not be deemed to have earned or become vested in any such award, except for Participants (1) who terminate employment due to death, disability, or retirement ("retirement" for this purpose means an employee whose age on the effective date of termination is at least 55 and whose combination of age and service on that date is equal to or greater than 65); or (2) who are eligible for benefits under

the Graphic Packaging International, Inc. Supplemental Unemployment Benefits Plan or the Graphic Packaging International, Inc. Executive Severance Plan, and who sign and return (and do not revoke) a Release under that Plan (“Special Circumstance Participants”). Under this provision, Special Circumstance Participants may be paid a pro rata portion of any award earned based on their date of termination, and all such prorated payments, if any, will be made at the time and in the form received by all other Participants. Any executive who is entitled to a payment in lieu of incentive compensation upon termination of employment under an employment agreement shall not also be entitled to an award under the Plan for the year in which termination takes place.

XI. OTHER PLAN DESIGN CONSIDERATIONS:

The Plan will be managed by each business unit executive and administered by corporate compensation. All reported financial results will be confirmed by the Company’s Chief Financial Officer upon completion of the annual report of independent accountants. Communication of all awards will be provided by the business unit’s senior management only upon written confirmation of all required approvals.

No Participant shall have the right to anticipate, alienate, sell, transfer, assign, pledge, or encumber his or her right to receive any award payable under the Plan.

No Participant shall have any lien on any assets of the Company by reason of any award payable under the Plan.

The Company specifically reserves the right to amend, modify, or terminate the Plan at any time for any reason. Neither the Plan nor any award under the Plan shall create any employment contract or imply any relationship between the Company and any Participant, other than employment terminable by either party at will.

The terms of the Plan are governed by the laws of the State of Georgia without regard to conflict of laws principles.

The Plan design is dynamic and is reviewed annually by executive management and the Company's Compensation and Benefits Committee to insure that performance measures, their relative weighting and award parameters address the Company's business strategy and its annual financial objectives.

Notwithstanding any language to the contrary elsewhere in this plan document, the President and Chief Executive Officer reserves the right to recommend to the Compensation and Benefits Committee and Board of Directors of Graphic Packaging Holding Company to increase, decrease, or eliminate any and all Plan awards, including but not limited to any individual award, if, in the exercise of his business judgment, such modifications would be in the best interest of the Company. The Board of Directors of Graphic Packaging Holding Company shall have absolute discretion in determining whether or not to issue an award to any individual and in determining the amount of each award paid.

* * * *

**RIVERWOOD INTERNATIONAL
EMPLOYEES RETIREMENT PLAN**

**(As Amended and Restated Effective January 1, 2009 and
Reflecting Amendments Adopted Through December 31, 2009)**

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January 1, 2009	

RIVERWOOD INTERNATIONAL EMPLOYEES RETIREMENT PLAN
(As Amended and Restated Effective January 1, 2009)

PREAMBLE

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

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

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

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

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

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

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

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

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

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

WHEREAS, effective January 1, 1992, the assets and liabilities attributable to employees of Riverwood International Corporation were spun-off from the Manville Employees Retirement

Plan to this newly established plan, the Riverwood International Employees Retirement Plan (the “Plan”); and

WHEREAS, the Plan was last amended and restated effective as of January 1, 2000, and the Employer now desires to amend and restate the Plan, by a separate restatement, in its entirety effective January 1, 2009, except as otherwise provided herein, to incorporate previously adopted amendments, to reflect certain plan design changes, and to make certain changes required by pension law.

NOW, THEREFORE, effective January 1, 2009, the Plan is amended and restated in its entirety, and the January 1, 2000 restatement is superseded and replaced by this separate restated Plan.

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

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

The terms and conditions of the Plan, effective January 1, 2009 (except as otherwise indicated), are as provided in the following document.

Riverwood International Employees Retirement Plan
January 1, 2009

ARTICLE 1. DEFINITIONS

- 1.01 “Accrued Benefit”** means, as of any date of determination, the normal retirement Pension determined under the Plan.
- 1.02 “Affiliated Employer”** means any company not participating in the Plan which is (a) a member of a controlled group of corporations (as defined in Section 414(b) of the Code), which also includes the Employer as a member of the controlled group of corporations; (b) any trade or business under common control (as defined in Section 414(c) of the Code) with the Employer; (c) any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Employer; and (d) any other entity required to be aggregated with the Employer pursuant to regulations under Section 414(o) of the Code. Notwithstanding the foregoing sentence, for purposes of Section 1.24, “Leased Employee,” the definitions in 414(b) and (c) of the Code shall be modified as provided in Section 415(h) of the Code.
- 1.03 “Annuity Starting Date”** means the first day of the first period for which an amount is paid as an annuity or any other form.
- 1.04 “Appendix”** or **“Appendices”** means the appendices to the Plan, which are defined as follows:
- (a) **“Appendix A”** means the special provisions applicable to employees affected by a corporate acquisition or divestiture.
 - (b) **“Appendix B”** means the provisions for minimum benefits for Members who were members of the Prior Plan as of December 31, 1988.
 - (c) **“Appendix C”** means the schedule of benefits referenced by Section 4.01(c)(iv).
 - (d) **“Appendix D”** means the special schedule of benefits referenced by Section 4.01(c)(v).
 - (e) **“Appendix E”** means the provisions of the Plan that are retained for historical purposes.
- 1.05 “Average Final Salary”** means the annual Pensionable Earnings of a Member paid during the four consecutive Plan Years in the last ten Plan Years of the Member’s Benefit Service affording the highest average, subject to the following rules:
- (a) If a layoff, approved medical leave or workers’ compensation leave is included in the last ten Plan Years of a Member’s Benefit Service, Pensionable Earnings shall include, for that period, an amount based on Pensionable Earnings in effect for the calendar year prior to that period.
 - (b) If a Member is entitled to Benefit Service on account of a period of service in the uniformed services of the United States, the Member shall be deemed to have earned Pensionable Earnings during the period of absence at the rate he would

have received had he remained employed as an Eligible Employee for that period or, if such rate is not reasonably certain, on the basis of the Member's rate of compensation during the 12-month period immediately preceding such period of absence (or if shorter, the period of employment immediately preceding such period).

- (c) In the case of an Employee who is rehired, the Employee's annual Pensionable Earnings during the year in which termination occurred and the year in which rehire occurred shall not be included as one of the last ten calendar years of the Member's Benefit Service, unless such Pensionable Earnings are greater than the Pensionable Earnings in the calendar year preceding the year in which termination occurred.
- (d) If a Member completes less than four full consecutive Plan Years under the Plan, the Member's Pensionable Earnings for the portion of a Plan Year worked will be increased by annualizing base pay and adding other amounts actually paid during that Plan Year that are included as Pensionable Earnings. The Member's Pensionable Earnings will be annualized only for the initial year of employment (or reemployment, if applicable) if that results in four full consecutive Plan Years considered. Otherwise, the Member's Pensionable Earnings in the year of termination will also be annualized.
- (e) If using the Pensionable Earnings paid to a Member in his final, partial calendar year of employment would produce an Average Final Salary that is greater than the Average Final Salary otherwise calculated, then his final, partial calendar year of employment shall be added to his last ten calendar years in calculating his Average Final Salary.

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

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

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

1.09 "Break in Service" means a period which constitutes a break in an Employee's Vesting Service, as provided in Section 3.01.

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

1.11 "Covered Compensation" means, for any Member, the average of the taxable wage bases in effect under Section 230 of the Social Security Act for each year in the 35-year period ending with the year in which the Member attains his Social Security Retirement Age. In determining a Member's Covered Compensation for any Plan Year, the taxable

wage base for the current Plan Year and any subsequent Plan Year shall be assumed to be the same as the taxable wage base in effect as of the beginning of the Plan Year for which the determination is made.

- 1.12 “Disability” or “Disabled”** means a physical or mental condition rendering a Member totally and permanently disabled, as determined by eligibility for and receipt of disability benefits under the Employer’s long-term disability plan. To the extent required by law, and to the extent the Retirement Committee is ruling on a claim for disability benefits, the Plan will follow, with respect to that claim, claims procedures required by law for plans providing disability benefits.
- 1.13 “Effective Date”** of this amended and restated Plan means January 1, 2009, except as otherwise specified herein. The original Effective Date of the Plan was January 1, 1992.
- 1.14 “Employee”** means any person, including but not limited to a U.S. citizen, a U.S. resident alien and a U.S. expatriate, employed by the Employer who is classified as a salaried employee by the Employer and who receives stated Pensionable Earnings other than a pension, separation pay, retainer, or fee under contract. The term “Employee” shall also include members of a Participating Unit as provided in Appendix A, as amended from time to time. Foreign nationals who have immigration status to work in the U.S., who work in the U.S. for a period of time and then work abroad on assignment for a period of time, are also eligible Employees. Notwithstanding the preceding sentences, the term ‘Employee’ shall exclude:
- (a) any person first employed by the Employer prior to January 1, 2004 who is paid from the payroll processed from the Ceridian Corporation as of August 8, 2003 or the date when first employed by the Employer, if later (other than as provided for in Appendix A);
 - (b) any person first employed by the Employer on or after January 1, 2004 and assigned to one of the following plant locations: Golden, Co Carton; Centralia, IL Laminations, Centralia, IL Carton; Lawrenceburg, TN Carton; North Portland, OR Carton; Tuscaloosa, AL Laminations; Wausau, WI Carton; Bow, NH Carton; Charlotte, NC Carton; Fort Smith, AR Carton; Gordonsville, TN Carton; Kalamazoo, MI Carton; Kalamazoo, MI Papermill; Kendallville, IN Carton; Lumberton, NC Carton; Menasha, WI Carton; Mitchell, SD Carton; Richmond, VA Carton;
 - (c) any person first employed after January 1, 2004 and assigned to either of the following divisions, but not a specific plant location: Performance Packaging Division and Universal Packaging Division;
 - (d) any Leased Employee;
 - (e) any non-resident alien; and

- (f) any person who is included in a unit of employees covered by a collective bargaining agreement which does not provide for the employee's membership in the Plan.

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

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

- 1.15 "Employer"** means Graphic Packaging International, Inc. or any successor by merger, purchase or otherwise, with respect to its Employees; and any other company participating in the Plan, as provided in Section 10.03, with respect to its Employees.
- 1.16 "Equivalent Actuarial Value"** means a benefit having the same value as the benefit that such Equivalent Actuarial Value replaces. The Equivalent Actuarial Value shall be based on an annual interest rate of five percent per year, compounded annually, and the mortality table prescribed by Revenue Ruling 2001-62, unless otherwise specified below or in another Section of the Plan:
 - (a) For purposes of calculating lump sum payments and a benefit payable in the form of a level income option under Section 5.02(g), the interest rate shall be the IRS Interest Rate and the mortality assumption shall be based on the IRS Mortality Table.
 - (b) In determining the present value and the amount of a lump sum payment with respect to a benefit with an Annuity Starting Date occurring during the period beginning January 1, 2007 and ending December 31, 2007, the interest rate to be used shall be no greater than the annual rate of interest on 30-year Treasury securities for the second full calendar month preceding the month containing the Annuity Starting Date. Further, the present value of a lump sum payment or a benefit payable under the level income option under Section 5.02(g) with an Annuity Starting Date occurring during the period beginning January 1, 2010 and ending December 31, 2010, shall not be less than the present value determined using the interest rate prescribed under Section 417(e)(3)(C) of the Code for the second full calendar month preceding the applicable Stability Period.
- 1.17 "ERISA"** means the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 1.18 "Full-time Employee"** means any Employee who, on the basis of the Employee's regularly stated work schedule, is classified as a full-time Employee by the Employer.

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

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

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

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

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

1.21 “ Hourly Plan ” means the Riverwood International Hourly Retirement Plan.

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

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

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

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

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

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

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

- 1.26 “ Member ”** means any person included in the membership of the Plan, as provided in Article 2.
- 1.27 “ Normal Retirement Age ”** means an Employee’s 65th birthday.
- 1.28 “ Parental Leave ”** means a period in which the Employee is absent from work immediately following his active employment because of the Employee’s pregnancy, the birth of the Employee’s child, or the placement of a child with the Employee in connection with the adoption of that child by the Employee, or for purposes of caring for that child for a period beginning immediately following birth or placement.
- 1.29 “ Participating Unit ”** means every location employing non-union hourly Employees in the United States owned or operated by the Employer, which the Board of Directors has designated as a participating unit for purposes of the Plan, provided that the Employer has agreed to cover the members of that unit under the Plan. Participating Units are specified in Appendix A.
- 1.30 “ Part-time Employee ”** means any Employee who, on the basis of the Employee’s regularly stated work schedule, is classified as a Part-time Employee or temporary Employee by the Employer.
- 1.31 “ Pension ”** means annual payments under the Plan, as provided in Article 5.
- 1.32 “ Pensionable Earnings ”** means the total cash remuneration paid to an Employee for services rendered to the Employer during the Plan Year, determined prior to any contributions under a “qualified cash or deferred arrangement” (as defined under Section 401(k) of the Code and its applicable regulations), and prior to any contributions under a “cafeteria plan” (as defined under Section 125 of the Code and its applicable regulations) or pursuant to a “qualified transportation fringe” (as defined under Section 132(f) of the Code), and including remuneration for items such as overtime, commissions, annual bonuses, profit incentive bonuses, President’s awards and differential wage payments (as defined in Section 3401(h)(2) of the Code) in accordance with Section 414(u)(12) of the Code; but excluding remuneration for items such as one-time bonuses, signing bonuses, all non-cash remuneration, living expenses, separation pay, the Employer’s cost for any public or private employee benefit plan, any remuneration received under the Employer’s Award for Special Merit Plan and executive long-term cash incentive payments. If Pensionable Earnings are paid in foreign currency, they shall be taken at par of exchange on the date paid.

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

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

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

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

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

- 1.33** “ **Plan** ” means the Riverwood International Employees Retirement Plan as set forth in this document or as amended from time to time.
- 1.34** “ **Plan Sponsor**” means Graphic Packaging International, Inc., or any successor by merger, purchase or otherwise.
- 1.35** “ **Plan Year** ” means the calendar year.
- 1.36** “ **Prior Plan** ” means the Manville Employees Retirement Plan or the Manville Forest Products Salaried Retirement Plan, whichever is applicable, (including any predecessor plans thereto) in force and effect for the period prior to January 1, 1992. Any reference herein to the Prior Plan as of a certain date or for a certain period shall be deemed a reference to the Prior Plan as then in effect.
- 1.37** “ **Qualified Joint and Survivor Annuity** ” means an annuity which is of Equivalent Actuarial Value to a Pension payable as a single life annuity and which is payable for the life of the Member with the provision that after the Member's death, 50% of the amount payable to the Member shall continue to be paid monthly during the life of, and to, the Spouse to whom the Member was married on the earlier of his date of death or his Annuity Starting Date.
- 1.38** “ **Required Beginning Date** ” means the April 1 of the calendar year following the later of (a) the calendar year in which the Member attains age 70 ¹/₂, or (b) the calendar year in which the Member retires; provided, however, that the Required Beginning Date for a Member who is a five percent owner (as defined in Section 1.401(a)(9)-2, Q&A-2(c) of the

U.S. Treasury Department regulations) is April 1 of the calendar year following the calendar year in which the Member attains age 70 ¹/₂.

1.39 “ Retirement Committee ” means a committee composed of at least three persons named by the Board of Directors to administer and supervise the Plan, as provided in Article 7.

1.40 “ Retirement Date ” means a Member’s Normal, Late, or Early Retirement Date, whichever is applicable, as follows:

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

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

1.41 “ Severance Date ” means, with respect to employment with the Employer and all Affiliated Employers, the earlier of:

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

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

1.43 “ Spousal Consent ” means written consent given by a Member’s Spouse to an election made by the Member which specifies the form of Pension and Beneficiary designated by the Member. Spousal Consent shall be duly witnessed by a notary public or Plan representative, and shall acknowledge the effect on the Spouse of the Member’s election. Once given, Spousal Consent may not be revoked after the Annuity Starting Date. The

requirement for Spousal Consent may be waived by the Retirement Committee if it is established to its satisfaction that there is no Spouse, or that the Spouse cannot be located, or because of such other circumstances as may be established by applicable law. Spousal Consent shall be applicable only to the particular Spouse who provides such consent.

- 1.44** “ **Spouse** ” means a person of the opposite sex of the Member who is the Member’s husband or wife as provided in the Defense of Marriage Act of 1996.
- 1.45** “ **Suspendible Month** ” means:
- (a) A month in which a Member who is a Full-time Employee receives payment from the Employer or an Affiliated Employer for a least eight days of service during that month; or
 - (b) A four or five-week payroll period ending in a month in which the Member who is a Part-time Employee completes at least 40 Hours of Service with the Employer.
- 1.46** “ **Stability Period** ” means the Plan Year in which occurs the Annuity Starting Date for the distribution.
- 1.47** “ **Statutory Compensation** ” means compensation from the Employer or any Affiliated Employer as defined in U.S. Treasury Department regulations Section 1.415(c)-2(d)(4) (i.e., Information required to be reported under Sections 6041, 6051 and 6052 of the Code (“W-2 Pay”)) plus amounts that would be included in wages but for an election under Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code. For Plan Years beginning on or after July 1, 2007, the preceding definition of compensation shall be modified as required under the provisions of U.S. Treasury Department regulation Section 1.415(c)-2(e) and shall include all amounts permitted to be recognized under the provisions of U.S. Treasury Department regulation Section 1.415(c)-2(e)(2) and (3) and, effective on and after January 1, 2009, U.S. Treasury department regulation Section 1.415(c)-2(e)(4). For purposes of applying the top-heavy provisions under Section 9.05 and effective for Plan Years beginning on and after July 1, 2007, for purposes of applying the maximum benefit limitations under Section 4.07, Statutory Compensation shall not exceed the limitation on compensation under Section 401(a)(17) of the Code.
- 1.48** “ **Trust Agreement**” means the agreement between the Plan Sponsor and the Trustee establishing the trust, and all amendments thereto.
- 1.49** “ **Trustee** ” means the trustee holding the Funds of the Plan as provided in Article 8.
- 1.50** “ **Vesting Service** ” means service recognized for purposes of determining eligibility for membership in the Plan and eligibility for an early retirement or vested Pension under the Plan, as defined in Section 3.01.

ARTICLE 2. MEMBERSHIP

2.01 Membership Requirements

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

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

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

2.02 Events Affecting Membership

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

2.03 Membership Upon Reemployment

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

ARTICLE 3. SERVICE

3.01 Vesting Service

- (a) Vesting Service, with respect to any Full-time Employee, shall mean the period of employment with the Employer or an Affiliated Employer, whether or not as an Employee, beginning on the date the Employee first completes one Hour of Service and ending on the Employee's Severance Date. If a Full-time Employee's employment is terminated and he is later reemployed within one year, the period between his termination date and the date of his reemployment shall be included in his Vesting Service. A Break in Service shall occur if an Employee is not reemployed within one year after the Severance Date; provided, however, that if an Employee's employment is terminated or if the Employee is otherwise absent from work because of Parental Leave, a Break in Service shall occur only if the Employee is not reemployed or does not return to active service within two years of his Severance Date. All periods of employment credited as Vesting Service shall be counted, regardless of any Break in Service; provided, however, if an Employee who was a non-vested hourly employee terminated employment and incurred a Break in Service of one day or longer prior to January 1, 1976, then is reemployed by the Employer, any service credited prior to that termination of employment shall not be restored to such Employee.
- (b) With respect to any Part-time Employee, a year of Vesting Service is any Plan Year in which the Part-time Employee completes at least 1,000 Hours of Service. No Vesting Service is counted for any Plan Year in which a Part-time Employee completes less than 1,000 Hours of Service. All periods of employment credited as Vesting Service shall be counted, regardless of any Break in Service; provided, however, if a non-vested hourly employee terminated employment and incurred a Break in Service of one day or longer prior to January 1, 1976, then is reemployed by the Employer, any service credited prior to that termination of employment shall not be restored to such Employee.
- (c) If the Employee is absent from the service of the Employer or an Affiliated Employer because of military service of the United States (as defined in Sections 4303(13) and 4303(16) of the Uniformed Services Employment and Reemployment Rights Act of 1994), and if the Employee returns to the service of the Employer or an Affiliated Employer or applies to return to the service of the Employer or an Affiliated Employer while the Employee's reemployment rights are protected by law, that absence shall not count as a Break in Service, but instead shall be counted as Vesting Service.
- (d) In the case of a Member who is eligible to accrue benefits under Section 4.04, any period during which the Member is accruing Benefit Service under the provisions of Section 4.04 shall be included in an Employee's Vesting Service.

- (e) A period of layoff and a period during which an Employee is on a leave of absence approved by the Employer, up to one year, shall not be considered Breaks in Service.
- (f) If a Part-time Employee is transferred to service as a Full-time Employee during a Plan Year, Vesting Service is counted as though the transfer occurred at the beginning of the year. If, however, the Part-time Employee had 1,000 or more Hours of Service in the year before being transferred, the Employee receives a full year of Vesting Service for that year. If a Full-time Employee is transferred to service as a Part-time Employee, Vesting Service for that calendar year is counted as though the transfer occurred on the last day of the year.
- (g) For purposes of determining eligibility for membership and vesting, each of the following periods of service shall be counted in a person's Vesting Service to the extent that it would be recognized under paragraphs (a) through (f) above with respect to Employees:
 - (i) A period of service as an employee, but not an Employee of the Employer;
 - (ii) A period of service as an employee of an Affiliated Employer; and
 - (iii) In the case of a person who is a Leased Employee before or after a period of service as an Employee or a period of service described in (i) or (ii) above, a period during which he has performed services for the Employer or an Affiliated Employer as a Leased Employee. A person who would qualify as a Leased Employee except that he has not performed services on a substantially full-time basis for one year shall nonetheless be deemed a Leased Employee for purposes of this clause (iii).

3.02 Benefit Service

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

- (a) Benefit Service shall include:
 - (i) The period of employment with the Employer beginning on the date the Member first completes an Hour of Service and ending on the Member's Severance Date, subject to the rules contained in this Section 3.02.
 - (ii) Any period of absence from service with the Employer due to service in the uniformed services of the United States which is counted in a Member's Vesting Service, as provided in Section 3.01(c).
 - (iii) Any period during which an Employee is on an approved leave of absence, including Parental Leave and layoff, up to one year.

- (iv) Any period during which a Member is accruing Benefit Service under the provisions of Section 4.04.
 - (v) Any period between a Severance Date and a reemployment date which is counted as Vesting Service as provided in Section 3.01(a).
 - (vi) Any period credited as Benefit Service for transferred Employees as provided in Article 11.
 - (vii) Any period credited as Benefit Service for a Member under the Manville Plan prior to January 1, 1992, provided such Member was an Employee as of January 1, 1992.
- (b) Benefit Service shall exclude:
- (i) Any period in which a Member is not an Employee, except as may otherwise be provided in Article 11 or Appendix A.
 - (ii) Any Benefit Service credited prior to a Break in Service of one day or longer prior to January 1, 1976, for an Employee who was a non-vested hourly employee.
 - (iii) All part-time and temporary service prior to January 1, 1976.
 - (iv) Any period excluded under the provisions of Section 3.03(e).

3.03 Restoration to Service

- (a) If a Member in receipt of a Pension is restored to service with the Employer or an Affiliated Employer as an Employee, the following shall apply:
- (i) The Pension payable to such Member shall cease (unless the provisions of Section 5.04(b) are applicable), and any election of an optional benefit in effect shall be void. In accordance with the provisions of Section 4.06, if the Member should die in active service, a benefit shall be paid to the Member's surviving Spouse based on the Member's Accrued Benefit at death (including any additional Pension such Member accrues after his restoration to service).
 - (ii) Any Vesting Service and Benefit Service to which the Member was entitled when he retired or terminated service shall be restored to him.
 - (iii) Upon subsequent retirement or termination of service, the Member's Pension shall be based on the benefit formula then in effect and on the Member's Pensionable Earnings and Benefit Service both before and after the period during which such Member was not in the service of the Employer, reduced by the Equivalent Actuarial Value of the Pension, if

any, the Member received both before the date of his restoration to service and before his Normal Retirement Date (determined in the manner prescribed in Section 1.16(a) as of the date of subsequent termination).

- (iv) The part of the Member's Pension upon subsequent retirement payable with respect to Benefit Service rendered before his previous retirement or termination of service shall never be less than the amount of the Member's previous Pension, but modified to reflect any option in effect on subsequent retirement.
- (v) Upon later retirement of a Member in service after his Normal Retirement Date, payment of the Member's Pension shall resume effective as of the first day of the month following such retirement, payable no later than the third month after the latest Suspendible Month during the period of restoration, and shall be adjusted, if necessary, in compliance with Title 29 of the Code of Federal Regulations, Section 2530.203-3, in a consistent and nondiscriminatory manner.
- (b) If a Member entitled to but not in receipt of a Pension, or a former Member who did not receive a lump sum settlement, is restored to service, his Vesting Service and Benefit Service shall be determined as provided in Sections 3.01 and 3.02. If such former Member is restored to service as an Employee, he shall again become a Member as of his date of restoration to service.
- (c) If a former Member who received a lump sum settlement in lieu of a Pension is restored to service with the Employer, the following shall apply:
 - (i) Any Benefit Service to which the Member was entitled at the time of his termination of service shall be restored to him.
 - (ii) Upon the later termination or retirement of a Member whose previous Benefit Service has been restored under this paragraph (c), his Pension shall be based on the benefit formula then in effect and on his Pensionable Earnings and Benefit Service before and after the period when he was not in the service of the Employer, and shall be reduced by the Equivalent Actuarial Value of the lump sum settlement. Equivalent Actuarial Value for this purpose shall be determined in the manner prescribed in Section 1.16(a) as of the date of distribution.
- (d) In the event a Member of the Plan ceases to be an employee of the Employer due to the divestiture of a subsidiary, division or Affiliated Employer, and such Member's accrued normal retirement Pension at that date becomes an obligation of a successor employer's retirement plan due to a transfer of both Trust assets and Plan liabilities to the successor employer's retirement plan and trust, then upon rehire by the Employer or an Affiliated Employer, such Member's normal retirement Pension computed under Section 4.01 of the Plan shall not include any Benefit Service earned prior to the date of such divestiture.

- (e) Notwithstanding the preceding provisions of this Section 3.03, in the event an employee's date of reemployment occurs on or after January 1, 2008, he shall be ineligible to again become an active Member and shall be ineligible to receive future accruals or Benefit Service under the terms of the Plan on and after his date of reemployment.

3.04 Special Provisions for Members With Service at Acquired Companies

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

ARTICLE 4. ELIGIBILITY FOR AND AMOUNT OF BENEFITS

4.01 Normal Retirement

- (a) Eligibility. The right of a Member to receive his normal retirement Pension shall be nonforfeitable as of his Normal Retirement Age. A Member may retire from service on a normal retirement Pension beginning on his Normal Retirement Date, or he may remain in service in which event the provisions of Section 4.02 shall be applicable.
- (b) Commencement. The normal retirement Pension shall commence effective as of the Member's Normal Retirement Date unless the Member elects to postpone the commencement of his benefit until the first day of any later month. However, in no event shall a Member's Pension commence later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the provisions of Section 5.01, the annual normal retirement Pension payable upon retirement on a Member's Normal Retirement Date shall be equal to the sum of (i), (ii), (iii), (iv) and (v), but not less than (vi):
 - (i) 0.90% of Average Final Salary up to Covered Compensation plus 1.40% of Average Final Salary in excess of Covered Compensation multiplied by Benefit Service up to 35 years.
 - (ii) 1.20% of Average Final Salary multiplied by Benefit Service in excess of 35 years.
 - (iii) 2.5% of the Employee's Accumulated Contributions (as defined in Appendix E), if any, together with interest at the rate of 5% per year compounded annually from January 1, 1986 to the Annuity Starting Date.
 - (iv) For any Member identified in Appendix C, the annual amount corresponding to such Member as set forth in such Appendix C.
 - (v) For any Member identified in Appendix D, the annual amount corresponding to such Member as set forth in such Appendix D.
 - (vi) For any Member who is credited with Benefit Service for any Plan Year beginning after December 31, 1999 under either the Plan or the Hourly Plan, the minimum annual normal retirement Pension shall be \$300 multiplied by the number of years of the Member's Benefit Service, but not less than \$1,200.

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

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

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

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

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

4.02 Late Retirement

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

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

4.03 Early Retirement

- (a) Eligibility. A Member who terminates employment with the Employer and all Affiliated Employers on or after his 55th birthday and before his Normal Retirement Date and is credited with at least ten years of Vesting Service shall be entitled to receive an early retirement Pension.
- (b) Commencement. The early retirement Pension shall be a deferred Pension commencing as of the Member's Normal Retirement Date. However, the Member may elect to receive a reduced early retirement Pension effective as of the first day of any earlier month following the Member's termination of employment, provided that an election of an early payment date shall be subject to the notice and timing requirements set forth in Section 5.03. Alternatively, the Member may elect to postpone commencement of his early retirement Pension to the first day of any month following his Normal Retirement Date, but in no event later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the provisions of Section 5.01(b), the monthly amount of the Member's early retirement Pension payable as of his Normal Retirement Date shall be equal to his Accrued Benefit determined as of the date of the Member's retirement. In the event the Member elects to defer commencement of his early retirement Pension beyond his Normal Retirement Date, the Member's Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Normal Retirement Date. In the event a Member elects to commence payment prior to his Normal Retirement Date, the Member's Pension payable as of the earlier commencement date shall be equal to his Accrued Benefit reduced by 5/12 of 1% for each month by which the commencement date of the Member's early retirement Pension precedes his Normal Retirement Date; provided, however, if the Member shall have 25 years of Vesting Service at his date of retirement, the Member's early retirement Pension shall be equal to the deferred Pension reduced by 5/12 of 1% for each month by which the commencement date of the Member's early retirement Pension precedes the first day of the calendar month coincident

with or immediately following the Member's 62nd birthday. Notwithstanding the foregoing, in no event shall the Member's early retirement Pension commencing prior to his Normal Retirement Date be less than the Pension to which the Member would have been entitled under this Section based on his Accrued Benefit as of December 31, 2006 and payable at the earlier commencement date under the terms of the Plan as in effect on December 31, 2006.

4.04 Disability Benefit

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

In the event a Member who becomes Disabled after age 60 ceases to be eligible for payments under the Employer's long-term disability plan on account of age, the Retirement Committee shall determine the Member's continued disability for the period of time during which he may accrue Benefit Service under (i) above, based on such medical evidence as the Retirement Committee shall require in accordance with such uniform rules as it shall adopt and by applying the same definition of disability as contained under the Employer's long-term disability plan. In the event such Member continues to accrue Benefit Service after his Required Beginning Date, his Pension shall be recomputed as of the end of each Plan Year following his Required Beginning Date (and as of the date he ceases

benefit accruals) to reflect additional accruals. The Member's recomputed Pension shall be reduced by the Equivalent Actuarial Value of the total payments of his Pension paid prior to such recomputation to arrive at his Pension payable following the recomputation (provided no reduction shall reduce a Member's Pension below the amount of Pension payable to the Member prior to the recomputation).

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

(d) Election of Benefit Commencement In Lieu of Continued Accruals .

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

4.05 Vested Pension

- (a) Eligibility. A Member shall be 100 percent vested in, and have a nonforfeitable right to his Accrued Benefit upon completion of five years of Vesting Service or, solely with respect to an employee hired by the Employer prior to January 1, 2007, the attainment of age 55. If the Member's employment with the Employer and all Affiliated Employers is terminated for reasons other than retirement or death after he is 100% vested, the Member shall be eligible for a vested Pension after the Retirement Committee receives his written application for the Pension.

- (b) Commencement. The vested Pension shall be an unreduced deferred Pension beginning as of the Member's Normal Retirement Date. However, a Member may elect to receive a reduced vested Pension effective as of the first day of any earlier month coincident with or following the date he attains age 55, (or, if the Member was a member of the Manville Plan prior to January 1, 1989, the date he attains age 50) provided that an election of an early payment date shall be subject to the notice and timing requirements set forth in Section 5.03. Alternatively, a Member may elect to postpone commencement of his vested Pension to the first day of any month following his Normal Retirement Date, but not later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to Section 5.01(b), the amount of a Member's vested Pension payable as of his Normal Retirement Date shall be equal to his Accrued Benefit determined as of the date of the Member's termination of employment. If the vested Pension commences after the Member's Normal Retirement Date, the Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable at the Member's Normal Retirement Date. If payment of the vested Pension commences before the Member's Normal Retirement Date, the Member's vested Pension shall be the Accrued Benefit multiplied by the appropriate factor from the following schedule:

Age Pension Commences	Percent Payable
50	26%
51	28
52	30
53	33
54	36
55	39
56	42
57	46
58	50
59	55
60	61
61	67
62	74
63	81
64	90

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

4.06 Surviving Spouse's Pension

- (a) Eligibility. The surviving Spouse of a married Member shall be eligible for a surviving Spouse's Pension if such married Member dies before his Annuity Starting Date:
- (i) In active service after he has completed the requirements for a normal retirement Pension under Section 4.01; a late retirement Pension under Section 4.02; or an early retirement Pension under Section 4.03; or
 - (ii) After retiring with entitlement to a normal retirement Pension under Section 4.01; a late retirement Pension under Section 4.02; or an early retirement Pension under Section 4.03; or
 - (iii) Either in active service or after terminating service on or after January 1, 1976, but in either event with entitlement to a vested Pension under Section 4.05; or
 - (iv) While accruing benefits under the provisions of Section 4.04 and after accruing five years of Vesting Service.
- (b) Commencement. Payment of the surviving Spouse's Pension to the Spouse shall commence as of the Member's Normal Retirement Date or as of the first day of the month coincident with or next following his date of death, if later. Notwithstanding the foregoing, the surviving Spouse may elect to commence payment of the surviving Spouse's Pension effective as of the first day of any earlier month coincident with or following the earliest date the Member could have elected to commence benefit payments or the first day of any month coincident with or following his date of death, if later, or the surviving Spouse may elect to defer payments up to the first day of any month following the Member's Normal Retirement Date, but not later than the end of the calendar year in which the deceased Member would have attained age $70 \frac{1}{2}$. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. The amount of the monthly surviving Spouse's Pension payable to the Member's Spouse shall be equal to the Pension that would have been payable to his Spouse if the Member had elected to have his Pension commence in the form of a Qualified Joint and Survivor Annuity on his Normal Retirement Date or upon his date of death, if later.

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

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

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

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

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

In the event a Member dies on or after January 1, 2007, while in qualified military service and while his reemployment rights are protected under law, the surviving Spouse's Pension shall be calculated based on the assumption that the Member had returned to active employment and then terminated employment on account of his or her death. However, in determining the amount of the surviving Spouse's Pension, the Member's Accrued Benefit shall be determined at the date the Member entered military service and no Pensionable Earnings or Benefit Service shall be imputed for the period of military service.

- (d) Small Lump Sum Payment . Notwithstanding the preceding provisions of this Section, a lump sum payment of Equivalent Actuarial Value shall be paid to the Spouse in lieu of the monthly Pension if the present value of the Spouse's Pension payable as of the Member's Normal Retirement Date or date of death, if later, amounts to \$5,000 or less. The lump sum payment shall be made as soon as practicable following the Member's date of death. In no event shall a lump sum payment be made following the date Pension payments have commenced to the Spouse as an annuity.

4.07 Maximum Benefit Limitation

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

ARTICLE 5. PAYMENT OF PENSIONS

5.01 Normal Form of Payment

- (a) Unmarried Member . If a Member is not married on his Annuity Starting Date, his Pension shall be payable in the form of a single life annuity and shall be payable in monthly installments on or about the last business day of each month ending with the last monthly payment for the month in which his death occurs, unless the Member has elected an optional benefit as provided in Section 5.02.
- (b) Married Member . If a Member is married on his Annuity Starting Date, the monthly Pension shall be payable as a Qualified Joint and Survivor Annuity, unless the Member has elected an optional benefit as provided in Section 5.02. Notwithstanding the foregoing, in no event shall the Member's benefit under the form of payment in this paragraph (b) be less than the amount payable under such form of payment on his Annuity Starting Date based on his Accrued Benefit as of December 31, 2006 and based on the terms of the Plan in effect on December 31, 2006 (including the actuarial equivalent factors in effect as of that date).
- (c) Cash-Outs . Notwithstanding any provision of the Plan to the contrary, if the Equivalent Actuarial Value of the Pension payable to a Member from the Plan determined as of his Normal Retirement Date or actual termination of employment, if later, is \$5,000 or less, such Pension shall be paid in a lump sum which is the Equivalent Actuarial Value of such Pension. The lump sum payment shall be made as soon as administratively practicable following the Member's Severance Date, provided the Member's Pension has not commenced in the form of an annuity. In the event a Member is not entitled to any Pension upon his Severance Date, he shall be deemed cashed out as of the date he terminates employment and shall forfeit any benefit under the Plan. However, if a Member described in the preceding sentence is subsequently reemployed by the Employer or Affiliated Employer, the provisions of Section 3.03 shall apply to him without regard to such sentence.

5.02 Optional Forms of Payment

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

- (a) Option 1 — Single Life Annuity

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

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

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

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

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

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

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

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

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

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

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

(g) Option 7 — Level Income Option .

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

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

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

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

5.03 Election of Options

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

- (b) Notice. The Retirement Committee shall furnish to each Member a written notice explaining in nontechnical language the terms and conditions of the Pension payable to the Member in the optional forms described in Section 5.02. Such explanation shall include a general description of the eligibility conditions for, and the material features and relative values of, the optional forms of Pensions under the Plan, any rights the Member may have to defer commencement of his Pension, the consequences of the Member's failure to defer, the requirement for Spousal Consent as provided in paragraph (a), and the right of the Member to make, and to revoke, elections under this Section. Generally, the notice shall be provided not less than 30 days and no more than 90 days before the Member's Annuity Starting Date, provided, however, the notice may be furnished after the Annuity Starting Date if the written notice as described above was not provided on a timely basis (i) due to an administrative error determined by the Retirement Committee on a basis uniformly applicable to all Members similarly situated, or (ii) due to an involuntary termination of employment.
- (c) Timing of Election. An election of an optional form shall be made on a form provided by the Retirement Committee and may be made at any time during the period beginning on the date the Member receives the notice and ending on the Member's Annuity Starting Date. Notwithstanding the foregoing, an election received after the Annuity Starting Date shall be deemed to have been made within the election period if (i) the written explanation described in paragraph (b) is provided to the Member at least 30 days before the Annuity Starting Date, (ii) the Member's election is made and notarized before the Annuity Starting Date, and (iii) the Member's completed election form is received by the Retirement Committee within 90 days after the date the written explanation is provided to the Member.

Notwithstanding the foregoing, a Member (i) whose employment is involuntarily terminated by the Employer or (ii) whose receipt of the written notice was delayed due to administrative error as provided under paragraph (b) above, may, after having received the notice, affirmatively elect to have his Pension commence sooner than 30 days following his receipt of the notice, provided all of the following requirements are met:

- (i) the Retirement Committee clearly informs the Member that he has a period of at least 30 days after receiving the notice to decide when to have his benefits begin, and, if applicable, to choose a particular optional form of payment;
- (ii) the Member affirmatively elects a date for his Pension to begin and, if applicable, an optional form of payment, after receiving the notice;
- (iii) the Member is permitted to revoke his election until the later of his Annuity Starting Date or at any time prior to the commencement of benefit payments;

- (iv) payment does not commence sooner than seven days following the day after the notice is received by the Member, nor more than 90 days following the day after the notice is received by the Member (except that the 90-day period may be extended due to administrative delay); and
- (v) in the event the Member elects an Annuity Starting Date that precedes the date he received the notice (the “retroactive Annuity Starting Date”) under the provisions of paragraph (b) above, the following requirements are met:
 - (A) with respect to an election made by a Member who is involuntarily terminated by the Employer, the retroactive Annuity Starting Date is within the 120-day period following the Member’s termination of employment with the Employer and all Affiliated Employers;
 - (B) the Member’s benefit, including any interest adjustment, must satisfy the provisions of Section 415 of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if the form of payment is not subject to the provisions of Section 417(e)(3) of the Code and payments commence within 12 months of the Member’s retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date;
 - (C) if payment is made in the form of an annuity that is not subject to the provisions of Section 417(e)(3) of the Code, a payment equal in amount to the sum of the monthly payments that the Member would have received during the period commencing on his retroactive Annuity Starting Date and ending with the month preceding his actual commencement date, plus interest at the rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually, shall be paid to the Member on his actual commencement date;
 - (D) Spousal Consent to the retroactive Annuity Starting Date is required for such election to be effective unless:
 - (I) the amount of the survivor annuity payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member is no less than the amount the Spouse would have received under the Qualified Joint and Survivor Annuity if the date payments commence were substituted for the retroactive Annuity Starting Date; or
 - (II) the Member’s Spouse on his retroactive Annuity Starting Date is not his Spouse on his actual commencement date and is not treated as his Spouse under a qualified domestic relations order; and

(E) if the Member elects payment in the form of payment subject to the provisions of Section 417(e)(3) of the Code:

- (I) the monthly amount shall not be less than the amount that would have been paid in the same form on the retroactive Annuity Starting Date if the benefit amount had been calculated using the IRS Interest Rate and the IRS Mortality Table in effect on the actual commencement date; and
- (II) interest shall be credited in the same manner as described under clause (C) above.

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

5.04 Commencement and Duration of Payments

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

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

5.05 Distribution Limitation

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

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

- (a) Any additional benefits accruing to a Member in a calendar year after the first distribution calendar year will be distributed beginning as of the first payment interval ending in the calendar year immediately following the calendar year in which such amounts accrue.
- (b) If a Member's Pension is being distributed in the form of a joint and survivor annuity for the joint lives of the Member and a non-Spouse Beneficiary, annuity payments to be made on or after the Member's Required Beginning Date to the Beneficiary after the Member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of Section 1.401(a)(9)-6 of the U. S. Treasury Department regulations. If the Annuity Starting Date occurs in a calendar year which precedes the calendar year in which the Member reaches age 70, in determining the applicable percentage, the Member/Beneficiary's age difference is reduced by the number of years that the Member is younger than age 70 on the Member's birthday in the calendar year that contains the Annuity Starting Date.
- (c) If the Member's Pension is being distributed in the form of a period certain and life annuity option, the period certain may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations for the calendar year that contains the Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime

Table set forth in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the Annuity Starting Date.

- (d) For purposes of this Section, the following definitions shall apply:
- (i) "Beneficiary" means an individual other than the Member's Spouse who is designated to receive survivor benefits under a joint and survivor annuity or a period certain annuity as an optional form of payment. Such Beneficiary shall constitute the designated beneficiary as such term is used under Section 401(a)(9) of the Code and Section 1.401(a)(9)-1, Q&A-4, of the U. S. Treasury Department regulations.
 - (ii) "Distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before a Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date.
 - (iii) "Life expectancy" is life expectancy as computed using the Single Life Table in Section 1.401(a)(9)-9 of the U.S. Treasury Department regulations.

5.06 Direct Rollover of Certain Distributions

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

- (i) enter into a written agreement with each IRA provider setting forth the terms and conditions applicable to the establishment and maintenance of the IRAs in conformity with applicable law;
 - (ii) furnish Member with notice of the Plan's automatic rollover provisions, including, but not limited to, a description of the nature of the investment product in which the assets of the IRA will be invested and how the fees and expenses attendant to the IRA will be allocated, and a statement that a Member may roll over the assets of the IRA to another eligible retirement plan. Such notice shall be provided to Members in such time and form as shall be prescribed by the Retirement Committee in accordance with applicable law; and
 - (iii) fulfill such other requirements of the safe harbor contained in Department of Labor Regulation §2550.404a-2 and, if applicable, the conditions of Department of Labor Prohibited Transaction Class Exemption 2004-16.
- (c) Definitions. The following definitions apply to the terms used in this Section 5.06:
- (i) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:
 - (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;
 - (B) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and
 - (C) any after-tax amount unless such amount is rolled over or transferred (i.e., directly rolled) to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or, effective on or after January 1, 2008 a Roth individual retirement account described in Section 408A(b) of the Code; or transferred (i.e., directly rolled over) to:
 - (1) a qualified defined contribution plan described in Section 401(a) of the Code;
 - (2) effective on and after January 1, 2007, any qualified plan described in Section 401(a) of the Code; or
 - (3) effective on and after January 1, 2007, an annuity plan described in Section 403(b) of the Code;

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

- (ii) “Eligible retirement plan” means any of the following types of plans that accept the distributee’s eligible rollover distribution:
 - (A) a qualified plan described in Section 401(a) of the Code;
 - (B) an annuity plan described in Section 403(a) of the Code;
 - (C) an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively;
 - (D) effective January 1, 2002, an annuity contract described in Section 403(b) of the Code;
 - (E) effective January 1, 2002, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; and
 - (F) effective January 1, 2008, a Roth IRA described in Section 408A of the Code.
- (iii) “Distributee” means an employee or former employee. In addition, solely for purposes of paragraph (a) above, the employee’s or former employee’s surviving Spouse and the employee’s or former employee’s Spouse or former Spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code are distributees with regard to the interest of the Spouse or former Spouse; and
- (iv) “Direct rollover” means a payment by the Plan to the eligible retirement plan specified by the distributee.
- (d) Non-Spouse Beneficiary Rollovers. Notwithstanding any provision of this Section to the contrary, effective as of January 1, 2010, a non-Spouse Beneficiary of a deceased Member may elect, at the time and in the manner prescribed by the Retirement Committee, to directly roll over any portion of a distribution that would constitute an eligible rollover distribution if it were made to a Member, surviving Spouse, or alternate payee, provided such direct rollover is made to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or a Roth IRA described in Section 408A of the Code (collectively, “IRA”) that is established on behalf of the non-Spouse Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Sections 402(c)(11) and 408(d)(3)(C)(ii) of the Code. Distributions

under this paragraph that would have been eligible rollover distributions if made to a Member, surviving spouse or alternate payee will be treated as eligible rollover distributions for all purposes under the Code, regardless of whether the non-spouse Beneficiary elects to directly roll over such distribution.

ARTICLE 6. CONTRIBUTIONS

6.01 Employer Contributions

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

6.02 Return of Contributions

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

6.03 Member Contributions

No Member shall contribute to the Plan.

ARTICLE 7. ADMINISTRATION OF PLAN

7.01 Appointment of Retirement Committee

The general administration of the Plan and the responsibility for carrying out the provisions of the Plan shall be placed in a Retirement Committee of not less than three nor more than seven persons appointed from time to time by the Board of Directors to serve at the discretion of the Board of Directors. Any person who is appointed a member of the Retirement Committee shall signify his acceptance by filing written acceptance with the Board of Directors and the Secretary of the Retirement Committee. Any member of the Retirement Committee may resign by delivering a written resignation to the Board of Directors and the Secretary of the Retirement Committee. The Retirement Committee shall be a "named fiduciary" within the meaning of Section 402(a) of ERISA and shall carry out the duties of the "administrator" of the Plan as imposed by ERISA.

7.02 Administration of Retirement Committee

The members of the Retirement Committee shall elect a Chairperson from their number and a Secretary who may be, but need not be, one of the members of the Retirement Committee; may appoint from their number such subcommittees with such powers as they shall determine; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel, employ agents and provide for such clerical, accounting, consulting and actuarial services as they may require in carrying out the provisions of the Plan; and may allocate among themselves or delegate to other persons all or such portion of their duties under the Plan as they, in their sole discretion, shall decide.

7.03 Meetings

The Retirement Committee shall hold meetings upon such notice, at such place or places, and at such times as it may from time to time determine.

7.04 Majority to Govern

Any act which the Plan authorizes or requires the Retirement Committee to do may be done by a majority of its members. The action of such majority expressed from time to time by a vote at a meeting shall constitute the action of the Retirement Committee, and shall have the same effect for all purposes as if assented to by all members of the Retirement Committee serving at the time. Notwithstanding the foregoing, any action taken by the Retirement Committee in writing without a meeting shall require the unanimous written consent by all members of the Retirement Committee at the time in office.

7.05 Compensation and Bonding

No member of the Retirement Committee shall receive any compensation from the Plan for his services as such. Except as may otherwise be required by law, no bond or other security need be required of any member in that capacity in any jurisdiction.

7.06 Authority of Retirement Committee

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

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

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

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

7.07 Prudent Conduct

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

7.08 Actuary

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

7.09 Service in More Than One Fiduciary Capacity

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

7.10 Limitation of Liability

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

7.11 Indemnification

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

7.12 Expenses of Administration

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

ARTICLE 8. MANAGEMENT OF FUNDS

8.01 Trustee

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

8.02 Exclusive Benefit Rule

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

8.03 Appointment of Investment Manager

Except as provided in this Section 8.03, the Trustee shall have the power and authority to manage and invest the assets of the Plan. The Retirement Committee may, at its discretion, appoint one or more investment managers (within the meaning of Section 3(38) of ERISA) to manage (including the power to acquire and dispose of) all or part of the assets of the Plan, as the Retirement Committee shall designate. In that event, authority over and responsibility for the management of the assets so designated shall be the sole responsibility of that investment manager.

ARTICLE 9. GENERAL PROVISIONS

9.01 Nonalienation and Qualified Domestic Relations Orders

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

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

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

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

9.02 Conditions of Employment Not Affected by Plan

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

9.03 Facility of Payment

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

9.04 Information

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

9.05 Top-Heavy Provisions

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

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

(b) Determination of Top Heavy Status

- (i) The Plan shall be “top-heavy” if, as of the Applicable Determination Date, the Top-Heavy Ratio exceeds 60 percent. The Top-Heavy Ratio shall be determined as of the Applicable Valuation Date in accordance with Sections 416(g)(3) and (4)(B) of the Code on the basis of the interest rate and mortality table used in the actuarial valuation for the Plan for the applicable Plan Year.
 - (ii) For purposes of determining whether the Plan is top-heavy, the present value of accrued benefits under the Plan will be combined with the present value of accrued benefits or account balances under each other plan in the Required Aggregation Group. In the Employer’s discretion, accrued benefits or account balances under each plan in the Required Aggregation Group may be combined with the present value of accrued benefits or account balances under any other qualified plan(s) in the Permissive Aggregation Group.
 - (iii) The accrued benefit of a Non-Key Employee under the Plan or any other defined benefit plan in the aggregation group shall be:
 - (A) determined under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Employer or an Affiliated Employer, or
 - (B) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule described in Section 411(b)(1)(C) of the Code.
- (c) Consequences of Being Top Heavy. The following provisions shall be applicable to Members for any calendar year with respect to which the Plan is top-heavy:
- (i) In lieu of the vesting requirements specified in Section 4.05, a Member shall be vested in, and have a nonforfeitable right to, a percentage of his Accrued Benefit determined in accordance with the provisions of Section 1.01 and subparagraph (ii) below, as set forth in the following vesting schedule:

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

- (ii) The Accrued Benefit of a Member who is a Non-Key Employee shall not be less than two percent of his Average Statutory Compensation multiplied by the number of years of his Vesting Service, during the calendar years for which the Plan is top-heavy, but not in excess of 10. For purposes of the preceding sentence, years of Vesting Service shall be disregarded to the extent that such years of Vesting Service occur during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no key employee or former key employee. Such minimum benefit shall be payable at a Member's Normal Retirement Date. If payments commence at a time other than the Member's Normal Retirement Date, the minimum Accrued Benefit shall be of Equivalent Actuarial Value to such minimum benefit.
- (d) Cessation of Top Heavy Status. If the Plan is top-heavy with respect to a Plan Year and ceases to be top-heavy for a subsequent Plan Year, the following provisions shall be applicable:
 - (i) The Accrued Benefit in any such subsequent Plan Year shall not be less than the minimum Accrued Benefit provided in subparagraph (c)(ii) above, computed as of the end of the most recent Plan Year for which the Plan was top-heavy.
 - (ii) If a Member has completed three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting schedule set forth in subparagraph (c)(i) above shall continue to be applicable.
 - (iii) If a Member has completed less than three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting provisions of subparagraph (c)(i) shall continue to be applicable to the portion of his Accrued Benefit determined as of the last day of the Plan Year in which the Plan was top-heavy, and Section 4.05 shall again be applicable with respect to the remaining portion of his Accrued Benefit; provided, however, that in no event shall the vested percentage of such remaining portion be less than the percentage determined under subparagraph (c)(i) above as of the last day of the most recent Plan Year for which the Plan was top-heavy.

9.06 Construction

- (a) The Plan shall be construed, regulated and administered under ERISA, as in effect from time to time, and the laws of Georgia, except where ERISA controls.
- (b) The masculine pronoun shall include the feminine.
- (c) The titles and headings of the articles and sections in the Plan are for convenience only. In case of ambiguity or inconsistency, the text rather than the titles or headings shall control.

- (d) The Retirement Committee shall have full power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be issued or adopted by the Board of Directors, to interpret the provisions and supervise the administration of the Plan, including the power to remedy possible ambiguities, inconsistencies or omissions. Such determinations shall be conclusive.

9.07 Prevention of Escheat

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

9.08 Electronic Transmission of Notices to Members

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

9.09 Limitation on Benefits In the Event of a Liquidity Shortfall

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

9.10 Limitations Based on Funded Status of the Plan

Notwithstanding any provision of the Plan to the contrary, the following provisions shall apply as required by Section 436 of the Code effective for Plan Years beginning on or after January 1, 2008, except to the extent the exception under Section 436(d)(4) of the Code applies:

- (a) In the event the Plan's adjusted funding target attainment percentage for a Plan Year is less than 60 percent, benefit accruals shall cease during the period benefit accruals are restricted under the provisions of Section 436(e) of the Code. The benefit accruals that were not permitted to accrue pursuant to the application of the provisions of the preceding sentence shall be restored automatically as of the 436 measurement date the limitations under Section 436(e) of the Code cease to apply, if (i) the continuous period of the limitation is 12 months or less, and (ii) the Plan's enrolled actuary certifies that the adjusted funding target attainment percentage for the Plan would not be less than 60 percent taking into account the restored benefit accruals for the prior Plan Year.
- (b) In the event the Plan's adjusted funding target attainment percentage for a Plan Year falls below the threshold defined under Section 436(d)(1) and/or (3) of the Code, the Trustee shall, as directed by the Retirement Committee, cease payment of any prohibited payment during the period specified in, and to the extent necessary to comply with the provisions of Section 436(d) of the Code.
- (c) In no event shall a prohibited payment be paid during any period the Employer is a debtor in a case under Title 11, United States Code, or similar federal or state law, to the extent necessary to comply with the provisions of Section 436(d)(2) of the Code.
- (d) In no event shall an amendment that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable become effective during the period such amendment would violate the provisions of Section 436(c) of the Code.
- (e) If an optional form of benefit that is otherwise available under the terms of the Plan is not available because of the application of Section 436(d)(1) or (2) of the Code, the Member or Beneficiary, as applicable, shall be eligible to elect another form of benefit available under the Plan or to defer payment to a later date (to the extent permitted under applicable qualification requirements).
- (f) If an optional form of benefit that is otherwise available under the terms of the Plan is not available because of the application of Section 436(d)(3) of the Code, a Member or Beneficiary, as applicable, shall be eligible to defer his entire payment to a later date (to the extent permitted under applicable qualification requirements) or to bifurcate the benefit into unrestricted and restricted portions. If a Member or Beneficiary elects to bifurcate the benefit, the Member or Beneficiary shall be eligible to elect, with respect to the unrestricted portion of the benefit, any optional form otherwise available under the Plan with respect to the Member's or Beneficiary's entire benefit and in such a case, if the Member or Beneficiary elects payment of the unrestricted portion of the benefit in the form of a prohibited payment, the Member or Beneficiary shall be eligible to elect to receive payment of the restricted portion of the benefit in any optional form of benefit under the Plan

that is not a prohibited payment and that would have been permitted with respect to the Participant's or Beneficiary's entire benefit.

For purposes of this Section, the terms "adjusted funding target attainment percentage," "prohibited payment," "unrestricted portion of the benefit," and "restricted portion of the benefit" shall have the meanings given under Section 436 of the Code, the regulations thereunder, and any applicable Internal Revenue Service guidance.

In the event that the provisions of this Section 9.10 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section or any applicable part thereof shall be ineffective without the necessity of further amendments to the Plan.

9.11 Limitations on Unpredictable Contingent Event Benefit

Notwithstanding any provision of the Plan to the contrary, with respect to Plan Years beginning on or after January 1, 2008, if a Member or Beneficiary is entitled to an "unpredictable contingent event benefit" (as defined under Section 436(b) of the Code) with respect to any event occurring during any Plan Year, such unpredictable contingent event benefit shall not be provided to such Member or Beneficiary if the Plan's adjusted funding target attainment percentage (as defined in Section 9.10) for such Plan Year is less than 60 percent or would be less than 60 percent taking into account such occurrence; provided, however, that such unpredictable contingent event benefit shall become payable if and when the Plan meets the exemption under Section 436(b)(2) of the Code.

In the event that the provisions of this Section 9.11 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section or any applicable part thereof shall be ineffective without the necessity of further amendments to the Plan.

9.12 Limitation on Highly Compensated Employees and on High-25 Employees

(a) When This Section Applies. The provisions of this Section shall apply:

- (i) in the event the Plan is terminated, to any Member who is a Highly Compensated Employee or Highly Compensated Former Employee, and
- (ii) in any other event, to any Member who is one of the 25 Highly Compensated Employees or Highly Compensated Former Employees of the Employer or an Affiliated Employer with the greatest Statutory Compensation in any Plan Year.

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

(b) When This Section Does Not Apply. The provisions of this Section shall not apply if:

- (i) after taking into account payment of all benefits payable to or on behalf of the Member to whom this Section applies, the value of Plan assets equals or exceeds 110 per cent of the value of current liabilities (as that term is defined in Section 412(1)(7) of the Code) of the Plan,
 - (ii) after taking into account the value of all benefits payable to or on behalf of the Member to whom this Section applies is less than one per cent of the value of current liabilities of the Plan, or
 - (iii) the value of the benefits payable to or on behalf of the Member to whom this Section applies does not exceed the amount described in Section 411(a)(11)(A) of the Code.
- (c) Repayment of Lump Sum Distributions . To the extent permitted by law, if any Member to whom subparagraph (a)(ii) applies elects to receive a lump sum payment in lieu of his Pension and this Section is applicable, the Member shall be entitled to receive his benefit in full. However, the Member must agree to repay to the Plan any portion of the lump sum payment which would otherwise be restricted and must provide adequate security to guarantee that repayment in accordance with rules established by the Internal Revenue Service.
- (d) Termination of Plan . Notwithstanding the above, in the event the Plan is terminated, the restrictions of this Section shall not be applicable if the benefits payable to any Highly Compensated Employee and any Highly Compensated Former Employee is limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code.
- (e) Definitions . For purposes this Section, the following terms shall have the following meanings:
- (i) “Highly Compensated Employee” means for a Plan Year any employee of the Employer or an Affiliated Employer (whether or not eligible for membership in the Plan) who:
 - (A) was a 5-percent owner (as defined in Section 416(i) of the Code) for such Plan Year or the prior Plan Year; or
 - (B) for the preceding Plan Year received Statutory Compensation in excess of \$80,000, and was among the highest 20 percent of employees for the preceding Plan Year when ranked by Statutory Compensation paid for that year excluding, for purposes of determining the number of such employees, such employees as the Retirement Committee may determine on a consistent basis pursuant to Section 414(q) of the Code. The \$80,000 dollar amount in the preceding sentence shall be adjusted from time to time for cost of living in accordance with Section 414(q) of the Code.

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

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

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

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

9.13 Revision of the Plan and Applicability of Plan Provisions

The provisions of the Plan as set forth herein are effective as of January 1, 2009, except that certain provisions shall have an earlier or later effective date as specifically set forth in the Plan, in the resolution adopting the amendment, or as follows:

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

Any questions concerning eligibility for and the amount of pension and any other right or limitation set forth herein which calls for a determination as to a time on or after January 1, 2009 shall be determined in accordance with the provisions of this Plan as may be amended and in effect from time to time, and any questions concerning such matters which call for a determination under the Plan as to a time prior to January 1, 2009 shall be determined in accordance with the provisions of the Plan effective as of the Member's date of termination and taking into account any amendments effective retroactive to such date in accordance with the provisions of this Section or other provisions of the Plan, except as otherwise specifically provided in the Plan or as otherwise required by law.

ARTICLE 10. AMENDMENT, MERGER AND TERMINATION

10.01 Amendment of Plan

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

10.02 Merger or Consolidation

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

10.03 Additional Participating Employers

- (a) If any company is now or becomes a subsidiary or associated company of the Employer, the Board of Directors may, at its discretion and upon appropriate action, include the employees of that company in the membership of the Plan upon appropriate action by that company necessary to adopt the Plan. In that event, or if any persons become Employees of the Employer or an Affiliated Employer as the result of merger or consolidation or as the result of acquisition of all or part of the assets or business of another company, the Board of Directors

shall determine to what extent, if any, credit shall be granted for previous service with the subsidiary, associated or other company, but subject to the continued qualification of the Plan and trust under the Code.

- (b) Any subsidiary or associated company may terminate its participation in the Plan upon appropriate action by it, in which event the Funds of the Plan held on account of Members in the employ of that company shall be determined by the Retirement Committee and shall be applied as provided in Section 10.04 if the Plan should be terminated, or shall be segregated by the Trustee as a separate trust, pursuant to certification to the Trustee by the Retirement Committee, continuing the Plan as a separate plan for the employees of that company, under which the board of directors of that company shall succeed to all the powers and duties of the Board of Directors, including the appointment of the members of the Retirement Committee. Notwithstanding the above, the Board of Directors may refuse to approve such a termination of participation by a subsidiary or associated company if it determines that such action could jeopardize the qualified status of the Plan.

10.04 Termination of Plan

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

ARTICLE 11. TRANSFERS

11.01 Transfers To and From an Affiliated Employer

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

11.02 Transfers To and From Hourly Plan

- (a) Notwithstanding any other provisions of the Plan, the provisions of this Section 11.02(a) shall apply to (i) any member of the Hourly Plan who ceases to be an employee as defined in the Hourly Plan and at the same time becomes an Employee on or after January 1, 1992 and prior to January 1, 2008, and (ii) any Member of the Plan who ceases to be an Employee and at the same time becomes an employee as defined in the Hourly Plan.

- (b) Service credited to the Member as an employee under the Hourly Plan shall be deemed service with the Employer for purposes of determining Vesting Service under the Plan (based on the rules specified in Section 3.01).
- (c) If an Employee described in clause (i) of paragraph (a) above accrues at least five years of Benefit Service under the Plan, he shall be entitled to an additional Accrued Benefit calculated as follows. Service credited to the Member as an employee under the Hourly Plan shall be deemed service with the Employer for purposes of determining Benefit Service under the Plan (based on the rules specified in Section 3.02). For this purpose, remuneration while a member of the Hourly Plan shall be deemed Pensionable Earnings under the Plan. The retirement Pension under the Plan will be reduced by any accrued normal retirement allowance which the Member is entitled to receive under the Hourly Plan for the same period of service.
- (d) The retirement Pension of an Employee described in clause (ii) of paragraph (a) above will be calculated using Benefit Service and Pensionable Earnings determined under the Plan. Benefits earned under the Hourly Plan will follow the provisions of the Hourly Plan.
- (e) The Retirement Committee may decide with respect to a Member of the Plan who has met the vesting requirements of Section 4.05 to transfer the vested benefits that he has earned under the Hourly Plan to the Plan. Such transfer shall be carried out in accordance with Section 10.02.
- (f) In the event a Member transferred from union status to salaried status under the Prior Plan prior to January 1, 1992, his period of service in union status shall be treated as Vesting Service and Benefit Service under the provisions of this Plan (based on rules specified in Article 3) as though such service had been rendered as an Employee, and any earnings paid to such Employee during such period of service shall be deemed to be Pensionable Earnings to the extent such earnings would have been included in Pensionable Earnings had the Member been an Employee during such period of service.

IN WITNESS WHEREOF, the Graphic Packaging International, Inc. Retirement Committee has caused this Plan to be duly executed this _____ day of _____, 2009.

ATTEST:

/s/ Lori J. Shapiro
Assistant Secretary

Graphic Packaging International, Inc.
Retirement Committee

By: /s/ Daniel J. Blount
Daniel J. Blount

By: /s/ Cindy Baerman
Cindy Baerman

By: /s/ Kevin R. Wolff
Kevin R. Wolff

(CORPORATE SEAL)

Riverwood International Employees Retirement Plan
January 1, 2009

APPENDIX A

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

<u>Effective Date</u>	<u>Members Covered</u>	<u>Special Provisions</u>
January 1, 2005	Five legacy Graphic Packaging executives whose employment contracts as of December 31, 2004 entitle them to participate in all retirement plans applicable to similarly situated executives of the Employer	The affected Employees shall become Members of the Plan and receive Vesting Service and Benefit Service as recognized under the Graphic Packaging Retirement Plan, and "Benefit Compensation" earned under the Graphic Packaging Retirement Plan shall be treated as Pensionable Earnings; with the Pension payable under the Plan subject to Section 3.04.
November 19, 1998	Peter L. Lee	The affected Employee shall receive Vesting Service starting on February 1, 1989 on account of service with his predecessor employer, and Benefit Service starting on March 23, 1995.
October 9, 1998	Wood Procurement non-union hourly Employees as a result of sale to Fulghum Fibres.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
May 1 to July 1, 1997	Members of the Plan who were terminated as a result of the closure of the Bakersfield, California Plant.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
October 18, 1996	Salaried and non-union hourly Employees at Joyce, Forest Resources, and Wood Products who were terminated as a result of the sale of the Wood Products Division to Plum Creek Timber Company, L.P.	Such affected Employees no longer participate in the Plan and shall be 100% vested in their Accrued Benefits as of October 18, 1996.
October 13, 1996	Members of the Plan who were terminated as a result of the closure of the Kankakee, Illinois Plant.	Such affected Employees shall be 100% vested in their Accrued Benefit as of October 13, 1996.
July 10, 1996	Charles E. Lawson, Michael G. Dooley, and Leroy G. Gwin	The affected Employees shall receive Vesting Service on account of service with the Julian B. Slevin Company.
Riverwood International Employees Retirement Plan January 1, 2009		

Effective Date	Members Covered	Special Provisions
November 19, 1994	Salaried employees of Fort Packaging Company.	Affected Employees are eligible to participate in the Plan, and service recognized by Miller Brewing is recognized under the Plan for purposes of vesting and eligibility.
June 30, 1994	Non-union hourly and salaried Employees who were terminated as a result of the sale of the Laminates Plant in Jacksonville, Florida.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
June 30, 1993	Non-union hourly and salaried Employees of the Waste Recovery & Paper Plant in Macon, Georgia.	Such affected Employees no longer participate in the Plan. Accelerated vesting credit was not granted to affected Employees.
October 31, 1992	Members of the Plan who were terminated as a result of the closure of the Memphis, Tennessee Carrier Plant.	Such affected Employees shall be 100% vested in their Accrued Benefit as of October 31, 1992.
June 30, 1992	Former salaried and non-union hourly employees of Macon Kraft, Inc., Macon Kraft Laminates, Inc. and Waste Recovery & Paper, Inc.	Service recognized for vesting and eligibility purposes under a qualified plan sponsored by Pratt Industries (USA), Inc. is recognized under the Plan for purposes of vesting and eligibility.
January 1, 1992	Salaried employees of Minnesota Automation, Inc.	Affected Employees are eligible to participate in the Plan, and service recognized by Minnesota Automation, Inc. is recognized under the Plan for purposes of vesting and eligibility.
September 27, 1991	Each participant in the Manville Employees Retirement Plan who was terminated as a result of the sale of the Riverwood International Charlotte, North Carolina Carton Plant to James River Corporation.	Affected employees are 100% vested in their Accrued Benefit under the Plan as of September 27, 1991.
May 31, 1991	Each participant in the Manville Employees Retirement Plan who was terminated as a result of the sale of the Manville Forest Products Madison, Wisconsin Carton Plant to Olympic Packaging.	Affected Employees are 100% vested in their Accrued Benefit under the Plan as of May 31, 1991. Assets and liabilities transferred April 30, 1993.
Riverwood International Employees Retirement Plan January 1, 2009		

Effective Date	Members Covered	Special Provisions
March 16, 1991	Former salaried employees of JAK-ET-PAK.	Service recognized by Federal Paper Board Company, Inc. for vesting and eligibility purposes under a qualified plan sponsored by Federal Paper Board Company, Inc. is recognized under the Plan for purposes of vesting and eligibility for affected Employees.
July 31, 1989	Each participant in the Manville Employees Retirement Plan who was terminated as a result of the sale of the Manville Forest Products Grocery Bags & Sacks Plant.	Affected Employees are 100% vested in their Accrued Benefit under the Plan as of July 31, 1989.
January 2, 1989	Non-union hourly Employees at Joyce, Forest Resources, and Wood Procurement.	The assets and liabilities representing the Accrued Benefits of affected Employees were transferred to the Plan from the Hourly Plan (formerly the Manville Forest Products Hourly Retirement Plan) on January 2, 1989, and such affected Employees became Members of the Plan on January 2, 1989. Benefit Service shall not be credited prior to February 18, 1983, for former Crown Zellerbach employees at Joyce Operations.
October 28, 1985	Employees who became Members of the Plan as of October 28, 1985, due to the acquisition of Eastex Packaging Incorporated.	Affected Employees are credited with service earned after December 31, 1953, and prior to October 28, 1985, at Eastex Packaging Incorporated for purposes of Vesting Service and Benefit Service.
December 3, 1984	Employees of the Clinton Packaging Plant who became Members of the Plan on or after December 3, 1984 due to the purchase of the Plant from Consolidated Packaging.	Affected Employees are credited with service earned prior to December 3, 1984, at the Clinton Packaging Plant for purposes of vesting.
August 13, 1984	Each participant in the Manville Salaried Pension Plan who was terminated as a result of the sale of the Lillie Particleboard Plant as of August 13, 1984 to Willamette Industries.	Affected Employees are 100% vested in their Accrued Benefit under the Plan as of August 13, 1984.
Riverwood International Employees Retirement Plan January 1, 2009		

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

APPENDIX B

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

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

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

1. **Current Formula** (Benefit formula in effect under the Manville Plan for the period January 2, 1986 through December 31, 1988)
Accrued Benefits as of December 31, 1988, under the benefit formula in effect under the Manville Plan on December 31, 1988.
- 2.(a) **Prior Formula** (applies only to members of the Manville Salaried Retirement Plan prior to January 1, 1986)

Greater of the Alternate or Grandfathered Formula

Alternate Formula (1985 Benefit Formula)

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

Grandfathered Formula (1980 Benefit Formula)

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

Offset Due to the Refund of Accumulated Contributions

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

- (b) **Prior Formula** (applies only to members of the Manville Forest Products Salaried Retirement Plan prior to January 1, 1986)
Accrued Benefits as of December 31, 1988, based on the benefit formula in effect under the Plan on December 31, 1985. (1985 Benefit Formula)

Minimum Benefits Based on Retirement at Age 65

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

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January 1, 2009

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

- (a) The Current Formula
- (b) The Prior Formula under (i) or (ii) as applicable as follows:
 - (i) Under the Manville Salaried Retirement Plan:

The greater of the Alternate Formula or the Grandfathered Formula Less
The Offset Due to the Refund of Accumulated Contributions.

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

Minimum Benefits Based on Early Retirement

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

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

- (a) The Current Formula reduced by 3% for each year and fraction thereof that the benefit commencement date precedes the Member's age 62.
- (b) The Prior Formula under (i) or (ii) as applicable as follows:
 - (i) Under the Manville Salaried Retirement Plan: The greater of the Alternate Formula or the Grandfathered Formula reduced by 4% for each year and fraction thereof that the benefit commencement date precedes the Member's age 62 less the offset due to the refund of Accumulated Contributions multiplied by the applicable percentage as follows:

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

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

Minimum Benefits Based on Deferred Vested Retirement

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

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

- (a) The Current Formula reduced by the appropriate factor from the schedule in Section 4.04(b) of the Prior Plan based on his age when his Pension commences.
- (b) The Prior Formula under (i) or (ii) as applicable as follows:
 - (i) Under the Manville Salaried Retirement Plan The greater of the Alternate Formula or the Grandfathered Formula reduced by the appropriate factor from the schedule in Section 4.04(b) of the Prior Plan based on his age when his Pension commences, less the offset due to the refund of Accumulated Contributions as outlined in clause (i) of Section (b) under Minimum Benefits Based on Early Retirement in this Appendix B.
 - (ii) Under the Manville Forest Products Salaried Retirement Plan The Prior Formula reduced by 3% for each year and fraction thereof that the benefit commencement date precedes the Member's age 62, down to age 55, and actuarially reduced for payment before age 55, down to age 50, based on the UP-1984 Mortality Table and an interest rate of five percent (5%) compounded annually.

Minimum Benefits Based on Late Retirement

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

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

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

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

APPENDIX C

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

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

APPENDIX D

Schedule of Benefits Referenced in Section 4.01(c)(v)

Pension Number	Annual Amount (\$)	Effective Date of Update
34	1,587.36	9/30/2007
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APPENDIX E

CERTAIN HISTORICAL PROVISIONS

The purpose of this Section is to record, for historical purposes, certain provisions which are no longer applicable to active Members in the Plan as of January 1, 2009, the effective date of the Plan's restatement, or which have minimal application.

ARTICLE 1 — DEFINITIONS

- A. “Accumulated Contributions”** means the Member's total contributions, if any, made to the Manville Plan prior to January 2, 1986, increased by an amount equal to the sum of (a), (b) and (c) below:
- (a) If the Member elected under Section 5.01(b) of the Manville Salaried Retirement Plan as in effect on July 1, 1968, to leave on deposit all of the Member's Accumulated Contributions made under the Retirement Plan of Johns-Manville Corporation and subsidiaries as in effect on June 30, 1968, an amount equal to the excess, if any, of those Accumulated Contributions over the amount that would have been required if the Member's election had been under Section 5.01(a) of the Manville Salaried Retirement Plan as in effect on July 1, 1968;
 - (b) The supplemental contributions, if any, the Member elected to make under Section 5.03 of the Manville Salaried Retirement Plan as in effect on July 1, 1968; and
 - (c) Earnings credited on such contributions as of December 31, 1985.
- B. “Actuarial Equivalent”** means a benefit having the same value as the benefit that such Actuarial Equivalent replaces. For periods prior to January 1, 2007, with respect to benefits payable in a form other than a lump sum payment, Actuarial Equivalent was based on an interest rate of 5% and the UP-84 Mortality Table.
- C. “Average Final Salary”** means prior to January 1, 2007, the annual Pensionable Wages of a Member paid during the five consecutive Plan Years in the last ten Plan Years of the Member's Benefit Service affording the highest average. Prior to January 1, 2007, the Final Average Salary of a Part-time Employee was subject to the following rules:
- (a) If, in any period included in the computation of Average Final Salary, a Member who is a Part-time Employee has completed less than the normal number of hours for a Full-time Employee similarly employed, the Member's Pensionable Wages for that period shall be adjusted to a full-time basis for the purpose of that computation. The adjustment will be made by annualizing the base pay of the Member for the period and adding other amounts actually paid during that period that are included in Pensionable Wages.

- (b) If, in any period included in the computation of Average Final Salary, a Member who has previous employment with the Employer as an hourly employee, was not covered during that period of employment by the Plan, and who completed less than the normal number of hours for a Full-time Employee similarly employed, the Member's Pensionable Wages for that period shall be adjusted to a full-time basis for the purpose of that computation. The adjustment will be made by multiplying the Member's Pensionable Wages by the ratio of the hours worked by a similarly situated Full-time Employee to the Member's hours worked in that period.
- D.** " **Board of Directors** " or " **Board** " means the Board of Directors of Riverwood International Corporation prior to August 8, 2003 and, on and after August 8, 2003 and prior to March 10, 2008, means the Board of Director of Graphic Packaging International, Inc., and on and after March 10, 2008, means the Board of Directors of Graphic Packaging Holding Company.
- E.** " **Covered Compensation** " means prior to January 1, 2007, for any Plan Year, the average of the taxable wage bases in effect under Section 230 of the Social Security Act for each year in the 35-year period ending with the year prior to the year in which the Member terminates. For purposes of this definition, if a Member's date of termination precedes his attainment of Social Security Retirement Age, he shall be deemed to attain his Social Security Retirement Age in the year of termination. Covered Compensation shall be frozen at:
- (a) Social Security Retirement Age;
 - (b) The date of eligibility for the Employer's long-term disability plan; and
 - (c) The last day worked if eligible for immediate disability retirement.
- F.** " **Employer** " means Riverwood International Corporation prior to August 8, 2003 and, on and after August 8, 2003, means Graphic Packaging International, Inc or any successor by merger, purchase or otherwise, with respect to its Employees; and any other company participating in the Plan, as provided in Section 10.03, with respect to its Employees.
- G.** " **Pensionable Wages**" for periods prior to January 1, 2002 were limited as follows. Effective on and after January 1, 1989 and before January 1, 1994, Pensionable Earnings taken into account for any purpose under the Plan, including the determination of Average Final Salary shall not exceed \$200,000 per year. Except as provided below, as of January 1 of each calendar year on and after January 1, 1990 and before January 1, 1994, the applicable limitation as determined by the Commissioner of Internal Revenue for that calendar year shall become effective as the maximum Pensionable Earnings to be taken into account for Plan purposes for that calendar year only in lieu of the \$200,000 limitation set above. Commencing with the Plan Year beginning in 1994, Pensionable Earnings to be taken into account for any purpose under the Plan, including the determination of Average Final Salary, shall not exceed \$150,000 (as adjusted below). If, for any calendar year after 1994, the cost-of-living adjustment described in the following sentence is equal to or greater than \$10,000, then the limitation (as previously

adjusted hereunder) for any Plan Year beginning in any subsequent calendar year shall be increased by the amount of such cost-of-living adjustment, rounded to the next lowest multiple of \$10,000. The cost-of-living adjustment shall equal the lesser of:

- (a) \$150,000 increased by the adjustment made under Section 415(d) of the Code for the calendar year except that the base period for purposes of Section 415(d)(1)(A) of the Code shall be the calendar quarter beginning October 1, 1993 over
- (b) The annual dollar limitation in effect for the Plan Year beginning in the calendar year.

ARTICLE 5- BENEFITS

A. Normal Retirement Pension

Prior to January 1, 2007, Section 4.01(c)(i) and (ii) read as follows:

- (i) 1.02% of Average Final Salary up to Covered Compensation plus 1.40% of Average Final Salary in excess of Covered Compensation multiplied by Benefit Service up to 35 years.
- (ii) 1.33% of Average Final Salary multiplied by Benefit Service in excess of 35 years.

In addition, notwithstanding anything contained herein to the contrary, the annual normal retirement Pension of a Member who terminated employment prior to January 1, 2002, and who was affected by the imposition of the \$150,000 limitation on Pensionable Earnings provided in Section 1.32 shall be equal to the greater of (i) the Member's Pension calculated under the provisions of the Plan as determined with regard to such imposition or (ii) a Pension equal to the Member's Accrued Benefit determined as of December 31, 1993, plus the Member's Accrued Benefit based solely on service after such date under the provisions of the Plan as determined with regard to such imposition. For this purpose, the Accrued Benefit determined as of December 31, 1993 shall be equal to the greater of (iii) the Member's Accrued Benefit determined as of December 31, 1993 as determined with regard to the \$200,000 limitation on Pensionable Earnings provided in Section 1.32 (effective before January 1, 1994) or (iv) the Member's Accrued Benefit determined in paragraph (b) above as of December 31, 1988 plus the Member's Accrued Benefit based solely on service after such date under the provisions of the Plan as determined with regard to such limitation.

B. Early Retirement Pension

Prior to January 1, 2007, in the case of a Member who elected to commence receipt of an early retirement Pension, the Member's Pension shall be equal to the deferred Pension reduced by 1/3 of 1% for each month by which the date of the Member's early retirement Pension precedes his Normal Retirement Date; provided, however, if the Member shall have 25 years of Accumulated Service at his date of retirement, the Member's Pension shall be equal to the deferred Pension reduced by 1/3 of 1% for each month by which the

date of the Member's early retirement Pension precedes the first day of the calendar month coincident with or immediately following the Member's 62nd birthday.

C. Payments to Persons Retired Under the Prior Plan

Any person entitled to receive retirement income or another allowance under the Prior Plan as in effect prior to January 1, 1992, shall be considered as a retired Member or former Member of the Plan, as the case may be, and after December 31, 1991, shall receive the retirement income or other allowance under the Plan. However, the retirement income or other allowance shall be subject to all terms and conditions of the Prior Plan as in effect at the time the person retired or terminated employment.

D. Thrift Plan Benefit

If a Member who made Accumulated Contributions under the Manville Plan failed to make an election under Article 9 of the Manville Employees Thrift Plan (the "thrift plan") to not have the Retirement Plan Account of the thrift plan be paid in the form of an annuity, the balance of such account shall be transferred to the Plan and an equivalent additional benefit shall be paid from the Plan. Such additional benefit will be calculated based on the UP-1984 Mortality Table and the interest rate used by the PBGC for valuing benefits for single employer plans that terminate on the Member's Annuity Starting Date or calculated on the date of transfer, if earlier.

ARTICLE 6 — PAYMENT OF PENSIONS

A. Interest Rate and Mortality Assumptions for Lump sum Payments.

Notwithstanding the above, a lump sum payment of equivalent actuarial value shall be made in lieu of all benefits payable under the Plan if the present value of the Pension payable to the Member or to the Member's surviving Spouse in the case of the death of a married Member (such Pension determined as of the Member's Normal Retirement Date or actual termination of service, if later) amounts to \$5,000 or less. In determining the present value and the amount of a lump sum payment payable under this paragraph for an Annuity Starting Date before January 1, 2000, the interest rate(s) to be used shall be the interest rate(s) which would be used by the Pension Benefit Guaranty Corporation for valuing deferred pensions commencing at Normal Retirement Date for single employer plans that terminate on the date of distribution, and the UP-1984 Table. For an Annuity Starting Date on or after January 1, 2000, the present value and the amount of a lump sum payable under this paragraph shall be based on the (i) the "applicable interest rate" which means the annual rate of interest on 30-year Treasury securities for the second calendar month preceding the month containing the Annuity Starting Date and (ii) the "applicable mortality table" which means the mortality table prescribed by the Secretary of the Treasury under Section 417(e)(3)(A)(ii)(I) of the Code in effect as of the Annuity Starting Date. For an Annuity Starting Date on or after January 1, 2007, the present value and the amount of the lump sum payable under this paragraph shall be based on (i) the "applicable interest rate" which means the annual rate of interest on 30-year Treasury securities for the month of November preceding the Plan Year in which the Annuity Starting Date occurs (except that the applicable interest rate for an Annuity Starting Date occurring in the period January 1, 2007 through December 31, 2007 shall not be greater than the interest rate determined

under the preceding sentence), and (ii) the “applicable mortality table” prescribed by the Secretary of the Treasury under Section 417(e)(3)(A)(ii)(I) of the Code in effect as of the Annuity Starting Date.

ARTICLE 11- TRANSFERS

11.03 Transfers To and From Manville Plan

- (a) Notwithstanding any other provisions of the Plan, the provisions of this Section 11.03 shall apply to (i) any member of the Manville Plan who ceases to be an employee as defined in the Manville Plan and at the same time becomes an Employee on or after January 1, 1992 but before January 1, 1998, and (ii) any Member of the Plan on or after January 1, 1992 but before January 1, 1998 who ceases to be an Employee and at the same time becomes an employee as defined in the Manville Plan.
- (b) For persons described in clause (i) of paragraph (a):
 - (i) Employment credited as accumulated service or benefit service under the Manville Plan will be fully recognized as Vesting Service and Benefit Service under the Plan.
 - (ii) All applicable remuneration while a member of the Manville Plan will be deemed Pensionable Earnings for purposes of the Plan.
 - (iii) The individual’s accrued benefit under the Manville Plan at the date he ceases to be an employee as defined in the Manville Plan will be a minimum Accrued Benefit under the Plan.
 - (iv) The individual’s Pension under the Plan shall be based on the provisions of the Plan as in effect on the Employee’s Severance Date.
 - (v) Assets from the trust of the Manville Plan will be transferred to the trust of the Plan in an amount equal to the Accumulated Benefit Obligation (as that term is defined in Financial Accounting Standards Board Statement No. 87) of the Accrued Benefit of the employee at the date of transfer, multiplied by a “Plan Funding Ratio.” The Accumulated Benefit Obligation will be determined on the basis of the actuarial assumptions used by Manville Corporation for financial reporting purposes as of the December 31 preceding or coincident with the date of the employee’s change in employment status. The Plan Funding Ratio will be determined on the December 31 coincident with or preceding the date of the employee’s change in employment status and will be equal to:

Market Value of Manville Plan Trust Assets
Accumulated Benefit Obligation for Manville Plan

- (vi) Such transfer of assets will be made by July 1 of each year for all employees changing employment status during the preceding calendar year (or at such other frequency as agreed to by Manville Corporation and

the Employer) and will include investment return for the delay in payment at an annual rate equal to the discount rate used in determining the Accumulated Benefit Obligation at the December 31 coincident with or preceding the transfer.

- (vii) This transfer of assets and liabilities will be carried out under the provisions of Section 414(l) of the Code.
 - (viii) Upon completion of the transfer of assets and liabilities for any affected individual, the Plan will have the total and sole responsibility for the Employee's Accrued Benefit under the Plan.
- (c) For persons described in clause (ii) of paragraph (a) above:
- (i) Employment credited as Vesting Service or Benefit Service under the Plan will be fully recognized as accumulated service and benefit service in the Manville Plan.
 - (ii) Pensionable Earnings under the Plan will be recognized as pensionable Earnings under the Manville Plan.
 - (iii) The individual's Accrued Benefit under the Plan as of the date he ceases to be an Employee will be a minimum accrued benefit under the Manville Plan.
 - (iv) The individual's pension under the Manville Plan shall be based on the provisions of the Manville Plan as in effect on the employee's severance date.
 - (v) Assets from the trust of the Plan will be transferred to the trust of the Manville Plan in an amount equal to the Accumulated Benefit Obligation (as that term is defined in Financial Accounting Standards Board Statement No. 87) of the Accrued Benefits of the Employee at the date of transfer, multiplied by a "Plan Funding Ratio." The Accumulated Benefit Obligation will be determined on the basis of the actuarial assumptions used by the Employer for financial reporting purposes as of the December 31 preceding or coincident with the date of the employee's change in employment status. The Plan Funding Ratio will be determined on the December 31 coincident with or preceding the date of the employee's change in employment status and will be:

Market Value of Plan Trust Assets
Accumulated Benefit Obligation for Plan

- (vi) Such transfer of assets will be made by July 1 of each year for all employees changing employment status during the preceding calendar year (or at such other frequency as agreed to by Manville Corporation and the Employer) and will include investment return for the delay in payment at an annual rate equal to the discount rate used in determining the Accumulated Benefit Obligation at the December 31 coincident with or preceding the transfer.

(vii) This transfer of assets and liabilities will be carried out under the provisions of Section 414(l) of the Code.

(viii) Upon completion of the transfer of assets and liabilities for any affected employee, the Manville Plan will have the total and sole responsibility for the individual's accrued benefit under the Manville Plan.

**FIRST AMENDMENT TO THE
RIVERWOOD INTERNATIONAL EMPLOYEES RETIREMENT PLAN**

**(As Amended and Restated Effective January 1, 2009 and Reflecting Amendments Adopted Through
December 31, 2009)**

WHEREAS, the Compensation and Benefits Committee of the Board of Directors of Graphic Packaging Holding Company has delegated to the Retirement Committee of Graphic Packaging International, Inc. (the "Retirement Committee") the responsibility to make certain amendments in order to maintain the Riverwood International Employees Retirement Plan (the "Plan"); and

WHEREAS, the Retirement Committee deems it desirable to amend the Plan, effective as of July 1, 2010, to eliminate the requirement that an election form be completed and notarized before the benefit commencement date and to permit a waiver of the 30-day notice period applicable to an election of an optional form of payment;

NOW, THEREFORE, BE IT RESOLVED, that the Plan be, and it hereby is, amended, effective as of July 1, 2010, in the following respects:

1. Section 5.03(c) is amended in its entirety to read as follows:

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

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

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

(C) the Member's election is made before the date distributions commence.

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

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

- (ii) Waiver of 30-Day Period. A Member may, after having received the notice described in paragraph (b), affirmatively elect to have his Pension commence sooner than 30 days following his receipt of the notice, provided all of the following requirements are met:
- (A) the Retirement Committee clearly informs the Member that he has a period of at least 30 days after receiving the notice to decide when to have his benefits begin, and, if applicable, to choose a particular optional form of payment;
 - (B) after receiving the notice, the Member affirmatively elects a date for his Pension to begin and, if applicable, an optional form of payment;
 - (C) the Member is permitted to revoke his election until the later of his Annuity Starting Date or at any time prior to the commencement of benefit payments;
 - (D) payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay); and
 - (E) the Member's Annuity Starting Date is after the date the notice is provided, except as provided in subparagraph (iii).
- (iii) Retroactive Annuity Starting Date. If a Member is eligible (in accordance with the provisions of the last sentence of paragraph (b) above) to elect, and does elect, an Annuity Starting Date that precedes the date he received the notice (a "retroactive Annuity Starting Date"), such election shall be subject to the following requirements:
- (A) With respect to an election made by a Member who is involuntarily terminated by the Employer, the retroactive Annuity Starting Date is within the 120-day period following the Member's

termination of employment with the Employer and all Affiliated Employers.

- (B) The Member's benefit, including any interest adjustment, must satisfy the provisions of Section 415 of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if the form of payment is not subject to the provisions of Section 417(e)(3) of the Code and payments commence within 12 months of the Member's retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date.
- (C) If payment is made in the form of an annuity that is not subject to the provisions of Section 417(e)(3) of the Code, a payment equal in amount to the sum of the monthly payments that the Member would have received during the period commencing on his retroactive Annuity Starting Date and ending with the month preceding his actual commencement date, plus interest at the rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually, shall be paid to the Member on his actual commencement date.
- (D) Spousal Consent to the retroactive Annuity Starting Date is required for such election to be effective unless:
 - (I) the amount of the survivor annuity payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member is no less than the amount the Spouse would have received under the Qualified Joint and Survivor Annuity if the date payments commence were substituted for the retroactive Annuity Starting Date; or
 - (II) the Member's Spouse on his retroactive Annuity Starting Date is not his Spouse on his actual commencement date and is not treated as his Spouse under a qualified domestic relations order.
- (E) If the Member elects payment in a form of payment that is subject to the provisions of Section 417(e)(3) of the Code:
 - (I) the monthly amount shall not be less than the amount that would have been paid in the same form on the retroactive Annuity Starting Date if the benefit amount had been calculated using the IRS Interest Rate and the IRS Mortality Table in effect on the actual commencement date; and

(II) interest shall be credited in the same manner as described under clause (C) above.

(F) The provisions of subparagraphs (i) and (ii) above shall apply by substituting the actual commencement date for the Annuity Starting Date.

(G) Payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay).”

2. Section 5.03(d) is amended by changing the reference to “paragraph (c)(iii)” in the fourth and fifth sentences thereof to read “paragraph (c).”

BE IT FURTHER RESOLVED, that the Retirement Committee has approved this First Amendment to the Riverwood International Employees Retirement Plan this _____ day of November, 2010.

**GRAPHIC PACKAGING INTERNATIONAL, INC.
RETIREMENT COMMITTEE MEMBERS**

By: /s/ Daniel J. Blount
Daniel J. Blount

By: /s/ Brad Ankerholz
Brad Ankerholz

By: /s/ Cindy Baerman
Cindy Baerman

By: /s/ Clint Demetriou
Clint Demetriou

**SECOND AMENDMENT TO THE
RIVERWOOD INTERNATIONAL EMPLOYEES RETIREMENT PLAN**

**(As Amended and Restated Effective January 1, 2009 and Reflecting Amendments Adopted Through
December 31, 2009)**

WHEREAS, the Compensation and Benefits Committee of the Board of Directors of Graphic Packaging Holding Company has delegated to the Retirement Committee of Graphic Packaging International, Inc. (the "Retirement Committee") the responsibility to make certain amendments in order to maintain the Riverwood International Employees Retirement Plan (the "Plan"); and

WHEREAS, the Retirement Committee deems it desirable to amend the Plan to comply with certain provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008;

NOW, THEREFORE, BE IT RESOLVED, that the Plan be, and it hereby is, amended, effective as of the dates indicated below, in the following respects:

1. Section 1.47 is amended in its entirety, effective as of January 1, 2009, to read as follows:

"1.47 ' **Statutory Compensation** ' means compensation from the Employer or any Affiliated Employer as defined in U.S. Treasury Department regulations Section 1.415(c)-2(d)(4) (i.e., Information required to be reported under Sections 6041, 6051 and 6052 of the Code ("W-2 Pay")) plus amounts that would be included in wages but for an election under Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code. For Plan Years beginning on or after July 1, 2007, the preceding definition of compensation shall be modified as required under the provisions of U.S. Treasury Department regulation Section 1.415(c)-2(e) and shall include all amounts permitted to be recognized under the provisions of U.S. Treasury Department regulation Section 1.415(c)-2(e)(2) and (3) and, effective on and after January 1, 2009, U.S. Treasury department regulation Section 1.415(c)-2(e)(4). Also, effective for Plan Years beginning on and after January 1, 2009, Statutory Compensation shall include differential wage payments (as defined in Section 3401(h)(2) of the Code) paid to an individual by the Employer, to the extent not otherwise included in this definition of Statutory Compensation. For purposes of applying the top-heavy provisions under Section 9.05 and effective for Plan Years beginning on and after July 1, 2007, for purposes of applying the

maximum benefit limitations under Section 4.07, Statutory Compensation shall not exceed the limitation on compensation under Section 401(a)(17) of the Code.”

2. Section 3.01 is amended, effective as of January 1, 2007, by the addition of a new paragraph (h) to read as follows:

“(h) Effective January 1, 2007, if an individual who was an employee dies while performing qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 and any related legislation or guidance, such individual’s period of time in qualified military service through the date he died shall be counted as Vesting Service.”

3. Section 4.06 is amended, effective as of January 1, 2007, by deleting the last paragraph of paragraph (c) and by adding a new paragraph (e) to read as follows:

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

(SIGNATURE PAGE FOLLOWS)

BE IT FURTHER RESOLVED, that the Retirement Committee has approved this Second Amendment to the Riverwood International Employees Retirement Plan this _____ day of November, 2010.

**GRAPHIC PACKAGING INTERNATIONAL, INC.
RETIREMENT COMMITTEE MEMBERS**

By: /s/ Daniel J. Blount
Daniel J. Blount

By: /s/ Brad Ankerholz
Brad Ankerholz

By: /s/ Cindy Baerman
Cindy Baerman

By: /s/ Clint Demetriou
Clint Demetriou

GRAPHIC PACKAGING

RETIREMENT PLAN

(As Amended and Restated Effective January 1, 2009 and Reflecting Amendments Adopted Through
December 31, 2009)

CORE DOCUMENT

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**GRAPHIC PACKAGING
RETIREMENT PLAN**

PREAMBLE

The Plan as amended and restated herein is generally effective as of January 1, 2009, except as otherwise provided. Any Member of the Plan who is credited with at least one Hour of Service after the effective date of this amendment and restatement shall be subject to the provisions of the Plan as so amended and restated. Any Member of the Plan who terminated employment prior to the effective date of this amendment and restatement shall be subject to the provisions of this Plan as in effect immediately prior to such Member's termination of employment, except as otherwise specified in the Plan, adopting resolutions, or required by law. The Plan and Trust are intended to comply with the provisions of the Code and ERISA.

ARTICLE 1. DEFINITIONS

- 1.1 *Accrued Benefit*** means the benefit to which a Member is entitled under the Plan, as computed in accordance with the provisions of the applicable Appendix as of the applicable date of calculation.
- 1.2 *Affiliated Employer*** means any company which is (a) a member of a controlled group of corporations (as defined in Section 414(b) of the Code), which also includes the Employer as a member of such controlled group of corporations; (b) any trade or business under common control (as defined in Section 414(c) of the Code) with the Employer; (c) any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Employer; and (d) any other entity required to be aggregated with the Employer pursuant to regulations under Section 414(o) of the Code. Notwithstanding the foregoing sentence, for purposes of Section 1.19, "Leased Employee," the definitions in Sections 414(b) and (c) of the Code shall be modified as provided in Section 415(h) of the Code.
- 1.3 *Annuity Starting Date*** means, unless otherwise specified in an Appendix, the first day of the first period for which an amount is paid as an annuity or any other form. However, the Annuity Starting Date for a Member retired on a disability Pension continuing until his Normal Retirement Date shall be his Normal Retirement Date.
- 1.4 *Appendix*** means the separate provisions applicable to the various groups of Employees covered by the Plan, as detailed below:
- (a) "Appendix 1" means the provisions of the Plan contained in Appendix 1, which covers non-union Employees.
 - (b) "Appendix 2" means the provisions of the Plan contained in Appendix 2, which covers Employees employed at the Kalamazoo Board Mill or the Kalamazoo Carton Plant and represented by the union identified in Appendix 2.
 - (c) "Appendix 3" means the provisions of the Plan contained in Appendix 3, which covers Employees employed at the Menasha, Wisconsin Carton Plant or the Wausau, Wisconsin Carton Plant and represented by the union identified in Appendix 3.
 - (d) "Appendix 4" means the provisions of the Plan contained in Appendix 4, which covers Employees employed at the Charlotte, North Carolina Plant and represented by the union identified in Appendix 4.
 - (e) "Appendix 5" means the provisions of the Plan contained in Appendix 5, which covers Employees employed at the Gordonsville, Tennessee Plant and represented by the union identified in Appendix 5.
 - (f) "Appendix 6" means the provisions of the Plan contained in Appendix 6, which covered Employees employed at the Garden Grove, California Carton Plant who were

represented by the union identified in Appendix 6. The Garden Grove, California Carton Plant was closed effective April 21, 2004 and therefore there are no longer any active employees covered by Appendix 6.

- (g) "Appendix 7" means the provisions of the Plan contained in Appendix 7, which covered Employees employed at the Perrysburg, Ohio, Facility who were represented by the union identified in Appendix 7. The Perrysburg Ohio, Facility was closed effective July 1, 2000 and therefore there are no longer any active employees covered by Appendix 7.
- (h) "Appendix 8" means the provisions of the Plan contained in Appendix 8, which covers Employees employed at the North Portland, Oregon Facility and represented by the union identified in Appendix 8.
- (i) "Appendix 9" means the provisions of the Plan contained in Appendix 9, which covers Employees employed at the Menasha, Wisconsin Plant, the Wausau, Wisconsin Plant, or the Newnan, Georgia, Plant and are represented by the union identified in Appendix 9. The Newnan, Georgia Plant was closed in July, 2002 and therefore there are no longer any active employees covered by Appendix 9 at that location.
- (j) "Appendix 10" means the provisions of the Plan contained in Appendix 10, which covers Employees who formerly participated in the Universal Packaging Corporation Pension Plan. Appendix 10 applies solely to benefits accrued under the Universal Packaging Corporation Pension Plan prior to January 1, 2000. Employees covered under the provisions of Appendix 10 accrue benefits for service rendered on and after January 1, 2000 under the provisions of Appendix 1.

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

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

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

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

1.9 *Effective Date* of this Plan means the original effective date of December 28, 1992. The effective date of the Plan as amended and restated is January 1, 2009.

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

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

- (a) any individual whose employment is subject to a collective bargaining agreement between the Employer and a union that is not listed in an attached Appendix,
- (b) any individual who is first employed by the Employer prior to January 1, 2004 in employment not subject to a collective bargaining agreement listed in the Appendices and who is not paid from the payroll processed from the Ceridian Corporation as of August 8, 2003 or the date when first employed by the Employer, if later,
- (c) any individual who is first employed by the Employer on or after January 1, 2004 in employment not subject to a collective bargaining agreement listed in the Appendices unless such individual is assigned when first employed by the Employer to:
 - (i) one of the following plant locations: Golden, CO Carton; Centralia, IL Laminations; Centralia, IL Carton; Lawrenceburg, TN Carton; North Portland, OR Carton; Tuscaloosa, AL Laminations; Wausau, WI Carton; Bow, NH Carton; Charlotte, NC Carton; Fort Smith, AR Carton; Gordonsville, TN Carton; Kalamazoo, MI Carton; Kalamazoo, MI Board Mill; Kendallville, IN Carton; Lumberton, NC Carton; Menasha, WI Carton; Mitchell, SD Carton; Richmond, VA Carton; Garden Grove, CA Carton; or
 - (ii) either of the following divisions, but not a specified plant location: Performance Packaging Division and Universal Packaging Division;
- (d) any individual (i) who provides services to the Employer under an agreement, contract, or any other arrangement pursuant to which the individual is initially classified as an independent contractor or (ii) whose remuneration for services has not been treated initially as subject to the withholding of federal income tax pursuant to Section 3401 of the Code even if the individual described in (i) or (ii) is subsequently reclassified as a common law employee as a result of a final decree of a court of competent jurisdiction or the settlement of an administrative or judicial proceeding,
- (e) any Leased Employees, except solely for the purposes of applying the nondiscrimination requirements of Section 414(n)(3) of the Code, Employee shall include leased employees within the meaning of Section 414(n)(2) of the Code. Notwithstanding the foregoing, if such leased employees constitute less than twenty percent of the Employer’s or Affiliated Employer’s non-highly compensated workforce within the meaning of Section 414(n)(5)(C)(ii) of the

Code, Employee shall not include those leased employees covered by a plan described in Section 414(n)(5) of the Code,

- (f) any individual covered by any other private qualified defined benefit retirement plan contributed to by an Affiliated Employer for the period of such coverage,
- (g) a non-resident alien who either (i) receives no earned income (within the meaning of Section 911(d)(2) of the Code) from the Employer or any Affiliated Employer that constitutes income from sources within the United States (within the meaning of Section 861(a)(3) of the Code) or (ii) receives earned income from the Employer or an Affiliated Employer that constitutes income from sources within the United States, but such income is exempt from United States income tax by an income tax treaty or convention,
- (h) any individual covered by the ACX Technologies, Inc. Retirement Plan for the period such coverage is in effect, and
- (i) any individual employed by the Employer or an Affiliated Employer for the period prior to the adoption of the Plan by the Employer or Affiliated Employer, unless specifically provided otherwise in the Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1.21 Normal Retirement Date** means the date identified in the applicable Appendix.
- 1.22 Pension** means the annual or monthly amount payable to a Member or his Beneficiary, determined under the benefit formula specified in the applicable Appendix.
- 1.23 Plan Sponsor** means Graphic Packaging International, Inc. or any successor by merger, purchase or otherwise.
- 1.24 Plan Year** means the calendar year.
- 1.25 Required Beginning Date** means April 1 of the calendar year following the later of (a) the calendar year in which the Member attains age 70 ¹/₂ or (b) the calendar year in which the Member retires; provided, however, that the Required Beginning Date for a Member who is a five percent owner (as defined in Section 1.401(a)(9)-2, Q&A-2(c) of the U. S. Treasury Department regulations) is April 1 of the calendar year following the calendar year in which the Member attains age 70 ¹/₂.
- 1.26 Retirement Committee** means a committee composed of at least three persons named by the Board of Directors to administer and supervise the Plan as provided in Article 5.
- 1.27 Spousal Consent** means written consent given by a Member's Spouse to an election made by the Member which specifies the form of Pension and Beneficiary designated by the Member. Spousal Consent shall be duly witnessed by a notary public or Plan representative, and shall acknowledge the effect on the Spouse of the Member's election. Once given, Spousal Consent may not be revoked after the Annuity Starting Date. The requirement for Spousal Consent may be waived by the Retirement Committee if it is established to its satisfaction that there is no Spouse, or that the Spouse cannot be located, or because of such other circumstances as may be established by applicable law. Spousal Consent shall be applicable only to the particular Spouse who provides such consent.
- 1.28 Spouse** means a person of the opposite sex of the Member who is the Member's husband or wife as provided in the Defense of Marriage Act of 1996 .
- 1.29 Stability Period** means the Plan Year in which occurs the Annuity Starting Date for the distribution.
- 1.30 Statutory Compensation** means compensation from the Employer or any Affiliated Employer as defined in U.S. Treasury Department regulation section 1.415(c)-2(d)(4) (i.e., Information required to be reported under Sections 6041, 6051 and 6052 of the Code ("W-2 Pay") of the Code plus amounts that would be included in wages but for an election under Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code). For Plan Years beginning on or after July 1, 2007, the preceding definition of compensation shall be modified as required under the provisions of U.S. Treasury Department regulation section 1.415(c)-2(e) and shall include all amounts permitted to be recognized under the provisions of U.S. Treasury Department regulation section 1.415(c)-2(e)(2) and (3) and, effective on and after January 1, 2009, U.S. Treasury regulation section 1.415(c)-2(e)(4). For purposes of applying the top-heavy provisions under Section 3.3 and effective for Plan Years beginning on and after July 1, 2007, for

purposes of applying the maximum benefit limitations under Section 3.2, Statutory Compensation shall not exceed the limitation on compensation under Section 401(a)(17) of the Code.

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

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

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

ARTICLE 2. BENEFIT AND PAYMENT PROVISIONS

2.1 Participation

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

2.2 Benefit Provisions

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

2.3 Election of an Optional Form of Pension

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

(a) Election of Optional Forms.

- (i) Election. During the election period specified in paragraph (c), a Member may elect to convert the Pension otherwise payable to him into an optional Pension of Equivalent Actuarial Value, as provided in one of the options specified in the applicable Appendix.
- (ii) Spousal Consent. A married Member's election of any option shall only be effective if Spousal Consent to the election is received by the Retirement Committee, unless:
 - (A) the option provides for monthly payments to his Spouse for life after the Member's death, in an amount equal to at least 50%, but not more than 100%, of the monthly amount payable under the option to the Member, and
 - (B) the option is of Equivalent Actuarial Value to the Qualified Joint and Survivor Annuity (as defined in the applicable Appendix).

- (b) Notice. The Retirement Committee shall furnish to each Member a written notice explaining in nontechnical language the terms and conditions of the Pension payable to the Member in the optional forms described in the applicable Appendix. Such explanation shall include a general description of the eligibility conditions for, and the material features and relative values of, the optional forms of Pensions under the Plan, any rights the Member may have to defer commencement of his Pension, the consequences of the Member's failure to defer, the requirement for Spousal Consent as provided in paragraph (a)(ii), and the right of the Member to make, and to revoke, elections under this Section. Generally, the notice shall be provided not less than 30 days and no more than 90 days before the Member's Annuity Starting Date, provided, however, the notice may be furnished after the Annuity Starting Date. Notwithstanding the preceding

sentence, a Member may not elect an Annuity Starting Date that precedes his receipt of the required notice referred to in this paragraph (b):

- (i) with respect to Appendices 1 and 10, unless the written notice as described above was not provided on a timely basis (i) due to an administrative error as determined by the Retirement Committee on a basis uniformly applicable to all Members similarly situated, or (ii) due to an involuntary termination of employment, and
 - (ii) with respect to Appendices 2 through 9, if the Annuity Starting Date occurs on or after July 1, 2010, unless the written notice as described above was not provided on a timely basis (i) due to an administrative error determined by the Retirement Committee on a basis uniformly applicable to all Members similarly situated, or (ii) due to an involuntary termination of employment.
- (c) Timing of Election. An election of an optional form shall be made on a form provided by the Retirement Committee and may be made at any time during the period beginning on the date the Member receives the notice and ending on the Member's Annuity Starting Date. Notwithstanding the foregoing, an election received after the Annuity Starting Date shall be deemed to have been made within the election period if (i) the written explanation described in paragraph (b) is provided to the Member at least 30 days before the Annuity Starting Date, (ii) the Member's election is made and notarized before the Annuity Starting Date, and (iii) the Member's completed election form is received by the Retirement Committee within 90 days after the date the written explanation is provided to the Member.

Notwithstanding the foregoing, a Member (i) whose employment is involuntarily terminated by the Employer or (ii) whose receipt of the written notice was delayed due to administrative error as provided under paragraph (b) above, or (iii) who is entitled to a benefit under Appendices 2 through 9 and whose Annuity Starting Date occurs prior to July 1, 2010, may affirmatively elect to have his Pension commence sooner than 30 days following his receipt of the notice, provided all of the following requirements are met:

- (i) the Retirement Committee clearly informs the Member that he has a period of at least 30 days after receiving the notice to decide when to have his benefits begin, and, if applicable, to choose a particular optional form of payment;
- (ii) the Member affirmatively elects a date for his Pension to begin and, if applicable, an optional form of payment, after receiving the notice;
- (iii) the Member is permitted to revoke his election until the later of his Annuity Starting Date or at any time prior to the commencement of benefit payments;

- (iv) payment does not commence sooner than seven days following the day after the notice is received by the Member, nor more than 90 days following the day after the notice is received by the Member (except that the 90-day period may be extended due to administrative delay); and
- (v) in the event a Member elects an Annuity Starting Date that precedes the date he received the notice (the “retroactive Annuity Starting Date”) under the provisions of paragraph (b) above, the following requirements are met:
 - (A) with respect to an election made by a Member who is involuntarily terminated by the Employer, the retroactive Annuity Starting Date is within the 120-day period following the Member’s termination of employment with the Employer and all Affiliated Employers;
 - (B) the Member’s benefit, including any interest adjustment, must satisfy the provisions of Section 415 of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if the form of payment is not subject to the provisions of Section 417(e)(3) of the Code and payments commence within 12 months of the Member’s retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date;
 - (C) if payment is made in the form of an annuity that is not subject to the provisions of Section 417(e)(3) of the Code, a payment equal in amount to the sum of the monthly payments that the Member would have received during the period commencing on his retroactive Annuity Starting Date and ending with the month preceding his actual commencement date, plus interest at the rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually, shall be paid to the Member on his actual commencement date;
 - (D) Spousal Consent to the retroactive Annuity Starting Date is required for such election to be effective unless:
 - (I) the amount of the survivor annuity payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member is no less than the amount the Spouse would have received under the Qualified Joint and Survivor Annuity (as defined in the applicable Appendix) if the date payments commence were substituted for the retroactive Annuity Starting Date; or
 - (II) the Member’s Spouse on his retroactive Annuity Starting Date is not his Spouse on his actual commencement date

and is not treated as his Spouse under a qualified domestic relations order; and

(E) if the Member elects payment in the form of payment subject to the provisions of Section 417(e)(3):

(I) the monthly amount shall not be less than the amount that would have been paid in the same form on the retroactive Annuity Starting Date if the benefit amount had been calculated using the IRS Interest Rate and the IRS Mortality Table in effect on the actual commencement date; and

(II) interest shall be credited in the same manner as described under clause (C) above.

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

2.4 Beneficiary Designations

(a) Designation . Each Member may designate a primary beneficiary and a contingent beneficiary to receive a death benefit that may become payable under this Plan other than a death benefit payable only to a surviving Spouse. A designation of anyone other than the Spouse as the sole Beneficiary shall not be effective unless the Spouse consents in a writing that is witnessed by a notary public or Plan representative. Beneficiary designations shall be made on forms furnished by the Retirement Committee and shall become effective only when filed with the Retirement Committee. Except as otherwise provided in the applicable Appendix, if the Member survives all primary and contingent Beneficiaries or if the Member dies without a valid beneficiary designation, any death benefits shall be paid to his surviving Spouse, or if none, to his estate.

(b) Proof of Death . A copy of the Member's death certificate shall be sufficient proof of death for purposes of this Plan, and the Retirement Committee shall be fully protected in relying thereon. In the absence of a death certificate, the Retirement

Committee may rely on such other evidence of death as it deems necessary or appropriate.

- (c) 120-Hour Survival Requirement. A Beneficiary who does not survive the Member by at least 120 hours shall be deemed to have predeceased the Member. Any benefit payable to such Beneficiary shall be paid to the next designated Beneficiary, or if there is no Beneficiary shall be paid pursuant to paragraph (a) above.

2.5 Pension Payout Rules

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

2.6 Distribution Limitation

Notwithstanding any other provisions of the Plan, all distributions from the Plan shall conform to the regulations issued under Section 401(a)(9) of the Code, including the incidental death benefit provisions of Section 401(a)(9) of the Code. Further, such regulations shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code. If a Member dies after Pension payments have commenced, any payments continuing on to his Spouse or Beneficiary shall be distributed at least as rapidly as under the method of distribution being used as of the Member's date of death. With respect to distributions under the Plan made on or after January 1, 2001 ("New Reg Effective Date") for calendar years beginning on or after January 1, 2001 and prior to January 1, 2006, the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with the regulations under Section 401(a)(9) of the Code that were proposed on January 17, 2001 (the "2001 Proposed Regulations"), notwithstanding any provision of the Plan to the contrary. If the total amount of required minimum distributions made to a Member for 2001 prior to the New Reg Effective Date are equal to or greater than the amount of required minimum distributions determined under the 2001 Proposed Regulations, then no additional distributions are required for such Member for 2001 on or after such date. If the total amount of required minimum distributions made to a Member for 2001 prior to the New Reg Effective Date are less than the amount determined under the 2001 Proposed Regulations, then the amount of required minimum distributions for 2001 on or after such date will be determined so that the total amount of required minimum distributions for 2001 is the amount determined under the 2001 Proposed Regulations.

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

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

(iii) "Life expectancy" is life expectancy as computed using the Single Life Table in Section 1.401(a)(9)-9 of the U. S. Treasury Department regulations.

2.7 Suspension of Benefits

- (a) Suspension. Subject to the provisions of the applicable Appendix, a Member's benefits shall, for purposes of this Section 2.7, be deemed to have been suspended for any month in which the Member remains employed after reaching his Normal Retirement Date and before reaching his Required Beginning Date.

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

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

- (b) Amount Suspended. The amount suspended shall be an amount equal to the monthly benefit payment that would have otherwise been payable, but not more than would have been payable as a single life annuity.

- (c) Resumption of Payment . If benefit payments have been suspended, then, unless a Member elects a later commencement date pursuant to the provisions of the applicable Appendix, payments shall resume no later than the first day of the third calendar month in which the Employee ceases to be employed or, if earlier, the Employee's Required Beginning Date. The initial payment upon resumption shall include (i) the payment scheduled to be made in the calendar month when payments resume and (ii) any amounts withheld during the period between the cessation of employment and the resumption of payments, less any offset provided under paragraph (a) above.
- (d) Exception; Waiver of Participation . A retired Member who is re-employed as an Eligible Employee may elect to waive participation in the Plan with the consent of his Spouse. All such waivers shall be in writing on a form furnished by the Retirement Committee, and all spousal consents shall satisfy the requirements of Section 2.3(a)(ii). Such a Member shall continue to receive his benefit payments and shall accrue no additional benefits under the Plan. A Member who has waived participation may later elect to participate if he then satisfies the requirements for participation by filing a written notice with the Retirement Committee. His benefit shall then be suspended under this Section 2.7 for each subsequent calendar month in which he completes at least 40 Hours of Service as an Eligible Employee.

2.8 Direct Rollovers

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

- (i) enter into a written agreement with each IRA provider setting forth the terms and conditions applicable to the establishment and maintenance of the IRAs in conformity with applicable law;
 - (ii) furnish Members with notice of the Plan's automatic rollover provisions, including, but not limited to, a description of the nature of the investment product in which the assets of the IRA will be invested and how the fees and expenses attendant to the IRA will be allocated, and a statement that a Member may roll over the assets of the IRA to another eligible retirement plan. Such notice shall be provided to Members in such time and form as shall be prescribed by the Retirement Committee in accordance with applicable law; and
 - (iii) fulfill such other requirements of the safe harbor contained in Department of Labor Regulation §2550.404a-2 and, if applicable, the conditions of Department of Labor Prohibited Transaction Class Exemption 2004-16.
- (c) Definitions. The following definitions apply to the terms used in this Section 2.8:
- (i) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:
 - (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more;
 - (B) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;
 - (C) any after-tax amount unless such amount is rolled over or transferred (i.e., directly rolled) to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or, effective on or after January 1, 2008, a Roth individual retirement account described in Section 408A(b) of the Code; or transferred (i.e., directly rolled over) to:
 - (1) a qualified defined contribution plan described in Section 401(a) of the Code;
 - (2) effective on and after January 1, 2007, any qualified plan described in Section 401(a) of the Code; or

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

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

- (ii) "Eligible retirement plan" means any of the following types of plans that accept the distributee's eligible rollover distribution:
- (A) a qualified plan described in Section 401(a) of the Code;
 - (B) an annuity plan described in Section 403(a) of the Code;
 - (C) an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively;
 - (D) effective January 1, 2002, an annuity contract described in Section 403(b) of the Code;
 - (E) effective January 1, 2002, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; and
 - (F) effective January 1, 2008, a Roth IRA described in Section 408A of the Code.
- (iii) "Distributee" means an employee or former employee. In addition, solely for purposes of paragraph (a) above, the employee's or former employee's surviving Spouse and the employee's or former employee's Spouse or former Spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code are distributees with regard to the interest of the Spouse or former Spouse; and
- (iv) "Direct rollover" means a payment by the Plan to the eligible retirement plan specified by the distributee.
- (d) Non-Spouse Beneficiary Rollover. Notwithstanding any provision of this Section to the contrary, effective as of January 1, 2010, the non-Spouse Beneficiary of a deceased Member may elect, at the time and in the manner prescribed by the Retirement Committee, to directly roll over any portion of a distribution that would constitute an eligible rollover distribution if it were made to a Member, Spouse or alternate payee, provided such direct rollover is made to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or a Roth IRA described in Section 408A of the Code (collectively, "IRA") that is established on behalf of the non-Spouse

Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Sections 402(c)(11) and 408(d)(3)(C)(ii) of the Code. Distributions under this paragraph that would have been eligible rollover distributions if made to a Member, surviving spouse or alternate payee will be treated as eligible rollover distributions for all purposes under the Code, regardless of whether the non-spouse Beneficiary elects to directly roll over such distribution.

ARTICLE 3. GOVERNMENTAL RESTRICTIONS

3.1 Maximum Annual Compensation Limitation

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

Unless otherwise provided under the Plan, each Code Section 401(a)(17) employee's accrued benefit under this Plan will be the greater of the accrued benefit determined for the employee under (a) or (b) below:

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

- (ii) the employee's accrued benefit determined under the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to the employee's years of service credited to the employee for Plan Years beginning on or after January 1, 1994, for purposes of benefit accruals.

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

3.2 Code Section 415 Limitations—Maximum Annual Pension

- (a) Maximum Pension. Notwithstanding any provisions of the Plan to the contrary, the benefits accrued by and payable to or on behalf of a Member under the Plan shall be subject to the maximum limitations set forth in Section 415 of the Code and any regulations or rulings issued thereunder. The increased limitations of Section 415(b) of the Code effective on and after January 1, 2002 shall apply to all current and former Members (with benefits limited by Section 415(b) of the Code) who have an Accrued Benefit under the Plan immediately prior to January 1, 2002 (other than an Accrued Benefit resulting from a benefit increase solely as a result of the increases in limitations under Section 415(b) of the Code) and whose Annuity Starting Date occurs on or after January 1, 2002.
- (b) Adjustment of Benefit and Maximum Dollar Limitation. If the benefit payable under the Plan would (but for this Section) exceed the limitations of Section 415 of the Code by reason of a benefit payable under another defined benefit plan aggregated with this Plan under Section 415(f) of the Code, the benefit under this Plan shall be reduced only after all reductions have been made under such other plan. As of January 1 of each calendar year beginning on or after January 1, 2002, the maximum dollar limitation shall be adjusted as indexed. Such adjustment of the maximum dollar limitation shall not apply to retired Members.
- (c) Limitation Year. For purposes of this Section 3.2, the limitation year shall be the calendar year.
- (d) Definition of Compensation. The term "compensation" for purposes of applying the applicable limitations under Section 415 of the Code with respect to any Member shall mean Statutory Compensation.

3.3 Top-Heavy Provisions

- (a) Definitions. The following definitions apply to the terms used in this Section:
 - (i) "Applicable Determination Date" means the last day of the preceding Plan Year;

- (ii) “Applicable Valuation Date” means the date within the preceding Plan Year as of which annual Plan costs are or would be computed for minimum funding purposes;
- (iii) “Average Statutory Compensation” means the average annual Statutory Compensation of a Member for the five consecutive years of his Vesting Service after December 31, 1983 during which he received the greatest aggregate remuneration from the Employer or an Affiliated Employer, excluding any Statutory Compensation for service after the last Plan Year with respect to which the Plan is top-heavy;
- (iv) “Key Employee” means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the applicable determination date was an officer of the Employer or an Affiliated Employer having Statutory Compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner (as defined in Section 416(i)(1)(B)(i) of the Code) of the Employer or an Affiliated Employer, or a 1-percent owner (as defined in Section 416(i)(1)(B)(ii) of the Code) of the Employer or an Affiliated Employer having Statutory Compensation greater than \$150,000 (the determination of who is a key employee shall be made in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder);
- (v) “Non-Key Employee” means any employee who is not a Key Employee;
- (vi) “Permissive Aggregation Group” means each plan in the Required Aggregation Group and any other qualified plan(s) of the Employer or an Affiliated Employer in which all members are non-key employees, if the resulting aggregation group continues to meet the requirements of Sections 401(a)(4) and 410 of the Code.
- (vii) “Required Aggregation Group” means each other qualified plan of the Employer or an Affiliated Employer (including plans that terminated within the five-year period ending on the determination date) in which there are members who are key employees or which enables the Plan to meet the requirements of Section 401(a)(4) or 410 of the Code; and
- (viii) “Top-Heavy Ratio” means the ratio of (A) the present value of the cumulative Accrued Benefits under the Plan for key employees to (B) the present value of the cumulative Accrued Benefits under the Plan for all key employees and non-key employees; provided, however, that if an individual has not performed services for the Employer or any Affiliated Employer at any time during the one-year period ending on the applicable determination date, any accrued benefit for such individual (and the account of such individual) shall not be taken into account; and provided further, that the present values of Accrued Benefits under the Plan for an

employee as of the applicable determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the one-year period (five-year period in the case of a distribution made for a reason other than severance from employment, death, or disability) ending on the applicable determination date and any distributions made with respect to the employee under a terminated plan which, had it not been terminated, would have been in the required aggregation group.

(b) Determination of Top Heavy Status .

- (i) The Plan shall be “top-heavy” if, as of the Applicable Determination Date, the Top-Heavy Ratio exceeds 60 percent. The Top-Heavy Ratio shall be determined as of the Applicable Valuation Date in accordance with Sections 416(g)(3) and (4)(B) of the Code on the basis of the interest rate and mortality table used in the actuarial valuation for the Plan for the applicable Plan Year.
 - (ii) For purposes of determining whether the Plan is top-heavy, the present value of accrued benefits under the Plan will be combined with the present value of accrued benefits or account balances under each other plan in the Required Aggregation Group. In the Employer’s discretion, accrued benefits or account balances under each plan in the Required Aggregation Group may be combined with the present value of accrued benefits or account balances under any other qualified plan(s) in the Permissive Aggregation Group.
 - (iii) The accrued benefit of a Non-Key Employee under the Plan or any other defined benefit plan in the aggregation group shall be:
 - (A) determined under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Employer or an Affiliated Employer, or
 - (B) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule described in Section 411(b)(1)(C) of the Code.
- (c) Consequences of Being Top Heavy . The following provisions shall be applicable to Members of Appendix 1 for any calendar year with respect to which the Plan is top-heavy:
- (i) In lieu of the vesting requirements specified in Appendix 1, a Member shall be vested in, and have a nonforfeitable right to, a percentage of his Accrued Benefit determined in accordance with the provisions of Appendix 1 and subparagraph (ii) below, as set forth in the following vesting schedule:

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

- (ii) The Accrued Benefit of a Member under Appendix 1 who is a Non-Key Employee shall not be less than two percent of his Average Statutory Compensation multiplied by the number of years of his Vesting Service, during the calendar years for which the Plan is top-heavy, but not in excess of 10. For purposes of the preceding sentence, years of Vesting Service shall be disregarded to the extent that such years of Vesting Service occur during a Plan Year when the Plan benefits (within the meaning of Section 410(b) of the Code) no key employee or former key employee. Such minimum benefit shall be payable at a Member's Normal Retirement Date. If payments commence at a time other than the Member's Normal Retirement Date, the minimum Accrued Benefit shall be of Equivalent Actuarial Value to such minimum benefit.
- (d) Cessation of Top Heavy Status. If the Plan is top-heavy with respect to a Plan Year and ceases to be top-heavy for a subsequent Plan Year, the following provisions shall be applicable:
- (i) The Accrued Benefit in any such subsequent Plan Year shall not be less than the minimum Accrued Benefit provided in subparagraph (c)(ii) above, computed as of the end of the most recent Plan Year for which the Plan was top-heavy.
 - (ii) If a Member has completed three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting schedule set forth in subparagraph (c)(i) above shall continue to be applicable.
 - (iii) If a Member has completed less than three years of Vesting Service on or before the last day of the most recent Plan Year for which the Plan was top-heavy, the vesting provisions of subparagraph (c)(i) shall continue to be applicable to the portion of his Accrued Benefit determined as of the last day of the Plan Year in which the Plan was top-heavy, and Section 5.5 of Appendix 1 shall again be applicable with respect to the remaining portion of his Accrued Benefit; provided, however, that in no event shall the vested percentage of such remaining portion be less than the percentage determined under subparagraph (c) (i) above as of the last day of the most recent Plan Year for which the Plan was top-heavy.

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

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

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

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

(e) Definitions. For purposes this Section, the following terms shall have the following meanings:

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

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

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

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

- (ii) “Highly Compensated Former Employee” means for a Plan Year any former employee of the Employer or an Affiliated Employer who had terminated employment prior to the Plan Year and who was a Highly

Compensated Employee for either the year of termination or any Plan Year ending on or after the employee's 55th birthday.

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

ARTICLE 4. CONTRIBUTIONS

4.1 Employer Contributions

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

4.2 Return of Contributions

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

4.3 Member Contributions

No contributions shall be accepted from any Member.

ARTICLE 5. ADMINISTRATION OF PLAN

5.1 Appointment of Retirement Committee

The general administration of the Plan and the responsibility for carrying out the provisions of the Plan shall be placed in a Retirement Committee of not less than three nor more than seven persons appointed from time to time by the Board of Directors to serve at the discretion of the Board of Directors. Any person who is appointed a member of the Retirement Committee shall signify his acceptance by filing written acceptance with the Board of Directors and the Secretary of the Retirement Committee. Any member of the Retirement Committee may resign by delivering a written resignation to the Board of Directors and the Secretary of the Retirement Committee. The Retirement Committee shall be a “named fiduciary” within the meaning of Section 402(a) of ERISA and shall carry out the duties of the “administrator” of the Plan as imposed by ERISA.

5.2 Administration of Retirement Committee

The members of the Retirement Committee shall elect a Chairperson from their number and a Secretary who may be, but need not be, one of the members of the Retirement Committee; may appoint from their number such subcommittees with such powers as they shall determine; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel, employ agents and provide for such clerical, accounting, consulting and actuarial services as they may require in carrying out the provisions of the Plan; and may allocate among themselves or delegate to other persons all or such portion of their duties under the Plan as they, in their sole discretion, shall decide.

5.3 Meetings

The Retirement Committee shall hold meetings upon such notice, at such place or places, and at such times as it may from time to time determine.

5.4 Majority to Govern

Any act which the Plan authorizes or requires the Retirement Committee to do may be done by a majority of its members. The action of such majority expressed from time to time by a vote at a meeting shall constitute the action of the Retirement Committee, and shall have the same effect for all purposes as if assented to by all members of the Retirement Committee serving at the time. Notwithstanding the foregoing, any action taken by the Retirement Committee in writing without a meeting shall require the unanimous written consent by all members of the Retirement Committee at the time in office.

5.5 Compensation and Bonding

No member of the Retirement Committee shall receive any compensation from the Plan for his services as such. Except as may otherwise be required by law, no bond or other security need be required of any member in that capacity in any jurisdiction.

5.6 Authority of Retirement Committee

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

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

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

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

5.7 Prudent Conduct

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

5.8 Actuary

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

5.9 Service in More Than One Fiduciary Capacity

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

5.10 Limitation of Liability

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

5.11 Indemnification

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

5.12 Expenses of Administration

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

ARTICLE 6. MANAGEMENT OF FUNDS

6.1 Trustee

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

6.2 Exclusive Benefit Rule

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

6.3 Appointment of Investment Manager

Except as provided in this Section 6.3, the Trustee shall have the power and authority to manage and invest the assets of the trust. The Retirement Committee may, at its discretion, appoint one or more investment managers (within the meaning of Section 3(38) of ERISA) to manage (including the power to acquire and dispose of) all or part of the assets of the Plan, as the Retirement Committee shall designate. In that event, authority over and responsibility for the management of the assets so designated shall be the sole responsibility of that investment manager and shall relieve the Trustee of any responsibility therefor.

ARTICLE 7. GENERAL PROVISIONS

7.1 Nonalienation and Qualified Domestic Relations Orders

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

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

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

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

7.2 Conditions of Employment Not Affected by Plan

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

7.3 Facility of Payment

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

7.4 Information

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

7.5 Construction

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

7.6 Prevention of Escheat

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

7.7 Electronic Transmission of Notices to Members

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

7.8 Limitation on Benefits In the Event of a Liquidity Shortfall

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

7.9 Limitation Based on Funded Status of the Plan

Notwithstanding any provision of the Plan to the contrary, the following provisions shall apply as required by Section 436 of the Code effective for Plan Years beginning on or after January 1, 2010, except to the extent the exception under Section 436(d)(4) of the Code applies:

- (a) In the event the Plan's adjusted funding target attainment percentage for a Plan Year is less than 60 percent, benefit accruals shall cease during the period benefit accruals are restricted under the provisions of Section 436(e) of the Code. The benefit accruals that were not permitted to accrue pursuant to the application of the provisions of the preceding sentence shall be restored automatically as of the 436

measurement date the limitations under Section 436(e) of the Code cease to apply, if (i) the continuous period of the limitation is 12 months or less, and (ii) the Plan's enrolled actuary certifies that the adjusted funding target attainment percentage for the Plan would not be less than 60 percent taking into account the restored benefit accruals for the prior Plan Year.

- (b) In the event the Plan's adjusted funding target attainment percentage for a Plan Year falls below the threshold defined under Section 436(d)(1) and/or (3) of the Code, the Trustee shall, as directed by the Retirement Committee, cease payment of any prohibited payment during the period specified in, and to the extent necessary to comply with the provisions of Section 436(d) of the Code.
- (c) In no event shall a prohibited payment be paid during any period the Employer is a debtor in a case under Title 11, United States Code, or similar federal or state law, to the extent necessary to comply with the provisions of Section 436(d)(2) of the Code.
- (d) In no event shall an amendment that has the effect of increasing liabilities of the Plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable become effective during the period such amendment would violate the provisions of Section 436(c) of the Code.
- (e) If an optional form of benefit that is otherwise available under the terms of the Plan is not available because of the application of Section 436(d)(1) or (2) of the Code, the Member or Beneficiary, as applicable, shall be eligible to elect another form of benefit available under the Plan or to defer payment to a later date (to the extent permitted under applicable qualification requirements).
- (f) If an optional form of benefit that is otherwise available under the terms of the Plan is not available because of the application of Section 436(d)(3) of the Code, a Member or Beneficiary, as applicable, shall be eligible to defer his entire payment to a later date (to the extent permitted under applicable qualification requirements) or to bifurcate the benefit into unrestricted and restricted portions. If a Member or Beneficiary elects to bifurcate the benefit, the Member or Beneficiary shall be eligible to elect, with respect to the unrestricted portion of the benefit, any optional form otherwise available under the Plan with respect to the Member's or Beneficiary's entire benefit and in such a case, if the Member or Beneficiary elects payment of the unrestricted portion of the benefit in the form of a prohibited payment, the Member or Beneficiary shall be eligible to elect to receive payment of the restricted portion of the benefit in any optional form of benefit under the Plan that is not a prohibited payment and that would have been permitted with respect to the Member's or Beneficiary's entire benefit.

For purposes of this Section, the terms "adjusted funding target attainment percentage," "prohibited payment," "unrestricted portion of the benefit," and "restricted portion of the benefit" shall have the meanings given under Section 436 of the Code, the regulations thereunder, and any applicable Internal Revenue Service guidance.

In the event that the provisions of this Section 7.9 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section or any applicable part thereof shall be ineffective without the necessity of further amendments to the Plan.

7.10 Limitations on Unpredictable Contingent Event Benefit

Notwithstanding any provision of the Plan to the contrary, with respect to Plan Years beginning on or after January 1, 2010, if a Member or Beneficiary is entitled to an “unpredictable contingent event benefit” (as defined under Section 436(b) of the Code) with respect to any event occurring during any Plan Year, such unpredictable contingent event benefit shall not be provided to such Member or Beneficiary if the Plan’s adjusted funding target attainment percentage (as defined in Section 7.9) for such Plan Year is less than 60 percent or would be less than 60 percent taking into account such occurrence; provided, however, that such unpredictable contingent event benefit shall become payable if and when the Plan meets the exemption under Section 436(b)(2) of the Code.

In the event that the provisions of this Section 7.10 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section or any applicable part thereof shall be ineffective without the necessity of further amendments to the Plan.

7.11 Revision of the Plan and Applicability of Plan Provisions

The provisions of the Plan as set forth herein are effective as of January 1, 2009, except that certain provisions shall have an earlier or later effective date as specifically set forth in the Plan, in the resolution adopting the amendment, or as follows:

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

Any questions concerning eligibility for and the amount of pension and any other right or limitation set forth herein which calls for a determination as to a time on or after January 1, 2009 shall be determined in accordance with the provisions of this Plan as may be amended and in effect from time to time, and any questions concerning such matters which call for a determination under the Plan as to a time prior to January 1, 2009 shall be determined in accordance with the provisions of the Plan effective as of the Member’s date of termination and taking into account any amendments effective retroactive to such date in accordance with the provisions of this Section or other provisions of the Plan, except as otherwise specifically provided in the Plan or as otherwise required by law.

ARTICLE 8. AMENDMENT, MERGER AND TERMINATION

8.1 Amendment of Plan

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

8.2 Merger or Consolidation

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

8.3 Additional Participating Employers

- (a) If any company is now or becomes a subsidiary or associated company of the Employer, the Board of Directors may, at its discretion and upon appropriate action, include the employees of that company in the membership of the Plan upon appropriate action by that company necessary to adopt the Plan. In that event, or if any persons become Employees of the Employer or an Affiliated Employer as the result of merger or consolidation or as the result of acquisition of

all or part of the assets or business of another company, the Board of Directors shall determine to what extent, if any, credit shall be granted for previous service with the subsidiary, associated or other company, but subject to the continued qualification of the Plan and trust under the Code.

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

8.4 Termination of Plan

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

IN WITNESS WHEREOF, the Graphic Packaging International, Inc. Retirement Committee has caused this Plan to be duly executed this _____ day of _____, 2009.

ATTEST:

Graphic Packaging International, Inc.
Retirement Committee

/s/ Lori J. Shapiro
Assistant Secretary

By: /s/ Daniel J. Blount
Daniel J. Blount

By: /s/ Cindy Baerman
Cindy Baerman

By: /s/ Kevin R. Wolff
Kevin R. Wolff

(CORPORATE SEAL)

CERTAIN HISTORICAL PROVISIONS

The purpose of this Section is to record, for historical purposes, certain provisions which are no longer applicable to active Members in the Plan as of January 1, 2008, the effective date of the Plan's restatement.

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

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

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

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

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

(a) individuals employed by ACX, Golden Technologies Company, Inc., Golden Aluminum Company, Graphic Packaging Corporation, MicroLithics Corporation, ZeaGen, Inc., Coors Porcelain Company, Alpha Optical Systems, Inc., Alumina Ceramics, Inc., Coors Ceramicon Design, Ltd., Coors

Ceramics GmbH, Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. (collectively, the “ACX Companies”) on December 28, 1992, and (b) individuals who were not employed by ACX, its subsidiaries, Adolph Coors Company or its subsidiaries on December 28, 1992, but whose last employer among such companies was an ACX Company.

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

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

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

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

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

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

Participating Employers. The following entities participated in the Plan:

<u>Graphic Employers</u>	<u>Participation Date</u>
Golden Technologies Company, Inc.	12/28/1992 through 12/31/2000
Golden Equities, Inc.	12/28/1992 through 12/31/1999
Graphic Packaging Folding Carton Sales, Inc.	1/1/1998 through 12/30/1999
Graphic Packaging Michigan, Inc.	8/2/1999 through 12/31/1999
Recycled Paperboard Mill, Inc.	8/2/1999 through 12/30/1999
Universal Packaging Corporation	1/1/2000 through 12/31/2000
Graphic Packaging Corporation of Virginia	1/1/2000 through 6/30/2000
CLM2, Inc.	12/28/92 through 12/31/1998
Chronopol, Inc.	12/28/92 through 12/31/1998
GTC Nutrition Company	12/28/92 through 6/30/1999
Golden International, Inc. (formerly Photon Energy, Inc.)	12/28/92 through 12/31/1998
Graphic Packaging Corporation of Colorado, Inc.	1/1/98 through 12/31/1998
Graphic Packaging Flexible Sales, Inc.	1/1/98 through 6/30/1999
Graphic Packaging Tennessee, LP	1/1/98 through 6/30/1999
Graphic Packaging Corporation	12/28/1992 through 8/7/2003
Graphic Packaging International Corporation (formerly ACX Technologies, Inc.)	12/28/1992 through 8/7/2003
<u>Golden Aluminum Employers</u>	<u>Participation Date</u>
Golden Aluminum Company	12/28/92 through 3/1/1997
GAC Aluminum Corporation (formerly Golden Aluminum Company)	8/23/99 through 11/5/1999
<u>Ceramics Employers</u>	<u>Participation Date</u>
CoorsTek, Inc. (formerly Coors Porcelain Company)	12/28/92 through 8/31/1999
Alumina Ceramics, Inc.	12/28/92 through 8/31/1999
Coors Technical Ceramics Company	12/28/92 through 8/31/1999
Coors Wear Products, Inc.	12/28/92 through 8/31/1999
Wilbanks International, Inc.	12/28/92 through 8/31/1999
Coors Electronic Package Company	12/28/92 through 12/31/1998

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

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

The following provision reflects the historical changes to the Plan's definition of Plan Year:

- C. **Plan Year** means the fiscal year of the Plan, which shall be the calendar year, except that the first Plan Year shall begin December 28, 1992 and end December 31, 1993, and for purposes of Title I of ERISA only, the first Plan Year shall begin December 28, 1992 and end December 31, 1992. Furthermore, the first Plan Year with respect to Appendices 2, 3, 4, 5, 6, 7, 8, and 9 shall be the period commencing August 2, 1999 and ending December 31, 1999.
- D. The following provisions reflect the Plan's requirement for Member contributions under Appendix 1 prior to December 1, 1976:

Member Contributions

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

APPENDIX 1

ALL NONUNION EMPLOYEES

All Nonunion Employees
January 1, 2009

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All Nonunion Employees	
January 1, 2009	

ARTICLE 1. DEFINITIONS

In addition to the definitions contained in the Core Document, the following words and phrases when used in this Appendix 1 shall have the following meanings, unless a different meaning is plainly required:

1.1 Average Final Salary means the annual Pensionable Earnings of a Member paid during the four consecutive Plan Years in the last 10 Plan Years of the Member's Benefit Service affording the highest average, subject to the following rules:

- (a) If a period of layoff, approved medical leave or workers' compensation leave is included in the last 10 Plan Years of a Member's Benefit Service, Pensionable Earnings shall include, for that period, an amount based on Pensionable Earnings in effect for the calendar year prior to that period.
- (b) If a Member is entitled to Benefit Service on account of a period of service in the uniformed services of the United States, the Member shall be deemed to have earned Pensionable Earnings during the period of absence at the rate he would have received had he remained employed as an Eligible Employee for that period or, if such rate is not reasonably certain, on the basis of the Member's rate of compensation during the 12-month period immediately preceding such period of absence (or if shorter, the period of employment immediately preceding such period).
- (c) In the case of an Employee who is rehired, the Employee's annual Pensionable Earnings during the year in which termination occurred and the year in which rehire occurred shall not be included as one of the last 10 calendar years of the Member's Benefit Service, unless such Pensionable Earnings are greater than the Pensionable Earnings in the calendar year preceding the year in which termination occurred.
- (d) If a Member completes less than four full Plan Years under the Plan, the Member's Pensionable Earnings for the portion of a Plan Year worked will be increased by annualizing base pay and adding other amounts actually paid during that Plan Year that are included as Pensionable Earnings. The Member's Pensionable Earnings will be annualized only for the initial year of employment if that results in four full Plan Years considered. Otherwise, the Member's Pensionable Earnings in the final year of employment will also be annualized.
- (e) If using the Pensionable Earnings paid to a Member in his final, partial calendar year of employment would produce an Average Final Salary that is greater than the Average Final Salary otherwise calculated, then his final, partial calendar year of employment shall be added to his last 10 calendar years in calculating his Average Final Salary.

Notwithstanding anything in this Section 1.1 to the contrary, with respect to Members who participated in the Universal Packaging Corporation Pension Plan prior to January 1, 2000, Average Final Salary shall only take into account Pensionable Earnings paid on and after January 1, 2000.

- 1.2 *Benefit Service*** means the period of an Eligible Employee's service considered in determining his Benefit Service as described in Article 2.
- 1.3 *Break in Service*** means a period which constitutes a break in an Employee's service as described in Section 2.4.
- 1.4 *Covered Compensation*** means for any Member, the average of the taxable wage bases in effect under Section 230 of the Social Security Act for each year in the 35-year period ending with the year in which the Member attains his Social Security Retirement Age. In determining a Member's Covered Compensation for any Plan Year, the taxable wage base for the current Plan Year and any subsequent Plan Year shall be assumed to be the same as the taxable wage base in effect as of the beginning of the Plan Year for which the determination is made.
- 1.5 *Disability or Disabled*** means a physical or mental condition rendering a Member totally and permanently disabled, as determined by eligibility for and receipt of disability benefits under the Employer's long-term disability plan. To the extent required by law, and to the extent the Retirement Committee is ruling on a claim for disability benefits, the Plan will follow, with respect to that claim, claims procedures required by law for plans providing disability benefits.
- 1.6 *Distribution Date*** means the opening of business on December 28, 1992. For purposes of this Plan, the opening of business shall be deemed to occur at 12:01 A.M. Mountain Standard Time on the Distribution Date.
- 1.7 *Eligible Employee*** means, for purposes of this Appendix 1, an Employee of the Employer whose employment is not subject to the provisions of a collective bargaining agreement.
- 1.8 *Equivalent Actuarial Value*** means a benefit having the same value as the benefit that such Equivalent Actuarial Value replaces. The Equivalent Actuarial Value shall be based on an annual interest rate of five percent per year, compounded annually, and the mortality table prescribed by Revenue Ruling 2001-62, unless otherwise specified below, or in another Section of this Appendix 1:
- (a) For purposes of calculating lump sum payments and a benefit payable in the form of a level income option under Section 6.2(g), the interest rate shall be the IRS Interest Rate and the mortality assumption shall be based on the IRS Mortality Table.
 - (b) Notwithstanding the above, in no event shall the benefit in an annuity form of payment available on or after January 1, 2007 be less than under such annuity form of payment on the Annuity Starting Date based on the Member's Accrued

Benefit as of December 31, 2006 and based on the terms of the Plan in effect on December 31, 2006 (including the actuarial equivalent factors in effect on that date under this Appendix 1). Further, the present value of a lump sum payment or a benefit payable under a level income option under Section 6.2(g) with an Annuity Starting Date occurring during the period beginning January 1, 2010 and ending December 31, 2010, shall not be less than the present value determined using the interest rate prescribed under Section 417(e)(3)(C) of the Code for the second full calendar month preceding the applicable Stability Period.

1.9 Former Fort James Non-Union Employee means an individual who was employed by Fort James Corporation or an entity related to Fort James Corporation on August 1, 1999 and who became an Employee of the Employer or a subsidiary of the Employer on August 2, 1999 pursuant to the purchase of assets from Fort James Corporation and whose employment was not subject to a collective bargaining agreement.

1.10 Hour of Service means:

- (a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer or an Affiliated Employer. Hours of Service under this paragraph shall be credited to the Employee for the computation period or periods in which the duties are performed, regardless of when the Employee is paid for such duties.
- (b) Each hour for which an Employee is paid or entitled to payment by the Employer or an Affiliated Employer on account of a period 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. Hours of Service under this paragraph shall be credited to the Employee for the computation period or periods in which the period during which no duties are performed occurs, beginning with the first unit of time to which the payment relates. Notwithstanding the preceding sentence, an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed shall not be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, unemployment compensation, or disability insurance laws.
- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer or an Affiliated Employer. Hours of Service under this paragraph shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made. The same Hours of Service shall not be credited both under this paragraph and either paragraph (a) or paragraph (b).

- (d) In the case of each Employee who is absent from work for any period by reason of a Parental Leave, the Plan shall treat as Hours of Service, solely for purposes of determining whether a one-year Break in Service has occurred, the following hours: (i) the Hours of Service that otherwise would normally have been credited to such Employee but for such absence, or (ii) in any case in which the Plan is unable to determine the hours described in clause (i), eight Hours of Service per day of such absence, provided, however, that the total number of hours treated as Hours of Service under this paragraph shall not exceed 501 Hours of Service. The hours described in this paragraph shall be treated as Hours of Service only in the year in which the absence from work begins, if an Employee would be prevented from incurring a one-year Break in Service in such year solely because the period of absence is treated as Hours of Service as provided in this paragraph, or in any other case, in the immediately following year. For purposes of this paragraph, the term “year” means the period used in computing a Break in Service. Notwithstanding the foregoing, the Retirement Committee may determine that no credit will be given pursuant to this paragraph unless the Employee furnishes to the Retirement Committee such timely information as the Retirement Committee may reasonably require to establish that the absence from work is for reasons referred to in the first sentence of this paragraph and the number of days for which there was such an absence.
- (e) In the event no Employer record exists for a period for which Hours of Service must be credited under the provisions of this Appendix 1, an Employee shall be credited with 190 Hours of Service for each calendar month in which he is entitled to be credited with one Hour of Service under the provisions of this Appendix 1.
- (f) For purposes of calculating the Hours of Service to be credited to periods during which no duties are performed and determining the computation periods to which hours shall be credited, the rules set forth in paragraphs (b) and (c) of Department of Labor Regulation § 2530.200b-2 are hereby incorporated by reference as though such provisions were fully set forth herein.

1.11 *Leave of Absence* means any absence authorized by the Employer or an Affiliated Employer pursuant to standard personnel practices, provided that all individuals in similar circumstances be treated alike in the granting of such Leaves of Absence, and provided further that the Member returns to active employment with the Employer or an Affiliated Employer (whether or not as an Eligible Employee), dies, or retires within the period specified in the authorized Leave of Absence.

1.12 *Normal Retirement Age* means an Employee’s 65th birthday .

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

1.14 *Participation Service* means the period of employment used in determining eligibility to participate in the Plan as described in Article 2.

1.15 *Pensionable Earnings* means:

- (a) On and After January 1, 2007. For periods of employment on and after January 1, 2007, Pensionable Earnings means the total cash remuneration paid to an Employee for services rendered to the Employer during the Plan Year, determined prior to any contributions made on the Employee's behalf by the Employer to any plans maintained by the Employer pursuant to Section 125, 132(f) or 401(k) of the Code, and including remuneration for items such as overtime, commissions, annual bonuses, profit incentive bonuses and President's awards; but excluding remuneration for items such as one-time bonuses, signing bonuses, all non-cash remuneration, living expenses, separation pay, the Employer's cost for any public or private employee benefit plan, any remuneration received under the Employer's Award for Special Merit Plan, and executive long-term cash incentive payments. If Pensionable Earnings is paid in foreign currency, they shall be taken at par of exchange on the date paid.

Unless specifically provided otherwise in this Appendix 1, Pensionable Earnings for a period of absence which is counted as Benefit Service shall be based on the Member's Pensionable Earnings for the calendar year prior to the period of absence.

Pensionable Earnings shall include, for any period during which the Member is accruing Benefit Service under the provisions of Section 5.4, an amount based on the greater of:

- (i) Pensionable Earnings received in the calendar year prior to the calendar year in which the Member is placed on the Employer's long-term disability plan, excluding Pensionable Earnings paid in lieu of vacation or holidays; or
- (ii) Pensionable Earnings, excluding Pensionable Earnings paid in lieu of vacation and holidays, for the calendar year in which the Member is placed on the Employer's long-term disability plan, plus base compensation that would have been paid from the date the Member is placed on the Employer's long-term disability plan through the end of that Plan Year.
- (b) Prior to January 1, 2007. For periods of employment prior to January 1, 2007, Pensionable Earnings means an Employee's base pay plus any salary reduction contributions made on the Employee's behalf by the Employer to any plans maintained by the Employer pursuant to Section 125 or 401(k) of the Code but excluding overtime, cash bonuses, and profit sharing pay. Pensionable Earnings shall not include amounts allocated and benefits paid under this Plan or any other

pension or profit sharing plan maintained by the Employer (other than salary reduction contributions pursuant to Sections 125 and 401 (k) of the Code).

(c) Compensation shall be subject to the annual compensation limitation set forth in Section 3.1 of the Core Document.

- 1.16 *Period of Severance*** means the period of time commencing on the Severance Date and ending on the date on which the Employee next performs an Hour of Service for the Employer or an Affiliated Employer. An Employee will incur a one-year Period of Severance for each twelve months in his Period of Severance and a fractional year for each Period of Severance of fewer than twelve months.
- 1.17 *Qualified Joint and Survivor Annuity*** means an annuity which is of Equivalent Actuarial Value to a Pension payable as a single life annuity and which is payable for the life of the Member with the provision that after the Member's death, a Pension equal to 50% of the amount payable to the Member shall continue to be paid monthly during the life of, and to, the Spouse to whom the Member was married on the earlier of his date of death or his Annuity Starting Date.
- 1.18 *Reemployment Commencement Date*** means the first date following a Period of Severance that is not required to be taken into account under this Plan, on which the Employee performs an Hour of Service for the Employer or an Affiliated Employer.
- 1.19 *Retirement Date*** means a Member's Normal, Late, or Early Retirement Date, whichever is applicable, as follows:
- (a) ***Normal Retirement Date*** means the first day of the calendar month coincident with or next following the date a Member attains age 65.
 - (b) ***Late Retirement Date*** means, in the case of a Member who continues in service after attaining his Normal Retirement Date, the first day of the calendar month next following the date of actual retirement.
 - (c) ***Early Retirement Date*** means the first day of the calendar month next following the date a Member shall retire after the Member has attained age 55 and has completed 10 or more years of Vesting Service. If a Member who has completed at least 10 years of Vesting Service attains age 55 on the first day of the month, such Member may elect to retire on the day prior to the date that the Member attains age 55 and commence receiving benefit payments as of the date that the Member attains age 55.
- 1.20 *Severance Date*** means the first to occur of (a) the date on which an Employee resigns, retires, is discharged, or dies, or (b) the last day of a Leave of Absence or, if later, the first anniversary of the first date of a period in which an Employee remains absent from service (with or without pay) with the Employer or an Affiliated Employer for any reason other than resignation, retirement, or discharge, such as vacation, holiday, sickness, leave of absence or layoff; provided however, that if the Employee is absent from service for more than one year because of a Parental Leave, the Severance Date shall be the second

anniversary of the first date of a period in which the Employee remains absent from service (with or without pay) with the Employer or an Affiliated Employer on account of such Parental Leave. Notwithstanding the foregoing, the period between the first and second anniversaries of the first day of absence from work on account of a Parental Leave is neither included in Vesting Service or Benefit Service nor treated as a Period of Severance.

1.21 Vesting Service means the period of an Eligible Employee's service considered in determining his Vesting Service as described in Article 2.

All Nonunion Employees
January 1, 2009

ARTICLE 2. SERVICE

2.1 Participation Service

An Employee shall be credited with one year of Participation Service for a twelve consecutive month period commencing on the date the Employee first performs an Hour of Service during which he receives credit for at least 1,000 Hours of Service or for a Plan Year in which the Employee receives credit for at least 1,000 Hours of Service. The first Plan Year used for this purpose shall be the Plan Year that contains the first anniversary of the date the Employee first performed an Hour of Service. The Participation Service for an Employee who terminates employment with the Employer and all Affiliated Employers, incurs a Break in Service, and is subsequently reemployed by the Employer or an Affiliated Employer shall be determined based on the date the Employee first performs an Hour of Service upon reemployment and shall include Participation Service earned prior to such Break in Service which is not lost pursuant to Section 2.5.

2.2 Vesting Service

An Employee's Vesting Service shall commence on the day the Employee first performs an Hour of Service (as defined in Section 1.10 (a)) upon initial employment or reemployment and shall end on the Employee's Severance Date. Vesting Service shall include the entire period of a Leave of Absence or while on layoff up to one year. In addition, if an Employee's employment is terminated and he is later reemployed within one year, the period between his Severance Date and the date of his reemployment shall be included in his Vesting Service.

The period during which an Employee is accruing Benefit Service under the provisions of Section 5.4 shall be included in the Employee's Vesting Service.

An Employee's Vesting Service shall be subject to the special provisions set forth in Schedule A.

2.3 Benefit Service

Benefit Service shall mean a period of employment with the Employer rendered as an Eligible Employee beginning on the date the Employee first completes an Hour of Service and ending on the Employee's Severance Date, subject to the following provisions of this Section 2.3.

(a) Benefit Service shall include:

- (i) Any period of absence from active service with the Employer due to service in the uniformed services of the United States if he returns to the service of the Employer having applied to return while his reemployment rights are protected by law and provided such period of service is required to be recognized under applicable law.

- (ii) Any period during which an Employee is on an approved Leave of Absence, including a parental leave as described in Section 1.10(d) and layoff, up to one year.
 - (iii) In the case of an Employee who meets the requirements for a Disability Benefit under Section 5.4, the period of service recognized as Benefit Service under the provisions of Section 5.4.
 - (iv) An Employee shall be credited with one year of Benefit Service for each full 12 month period of Benefit Service and a fractional year of Benefit Service for a period of less than 12 months.
 - (v) Any period between a Severance Date and a reemployment date which is included in Vesting Service as provided in Section 2.2.
 - (vi) Any period included under the provisions of Schedule A.
- (b) Benefit Service shall not include:
- (i) Any period in which an Employee is not an Eligible Employee.
 - (ii) Any period excluded under the provisions of Section 2.5, 3.2 or 4.2(g).
 - (iii) Any period excluded under the provisions of Schedule A.

2.4 Breaks in Service

- (a) Vesting Service and Benefit Service. An Employee shall incur a one year Break in Service for each one year Period of Severance. However, if an Employee's employment is terminated because of a Parental Leave prior to the first anniversary of his last day worked, a Break in Service shall occur only if the Employee is not reemployed or does not return to active service within two years of his Severance Date; and provided further that the first 12 months following his Severance Date shall not be considered in determining the number of consecutive one year Breaks in Service in applying the provisions of Section 2.5.
- (b) Participation Service. An Employee shall incur a one year Break in Service for each Plan Year in which the Employee does not complete at least one Hour of Service. The first Plan Year used for this purpose is the Plan Year immediately following the Plan Year in which he first performed an Hour of Service for the Employer or an Affiliated Employer.
- (c) Prior Breaks in Service. Breaks in Service for periods prior to December 28, 1992 shall be determined under the provisions of the ACC Retirement Plan as in effect at the time the Break in Service occurred.

2.5 Loss of Service

- (a) Vesting Service and Benefit Service . An Employee who is not vested in any part of his Accrued Benefit and who incurs a Period of Severance shall lose credit for all Vesting Service and Benefit Service earned prior to his Severance Date if the number of consecutive one year Breaks in Service is greater than five.
- (b) Participation Service . A Member who is not vested in any part of his Accrued Benefit and incurs at least five consecutive one year Breaks in Service shall lose credit for Participation Service earned prior to the Break in Service.
- (c) Cash Outs . A Member who, following his termination of employment, receives his entire Accrued Benefit in one lump sum shall have his Benefit Service, upon which such lump sum was based, restored if he is subsequently reemployed by the Employer or an Affiliated Employer, provided that his retirement benefit payable upon his subsequent termination of employment shall be reduced by an amount of Equivalent Actuarial Value to the lump sum payment he received upon his prior termination of employment.

2.6 Credit for Periods of Military Service

Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Section 414(u) of the Code.

ARTICLE 3. PARTICIPATION

3.1 Participation — Required Service

Each Employee shall become a Member on the first day of the month coincident with or next following the later of (a) the completion of one year of Participation Service or (b) the date the Employee becomes an Eligible Employee.

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

3.2 Re-Employment

If, prior to becoming a Member, an Employee ceases to be an Eligible Employee or incurs a Break in Service of at least one year, the Employee shall, upon again becoming an Eligible Employee, become a Member following the completion of the participation requirements under Section 3.1.

A Member who ceases to be an Eligible Employee shall, upon again becoming an Eligible Employee, immediately become a Member if the Member had previously completed the participation requirements under Section 3.1 and his Participation Service is not lost under the provisions of Section 2.5(b).

Notwithstanding the preceding paragraphs of this Section, any employee who incurs a termination of service either before, or on or after January 1, 2008 and is rehired as an employee by the Employer on or after January 1, 2008 shall be ineligible to again become an active Member and shall be ineligible to receive future accruals under the terms of the Plan on and after his date of reemployment. Following his date of reemployment, the Accrued Benefit of such a Member shall be determined on the basis of his Average Final Salary, Covered Compensation and Benefit Service determined as of his prior termination of employment and under the benefit formula in effect on that date. Further any employee who becomes an Eligible Employee on or after January 1, 2008 on account of a transfer of employment to a position as an Eligible Employee shall be ineligible to become a Member under this Appendix 1.

ARTICLE 4. TRANSFERS

4.1 Applicability of Transfer Provisions

Anything contained herein to the contrary notwithstanding, the provisions of this Article 4 shall apply to any person who:

- (a) ceases to be an Eligible Employee but remains in the employ of the Employer or an Affiliated Employer as an employee,
- (b) becomes an Eligible Employee subsequent to having been in the employ of the Employer or an Affiliated Employer as an employee,
- (c) ceases to be an Eligible Employee of this Appendix 1 and becomes an Eligible Employee under another Appendix of the Plan,
- (d) ceases to be an Eligible Employee of another Appendix of the Plan and becomes an Eligible Employee under this Appendix 1,
- (e) ceases to be an Eligible Employee and becomes a Leased Employee, or
- (f) ceases to be a Leased Employee and becomes an Eligible Employee.

4.2 Rules to Calculate Benefits

- (a) Participation Service and Vesting Service. Participation Service and Vesting Service shall include all such service which was rendered while the person was an employee to the same extent that it would have been if the service had been rendered as an Eligible Employee, subject to the provisions of paragraph (f), if applicable.
- (b) Benefit Service. Benefit Service for purposes of computing a Member's Accrued Benefit shall include only that Benefit Service rendered while an Eligible Employee of this Appendix 1, unless specifically provided otherwise in this Appendix 1.
- (c) Compensation and Covered Compensation. Compensation shall only include Compensation earned while the person was employed as an Eligible Employee. Covered Compensation shall be determined at the time the person ceases to be an Eligible Employee.
- (d) Retirement or Termination While an Eligible Employee. The Pension payable with respect to a person who retires or terminates while an Eligible Employee under this Appendix 1 shall be determined in accordance with the benefit formula and other provisions of this Appendix 1 as in effect on his date of retirement or other termination of employment.

- (e) Retirement or Termination as Other Than an Eligible Employee. The Pension payable with respect to a person who retires or terminates his employment with the Employer and all Affiliated Employers subsequent to the satisfaction of the eligibility requirements for a Pension under this Appendix 1 but who is not an Eligible Employee on his date of retirement or other termination of employment shall be determined in accordance with the benefit formula and other provisions of this Appendix 1 as in effect on the date he ceased to be an Eligible Employee, unless the Plan specifically provides otherwise.
- (f) Application of Different Service Computation Methods. If an employee becomes an Eligible Employee under this Appendix 1 after having been an Eligible Employee under another Appendix of the Plan and as a result of his transfer, the methodology for computing his Vesting Service and/or Benefit Service is changed from the computation period method under the other Appendix to the elapsed time method under this Appendix 1, the rules described in Section 1.410(a)-7(f) of the U. S. Treasury Department regulations shall be applied in determining the Vesting Service and/or Benefit Service to be credited to the Eligible Employee to the extent such application would result in a greater benefit to the Member.
- (g) Transfers to Eligible Employee Status on or After January 1, 2008. Notwithstanding the preceding provisions of this Section 4.2 or any other provision of the Plan to the contrary, in the event an employee becomes an Eligible Employee under the circumstances described in Section 4.1(b), (d) or (f) above on or after January 1, 2008, such employee shall be ineligible to become a Member of this Appendix 1 and shall not be entitled to accrue any benefit under this Appendix 1.

ARTICLE 5. BENEFITS

5.1 Normal Retirement Pension

- (a) Eligibility. Every Member who attains his Normal Retirement Age while in the active service of the Employer or an Affiliated Employer shall be fully vested in his normal retirement Pension. A Member may retire from service on a normal retirement Pension beginning on his Normal Retirement Date, or he may remain in service in which event the provisions of Section 5.2 shall be applicable.
- (b) Commencement. The normal retirement Pension shall commence effective as of the Member's Normal Retirement Date unless the Member elects to postpone the commencement of his Pension until the first day of any later month. However, in no event shall a Member's Pension commence later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the provisions of Section 6.1(b), the annual amount of the normal retirement Pension payable upon retirement on the Member's Normal Retirement Date shall be equal to the sum of (i) and (ii) but not less than the greater of either (iii) or (iv):
- (i) 0.90% of Average Final Salary up to Covered Compensation plus 1.40% of Average Final Salary in excess of Covered Compensation multiplied by Benefit Service up to 35 years.
 - (ii) 1.20% of Average Final Salary multiplied by Benefit Service in excess of 35 years.
 - (iii) The Member's Accrued Benefit determined as of December 31, 2006 under the provisions of the Plan then in effect.
 - (iv) Solely with respect to a Member who completes at least one Hour of Service on or after September 30, 2007: \$1,200, less the annual normal retirement Pension provided under any other Appendix in this Plan (except Appendix 10) and any other qualified defined benefit retirement plans sponsored by the Employer.

However, the annual normal retirement Pension shall never be less than the greatest annual amount of reduced early retirement Pension which the Member could have received under Section 5.3 before his Normal Retirement Date, except to the extent permitted by law.

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

5.2 Late Retirement Pension

- (a) Eligibility. In the event a Member remains in service after his Normal Retirement Date, no Pension shall be payable during such continuance in service, subject to the provisions of Section 2.5(b) of the Core Document. Upon retirement on a Late Retirement Date, such Member shall be eligible to receive a monthly late retirement Pension.
- (b) Commencement. The late retirement Pension shall commence effective as of the Member's Late Retirement Date unless the Member elects to postpone the commencement of his Pension until the first day of any later month. However, in no event shall the Member's Pension commence later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the following provisions of this paragraph (c) and Section 6.1(b), the Member's late retirement Pension shall be an immediate Pension beginning on the Member's Late Retirement Date and shall be equal to (i) the amount determined in accordance with Section 5.1 based on the Member's Benefit Service, Average Final Salary and Covered Compensation as of his Late Retirement Date, or, if greater, (ii) an amount of Equivalent Actuarial Value to the Pension to which the Member would have been entitled under Section 5.1 if he had retired on his Normal Retirement Date, recomputed as of the first day of each subsequent Plan Year (and as of his actual Late Retirement Date) as if each such date were the Member's Late Retirement Date. In the event a Member retires on a Late Retirement Date but defers payment to a later date under the provisions of paragraph (b) above, the Member's Pension payable upon the later commencement date shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Late Retirement Date.

5.3 Early Retirement Pension

- (a) Eligibility. A Member who terminates employment with the Employer and all Affiliated Employers on or after his 55th birthday and before his Normal Retirement Date and is credited with at least 10 years of Vesting Service shall be entitled to receive an early retirement Pension.
- (b) Commencement. The early retirement Pension shall be a deferred Pension commencing as of the Member's Normal Retirement Date. However, the Member may elect to receive a reduced early retirement Pension effective as of the first day of any earlier month following the Member's termination of employment, provided that an election of an early payment date shall be subject to the notice and timing requirements set forth in Section 2.3 of the Core Document. Alternatively, the Member may elect to postpone commencement of his early retirement Pension to the first day of any month following his Normal Retirement Date, but in no event later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.

- (c) Amount. Subject to the provisions of Section 6.1(b), the monthly amount of the Member's early retirement Pension payable as of his Normal Retirement Date shall be equal to his Accrued Benefit determined as of the date of the Member's retirement. In the event the Member elects to defer commencement of his early retirement Pension beyond his Normal Retirement Date, the Member's Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Normal Retirement Date. In the event a Member elects to commence payment prior to his Normal Retirement Date, the Member's Pension payable as of the earlier commencement date shall be equal to his Accrued Benefit reduced by 5/12 of 1% for each month by which the commencement date of the Member's early retirement Pension precedes his Normal Retirement Date; provided, however, if the Member shall have 25 years of Vesting Service at his date of retirement, the Member's early retirement Pension shall be equal to the deferred Pension reduced by 5/12 of 1% for each month by which the commencement date of the Member's early retirement Pension precedes the first day of the calendar month coincident with or immediately following the Member's 62nd birthday. Notwithstanding the foregoing, in no event shall the Member's early retirement Pension commencing prior to his Normal Retirement Date be less than the Pension to which the Member would have been entitled under this Section based on his Accrued Benefit as of December 31, 2006 and payable at the earlier commencement date under the terms of the Plan as in effect on December 31, 2006.

5.4 Disability Benefit

- (a) Eligibility. A Member who terminates from employment with the Employer and all Affiliated Employers as an Eligible Employee on account of Disability shall be entitled to benefits as provided in this Section. A Member must file an application requesting a determination of Disability with the Retirement Committee prior to the Eligible Employee's termination of employment.
- (b) Commencement and Duration. In the event the Member remains Disabled until his Normal Retirement Date, he shall be entitled to a Pension payable in monthly installments commencing as of his Normal Retirement Date or as of such later date as of which the Member ceases to accrue Benefit Service under the provisions of paragraph (c) below. If the Member's Disability ceases prior to the Member's Normal Retirement Date, the Member's entitlement to benefits under this Plan shall be determined as provided under paragraph (c) below. A Member may also elect to postpone commencement of his Pension in accordance with the provisions of Section 5.1(b). However, payment shall commence no later than the Member's Required Beginning Date.
- (c) Amount. The amount of the Pension payable to a Member entitled to benefits under this Section shall be determined by (i) considering Benefit Service as if the Member's Benefit Service continued uninterrupted to the earlier of the date the Member's Disability ceases or the Member's Normal Retirement Date, provided, however, if the Member becomes Disabled after attaining age 60, the Member shall be entitled to accrue Benefit Service for a period of five years provided he

remains Disabled during that period, (ii) using the benefit formula in effect on the date the Member ceases to accrue Benefit Service under clause (i); and (iii) using Covered Compensation frozen as of the date the Member became Disabled (determined under the terms of the Plan and applicable law as in effect on that date).

However, in no event shall a Member's Pension payable under this Section on or after January 1, 2007 be less than the benefit the Member had accrued under the provisions of this Section as of December 31, 2006 under the terms of the Plan then in effect.

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

If the Member's Disability ceases before the Member's Normal Retirement Date, the Member shall cease to accrue any further benefits under this Section as of the date he ceases to be Disabled and his Pension shall be determined under Section 5.3 or 5.5, as applicable, but based on Covered Compensation frozen as of the date the Member became Disabled (determined under the terms of the Plan and applicable law as in effect on that date), and including the Benefit Service the Member accrued during the period the Member was receiving benefits under the Employer's long-term disability plan or, if applicable, would be receiving benefits but for a long-term disability plan age-based limitation on benefits which is different than the age-based limitation described in the preceding paragraph.

However, in no event shall the benefit of a Member who recovers from a Disability and returns to active employment as an Eligible Employee be less than the Pension computed as of the date of the Member's Disability (or as of December 31, 2006, if applicable).

- (d) Election of Benefit Commencement In Lieu of Continued Accruals . Notwithstanding the preceding provisions of this Section 5.4, if a Member who is accruing Benefit Service under the provisions of this Section meets the requirements to commence payment of a Pension under the provisions of Section 5.1, 5.2, 5.3 or 5.5 (including Vesting Service credited under this Section) as of the day before the Member's Annuity Starting Date, the Member may elect to cease further benefit accruals under the preceding provisions of this Section 5.4 and, in lieu thereof, elect to commence payment of a Pension under the provisions of Section 5.1, 5.2, 5.3 or 5.5. The amount of the Pension for a Member who elects to commence payments under this paragraph shall be determined using Covered Compensation frozen as of the date the Member became Disabled (determined under the terms of the Plan and applicable law as in effect on that date) and on the basis of the Member's Average Final Salary and Benefit Service as of the date the Member ceases to accrue further accruals under this Section. The Member's early retirement Pension or vested Pension shall be reduced to reflect its commencement prior to the Member's Normal Retirement Date in accordance with the provisions of Section 5.3 or 5.5, as applicable. In the event payment commences after the Member's Normal Retirement Date, the Member's Pension shall be determined in accordance with the provisions of Section 5.2.

5.5 Vested Pension

- (a) Eligibility. A Member who terminates from the Employer and all Affiliated Employers for reasons other than retirement or death prior to age 65, and has five or more years of Vesting Service prior to his termination date, shall be eligible for a vested Pension.
- (b) Commencement. The vested Pension shall be an unreduced deferred Pension beginning as of the Member's Normal Retirement Date. However, a Member may elect to receive a reduced vested Pension effective as of the first day of any earlier month coincident with or following the date he attains age 55, provided that an election of an early payment date shall be subject to the notice and timing requirements set forth in Section 2.3 of the Core Document. Alternatively, a Member may elect to postpone commencement of his vested Pension to the first day of any month following his Normal Retirement Date, but not later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to Section 6.1(b), the amount of a Member's vested Pension payable as of his Normal Retirement Date shall be equal to his Accrued Benefit determined as of the date of the Member's termination of employment. If the vested Pension commences after the Member's Normal Retirement Date, the Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable at the Member's Normal Retirement Date. If payment of the vested Pension commences before the Member's Normal Retirement Date, the Member's vested Pension shall be the Accrued Benefit multiplied by the appropriate factor from the following schedule:

Age Pension Commences	Percent Payable *
55	39
56	42
57	46
58	50
59	55
60	61
61	67
62	74
63	81
64	90

Notwithstanding the foregoing, in no event shall the Member's vested Pension commencing prior to his Normal Retirement Date be less than the benefit to which the Member would have been entitled under this Section based on his Accrued Benefit as of December 31, 2006 and payable at the earlier commencement date under the terms of the Plan as in effect on December 31, 2006.

5.6 Surviving Spouse's Pension

- (a) Eligibility. The surviving Spouse of a married Member shall be eligible for a surviving Spouse's Pension if such married Member dies before his Annuity Starting Date:
- (i) In active service after he has completed the requirements for a normal retirement Pension under Section 5.1; a late retirement Pension under Section 5.2; or an early retirement Pension under Section 5.3; or
 - (ii) After retiring with entitlement to a normal retirement Pension under Section 5.1; a late retirement Pension under Section 5.2; or an early retirement Pension under Section 5.3; or
 - (iii) Either in active service or after terminating service on or after January 1, 1976, but in either event with entitlement to a vested Pension under Section 5.5; or
 - (iv) While accruing benefits under the provisions of Section 5.4.
- (b) Commencement. Payment of the surviving Spouse's Pension to the Spouse shall commence effective as of the Member's Normal Retirement Date or as of the first day of the month coincident with or next following his date of death, if later. Notwithstanding the foregoing, the surviving Spouse may elect to commence payment of the surviving Spouse's Pension effective as of the first day of any

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

earlier month coincident with or following the earliest date the Member could have elected to commence benefit payments or the first day of any month coincident with or following his date of death, if later, or the surviving Spouse may elect to defer payments up to the first day of any month following the Member's Normal Retirement Date, but not later than the end of the calendar year in which the deceased Member would have attained age 70 ¹/₂. Pension checks are issued at the end of each month for which payment is due.

- (c) Amount. The amount of the monthly surviving Spouse's Pension payable to the Member's Spouse shall be equal to the Pension that would have been payable to the Member's Spouse if the Member had elected to have his Pension commence in the form of a Qualified Joint and Survivor Annuity on his Normal Retirement Date or upon his date of death, if later.

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

In any case in which the surviving Spouse's Pension commences (in accordance with paragraph (b) above) prior to the Member's Normal Retirement Date, the amount of the surviving Spouse's Pension shall be adjusted to reflect a reduction for early commencement equivalent to the reduction that would have been applied in determining the amount of the Member's Pension under the provisions of Section 5.3 or 5.5, as applicable, had the Member begun to receive his Pension as of such commencement date. If a Member who is covered under this Appendix 1 dies after he has reached his 55th birthday and completed at least 25 years of Vesting Service, the Pension payable to his surviving Spouse shall be increased if the Spouse postpones payment beyond the date the Member would have attained age 62. The Spouse's Pension otherwise payable at the date the Member would have attained age 62 shall be increased by 0.25% per month for every month that the postponed commencement date follows the first day of the month after the Member would have attained his 62nd birthday up to the Member's Normal Retirement Date.

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

If the Member's death occurred while he was accruing benefits under Section 5.4, the surviving Spouse's Pension: (i) shall be based on the Member's Accrued Benefit at his date of death determined by using Covered Compensation as of the date the Member became Disabled, and Average Final Salary and Benefit Service as of his date of death including the period during which the Member was accruing Benefit Service under Section 5.4, and, if applicable, (ii) shall be reduced for early commencement based on the reduction that would apply if the Member's Pension had commenced on the commencement date elected by the Spouse.

In the event a Member dies on or after January 1, 2007, while in qualified military service and while his reemployment rights are protected under law, the surviving Spouse's Pension shall be calculated based on the assumption that the Member had returned to active employment and then terminated employment on account of his or her death. However, in determining the amount of the surviving Spouse's Pension, the Member's Accrued Benefit shall be determined at the date the Member entered military service and no Pensionable Earnings or Benefit Service shall be imputed for the period of military service.

- (d) Small Lump Sum Payment. Notwithstanding the preceding provisions of this Section, a lump sum payment of Equivalent Actuarial Value shall be paid to the Spouse in lieu of the monthly Pension if the present value of the Spouse's Pension payable as of the Member's Normal Retirement Date or date of death, if later, amounts to \$5,000 or less. The lump sum payment shall be made as soon as practicable following the Member's date of death. In no event shall a lump sum payment be made following the date Pension payments have commenced to the Spouse as an annuity.

ARTICLE 6. FORMS OF PAYMENT

6.1 Automatic Form of Payment

- (a) Unmarried Member . If a Member is not married on his Annuity Starting Date, the monthly Pension shall be payable as a single life annuity for the Member's lifetime, unless the Member has elected an optional form of benefit as provided in Section 6.2.
- (b) Married Member . If a Member is married on his Annuity Starting Date, the monthly Pension shall be payable as a Qualified Joint and Survivor Annuity, unless the Member has elected an optional form of benefit as provided in Section 6.2.
- (c) Cash-Outs . Notwithstanding any provision of the Plan to the contrary, if the Equivalent Actuarial Value of the Pension payable to a Member from the Plan determined as of his Normal Retirement Date or actual termination of employment, if later, is \$5,000 or less, such Pension shall be paid in a lump sum which is the Equivalent Actuarial Value of such Pension. The lump sum payment shall be made as soon as administratively practicable following the Member's Severance Date, provided the Member's Pension has not commenced in the form of an annuity. In the event a Member is not entitled to any Pension upon his Severance Date, he shall be deemed cashed out as of the date he terminates employment and shall forfeit any benefit under the Plan. However, in the event a Member described in the preceding sentence is subsequently reemployed, his benefit shall be eligible for reinstatement under the provisions of Section 2.5.

6.2 Optional Forms of Pension

Subject to the provisions of Section 2.3 of the Core Document, a Member may elect to convert the Pension otherwise payable to him into an optional Pension of Equivalent Actuarial Value, as provided in one of the options named below:

(a) Option 1 — Single Life Annuity

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

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

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

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

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

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

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

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

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

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

A monthly Pension shall be paid during the life of the Member and payments shall be guaranteed to be made for a minimum period of 10 years. In the event of the death of the Member after the Annuity Starting Date, but before the Member's receipt of monthly Pension payments for 10 years, the remainder of such payments shall be made to the Member's Beneficiary, or in the absence of a surviving Beneficiary, the residual value of the remaining payments shall be paid to the Member's estate in one lump sum.

If the designated Beneficiary should die after receiving at least one payment, and if further payments are due after the death of the designated Beneficiary, the further payments shall be made to any person(s) designated by the Member as an alternate Beneficiary or, in the absence of an alternate surviving Beneficiary, the residual value of the remaining payments shall be paid to the estate of the last surviving Beneficiary in one lump sum.

The residual value shall be determined on the basis of an interest rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually.

(g) Option 7 — Level Income Option

Under the level income option, a Member who retires when eligible for an early retirement Pension or terminates employment with eligibility for a vested Pension and whose Annuity Starting Date precedes the Member's 62nd birthday may elect to receive a retirement Pension of Equivalent Actuarial Value beginning as of the

Member's Annuity Starting Date and continuing to the first day of the month in which the Member's death occurs. Payments will be made monthly at one rate until a Member becomes eligible for a primary Social Security benefit (age 62) (the "changeover date"), and at a lower rate thereafter.

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

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

6.3 Commencement and Duration of Payments

The first monthly payment of a Pension to a Member shall be made on or about the last business day of the month in which the Member's Annuity Starting Date occurs. Subsequent monthly payments shall be made on or about the last business day of each subsequent month during the Member's lifetime. The last monthly payment to the Member shall be made on or about the last business day of the month in which the Member dies (unless an earlier termination date is provided under the optional form of payment elected by the Member).

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

SCHEDULE A

**SPECIAL PROVISIONS APPLICABLE TO CERTAIN PARTICIPATING UNITS,
LOCATIONS, AND EMPLOYEE GROUPS UNDER THIS APPENDIX 1**

Effective Date	Members Covered	Special Provisions
December 28, 1992	An individual who was an Employee of ACX Technologies, Inc. ("ACX") or a subsidiary of ACX on December 27, 1992	An affected Employee shall receive credit under this Plan for all service performed for ACCo, and compensation paid by ACCo, prior to December 28, 1992 and credited under the terms of the ACC Retirement Plan, as provided in this Schedule. Credit for such service and compensation shall be given under this Plan for purposes of participation, vesting, benefit accrual, and all other purposes of the Plan including, but not limited to, eligibility for the Rule of 90, the Rule of 85 (applicable to Golden Aluminum) and any other retirement subsidies that are conditioned on the Employee's service and compensation. Service credit for periods prior to December 28, 1992, including Breaks in Service and loss of service, and credit for compensation shall be determined according to the provisions of the ACC Retirement Plan in effect at the time the service was rendered, the Employee was absent from service, or the compensation was earned. An individual who terminates employment with ACCo either before, on, or after December 28, 1992 and who becomes an Employee on or after December 28, 1992 shall not receive credit for any purpose of this Plan for any service with or compensation paid by ACCo.

All Nonunion Employees
January 1, 2009

Effective Date	Members Covered	Special Provisions
March 19, 1996	On March 19, 1996, Coors Technical Ceramics Company, a subsidiary of Coors Porcelain Company and an Affiliated Employer that has adopted the Plan, acquired all of the assets of The HB Company. Affected Employees are those employees of The HB Company who became employees of Coors Technical Ceramics Company on March 19, 1996 ("HB Employees")	An affected Employee shall receive credit for Participation Service for all service performed for The HB Company and its affiliates. All HB Employees who are credited with at least one year of Participation Service, based on the preceding sentence, became eligible to participate under this Appendix on March 19, 1996. For purposes of calculating Vesting Service and Benefit Service, the HB Employees' service commences March 19, 1996. For purposes of calculating Pensionable Earnings, the HB Employees' compensation commences March 19, 1996.
All Nonunion Employees January 1, 2009		

Effective Date	Members Covered	Special Provisions
August 2, 1999	Former Fort James Non-Union Employees	<p>The affected Employee shall receive Vesting Service for the Employee's period of vesting service with Fort James Corporation and any entity related to Fort James Corporation (under Section 414(b), (c) or (m) of the Code) to the extent such service would be counted as Vesting Service had Fort James Corporation and any such related entity been a participating Employer during the period such service was rendered.</p> <p>The affected Employee shall not receive credit for Benefit Service for any period of employment with Fort James or any entity related to Fort James except an affected Employee who was a participant in the Pension Plan for Active Marathon Hourly Employees and whose accrued benefit was transferred to the Plan from the Fort James Retirement Plan shall receive credit for his period of employment with Fort James Corporation and any entity related to Fort James Corporation (under Section 414(b), (c) or (m) of the Code) to the extent such service would be counted as Benefit Service had Fort James Corporation and any such related entity been a participating Employer during the period such service was rendered.</p>
All Nonunion Employees January 1, 2009		

Effective Date	Members Covered	Special Provisions
January 1, 2000	Employees who were previously a participant in the Universal Packaging Corporation Pension Plan prior to January 1, 2000	<p>The affected Employee shall receive Vesting Service for the Employee's period of vesting service with Universal Packaging Corporation prior to January 1, 2000.</p> <p>The affected Employee shall not receive credit for Benefit Service or compensation for any period of employment with Universal Packaging Corporation prior to January 1, 2000.</p>
January 1, 2000	Participants who were employed by Gravure Richmond (Gravure Packaging Inc. prior to April 18, 1996 and Graphic Packaging Corporation of Virginia on and after April 18, 1996) prior to January 1, 2000	<p>The affected Employee shall receive Vesting Service for the Employee's period of vesting service with Gravure Richmond prior to January 1, 2000.</p> <p>The affected Employee shall not receive credit for Benefit Service or compensation for any period of employment with Gravure Richmond prior to January 1, 2000.</p>
March 6, 2003	On March 6, 2003, the Employer acquired all of the assets of J. D. Cahill Co., Inc. ("Cahill"). Affected Employees are those employees of Cahill who became employees of the Employer on March 6, 2003.	<p>The affected Employees shall receive credit for Participation Service and Vesting Service for all service performed for Cahill and its affiliates. All affected Employees who are credited with at least one year of Participation Service, based on the preceding sentence, became eligible to participate in this Plan on March 6, 2003. For purposes of calculating Benefit Service and Pensionable Earnings, the affected Employee's service and compensation commences March 6, 2003.</p>
All Nonunion Employees January 1, 2009		

Effective Date	Members Covered	Special Provisions
August 8, 2003	Employees with service with Riverwood International Corporation prior to August 8, 2003	In no event shall any period of employment rendered prior to August 8, 2003 with Riverwood International Corporation be taken into account for purposes of calculating an Employee's Vesting Service except to the extent such inclusion is required by applicable law.
December 31, 2004	Five legacy Graphic Packaging executives whose employment contracts as of December 31, 2004 entitle them to participate in all retirement plans applicable to similarly situated executives of the Employer.	The Accrued Benefit of affected Employees shall be frozen as of December 31, 2004. The affected employees are: Michael Doss David Scheible Jeffrey Coors Dwight Kennedy Donald Sturdivant
All Nonunion Employees January 1, 2009		

SCHEDULE B
CERTAIN HISTORICAL PROVISIONS

The purpose of this Section is to record, for historical purposes, certain provisions which are no longer applicable to active Members in the Plan as of January 1, 2009, the effective date of the Plan's restatement, or which have minimal application.

ARTICLE 1 — DEFINITIONS

- A. *Accumulated Contributions*** means a Member's mandatory contributions, made prior to December 1, 1976, together with interest compounded annually from the last day of the Plan Year during which the contributions were made to the date of calculation at the following rates:
- 2% to December 1, 1959,
 - 3% from December 1, 1959 to December 1, 1968,
 - 4% from December 1, 1968 to December 1, 1976,
 - 5% thereafter, or such other rate as may be required by applicable regulations.
- B. *Actuarial Equivalent*** means a benefit having the same value as the benefit that such Actuarial Equivalent replaces. The determination of an Actuarial Equivalent shall be based on the following actuarial assumptions and methods:
- (a) Prior to June 1, 1998. The term "Actuarial Equivalent" shall be based on the actuarial assumptions set forth below, for the single sum payments and optional forms of retirement benefits payable under the Plan.
 - (i) Interest Assumptions: 10 ¹/₂ % interest, compounded annually. Provided, however, in no event will the interest assumption used for purposes of calculating a single sum payment be greater than the interest rate that would be used by the Pension Benefit Guaranty Corporation for determining such sum for a terminating nonmultiemployer pension plan as of the beginning of the Plan Year in which such payment is to be made.
 - (ii) Mortality Assumptions: The Unisex Pension Mortality Table of 1984, for Employees and the Unisex Pension Mortality Table of 1984 using a four-year setback for contingent Beneficiaries.
 - (b) On and After June 1, 1998 (Lump sum distributions): Effective for determinations of single sum payments on and after June 1, 1998, the term "Actuarial Equivalent" shall be based on the following actuarial assumptions:

- (i) Interest Assumption : the annual rate of interest on 30 year Treasury securities specified by the Commissioner of Internal Revenue for the month of November preceding the Plan Year in which the Annuity Starting Date occurs.
- (ii) Mortality Assumption : the 1983 Group Annuity Mortality Table, as modified by Revenue Ruling 95-6.

However, notwithstanding the foregoing, no single sum payment shall be less than the single sum payment calculated using a 10 ¹/₂ % interest rate and the mortality assumption set forth in (a), based on the Participant's benefits accrued through May 31, 1998 and based on the Participant's age at the Annuity Starting Date. Calculations for optional forms of retirement benefits shall be made using the actuarial assumptions in (a).

- (c) On and after January 1, 2007 and prior to January 1, 2009 (non-Code Section 417(e) forms of payment): Effective for determinations of forms of payment not subject to Code Section 417(e) on and after January 1, 2007, the term "Actuarial Equivalent" shall be based on the following actuarial assumptions:
 - (i) Interest Assumption: 5% interest, compounded annually.
 - (ii) Mortality Assumption: The mortality table prescribed in IRS revenue Ruling 2001-62.

C. Average Monthly Compensation means the highest average monthly Compensation that can be obtained by averaging a Participant's monthly Compensation over any 36 consecutive months of the final 120 months of his service. Months in which the Participant received no Compensation shall be ignored in determining the 36-consecutive month period or the 120-consecutive month period so that any gap in consecutive months of compensated service caused by such lack of Compensation is bridged.

With respect to individuals who were Participants on the Distribution Date, the 36-month and 120-month periods shall include periods prior to the Distribution Date for which Compensation was paid to the Participant by ACCo for services rendered to ACCo. With respect to individuals who terminate employment with ACCo and become Employees on or after the Distribution Date, the 36-month and 120-month periods shall not include periods prior to the Distribution Date.

Notwithstanding anything in this Section 1.11 to the contrary, with respect to Participants who participated in the Universal Packaging Corporation Pension Plan prior to January 1, 2000, Average Monthly Compensation shall only take into account Compensation paid on and after January 1, 2000.

Average Monthly Compensation shall be calculated in the following manner. The 36 consecutive months shall be divided into three 12-consecutive month periods, beginning with the first month of the 36-consecutive month period. Compensation taken into account for each 12-consecutive month period shall be limited to the annual

compensation limit, provided that this limitation shall not reduce any benefit accrued as of December 31, 1988. Compensation (reduced if necessary pursuant to the preceding sentence) for the three 12-consecutive month periods shall be averaged. The average shall then be divided by twelve to yield Average Monthly Compensation.

D. Compensation means:

- (c) Benefit Compensation. For purposes of calculating the benefit under this Plan for a Participant who is not employed by CoorsTek, Inc. and its subsidiaries, Compensation means an Employee's base pay plus any salary reduction contributions made on the Employee's behalf by the Company to any plans maintained by the Company pursuant to Code §§ 125 or 401(k) but excluding overtime, cash bonuses, and profit sharing pay. Compensation shall not include amounts allocated and benefits paid under this Plan or any other pension or profit sharing plan maintained by the Company (other than salary reduction contributions pursuant to Code §§ 125 and 401(k)). For purposes of calculating the benefit under this Plan for a Participant who is employed by CoorsTek, Inc. and its subsidiaries, Compensation means an Employee's base pay plus overtime and any salary reduction contributions made on the Employee's behalf by the Company to any plans maintained by the Company pursuant to Code §§ 125 or 401(k) but excluding cash bonuses and profit sharing pay. Compensation shall not include amounts allocated and benefits paid under this Plan or any other pension or profit sharing plan maintained by the Company (other than salary reduction contributions pursuant to Code §§ 125 and 401(k)).
- (d) Prior Compensation. Compensation shall include all amounts treated as compensation under the ACC Retirement Plan for periods prior to the Distribution Date for those individuals who became Participants on the Distribution Date. Amounts treated as compensation for periods prior to the Distribution Date shall be disregarded for individuals who terminate employment with ACCo and become Employees on and after the Distribution Date.

ARTICLE 2- SERVICE

- A. Vesting Service and Benefit Service. An Employee who is not vested in any part of his Accrued Benefit and who incurs a Period of Severance shall lose credit for all Vesting Service and Benefit Service earned prior to his Severance Date if the number of consecutive one year Breaks in Service is greater than the greater of (i) the number of years of Vesting Service or Benefit Service, respectively, or (ii) five.
- B. Participation Service. A Member who is not vested in any part of his Accrued Benefit and incurs at least five consecutive one year Breaks in Service shall lose credit for Participation Service earned prior to the Break in Service if the number of consecutive one year Breaks in Service is equal to or greater than the number of years of Participation Service prior to the Break in Service in which the Member completed at least one Hour of Service.

ARTICLE 5- BENEFITS

A. Normal Retirement Pension

- I. Monthly Benefit For Employees Who are Former Fort James Non-Union Employees. Effective August 2, 1999 with respect to Former Fort James Non-Union Employees, the monthly normal retirement benefit shall be the total of the following:
 - (i) 1% of Average Monthly Compensation times years of Benefit Service; plus
 - (ii) 0.50% of Average Monthly Compensation in excess of Covered Compensation times years of Benefit Service.
- II. Monthly Benefit for Employees Who are Not Former Fort James Employees. With respect to Employees who are not Former Fort James Employees, the monthly normal retirement benefit shall be the total of the following:
 - (i) Effective for Plan Years beginning prior to January 1, 2000, for Participants employed by a Graphic Employer who are not Former Fort James Employees:
 - (A) 1.25% of Average Monthly Compensation times years of Benefit Service earned prior to January 1, 2000, up to 30 years; plus
 - (B) 0.50% of Average Monthly Compensation in excess of Covered Compensation times years of Benefit Service earned prior to January 1, 2000, up to 30 years; plus
 - (C) 0.50% of Average Monthly Compensation times years of Benefit Service earned prior to January 1, 2000, in excess of 30 years.
 - (ii) Effective for Plan Years beginning on and after January 1, 2000, for Participants employed by a Graphic Employer who are not Former Fort James Employees:
 - (A) The Participant's monthly accrued benefit determined under Section 5.1(e)(i) as of December 31, 1999, plus
 - (B) 1% of Average Monthly Compensation times years of Benefit Service earned on and after January 1, 2000; plus
 - (C) 0.50% of Average Monthly Compensation in excess of Covered Compensation times years of Benefit Service earned on and after January 1, 2000.

B. Early Retirement Pension

- I. Rule of 90. A Participant, other than a Former Fort James Employee, who terminates employment on or after his 55th birthday, and whose age and years of Vesting Service equal at least 90 on the date employment terminates shall be entitled to receive an early retirement benefit; provided however, that periods of Vesting Service credited while the Participant is receiving payments under the Company's long-term disability plan shall not be included in determining whether the Participant has satisfied the requirements of the Rule of 90. Effective January 1, 2000, a Participant who is employed by a Graphic Employer shall be eligible for the Rule of 90 treatment for any purpose under the Plan only with respect to the Participant's monthly accrued benefit determined under Section 5.1 (e)(i) as of December 31, 1999.
- II. Reduction for Early Commencement of Payments for Former Fort James Non-Union Employees.
- (i) If a Participant who is a Former Fort James Non-Union Employee and who satisfies the requirements for an early retirement benefit and is at least age 60 when benefit payments commence, the early retirement benefit shall be reduced permanently by 0.25% for each month by which the date benefit payments commence precedes the Participant's 65th birthday.
 - (ii) If a Participant who is a Former Fort James Non-Union Employee and who satisfies the requirements for an early retirement benefit is less than age 60 when benefit payments commence, the retirement benefit shall be reduced permanently by:
 - (A) 0.58333% for each month by which the date benefit payments commence precedes the Participant's 60th birthday, and
 - (B) 0.25% for each month by which the Participant's 60th birthday precedes the Participant's 65th birthday.
- III. Reduction for Early Commencement of Payments for Employees of an Employer Other than a Golden Aluminum Employer.
- (i) If a Participant who is not a Former Fort James Employee and is not employed by a Golden Aluminum Employer and who satisfies the requirements of the Rule of 90 is at least age 60 when benefit payments commence, the retirement benefit shall not be reduced.
 - (ii) If a Participant who is not a Former Fort James Employee and is not employed by a Golden Aluminum Employer and who satisfies the requirements of the Rule of 90 is younger than age 60 when benefit payments commence, the retirement benefit shall be reduced permanently

by 0.58333% for each month by which the date benefit payments commence precedes the Participant's 60th birthday.

- (iii) If a Participant who is not a Former Fort James Employee and is not employed by a Golden Aluminum Employer and who satisfies the requirements for an early retirement benefit but not the requirements of the Rule of 90 and who is at least age 60 when benefit payments commence, the early retirement benefit shall be reduced permanently by 0.25% for each month by which the date benefit payments commence precedes the earlier of (A) the Participant's 65th birthday or (B) the date the Participant would have satisfied the requirements of the Rule of 90 (based on service at the time of termination of employment and actual age), whichever is applicable.
- (iv) If a Participant who is not a Former Fort James Employee and is not employed by a Golden Aluminum Employer and who satisfies the requirements for an early retirement benefit but not the requirements of the Rule of 90 is less than age 60 when benefit payments commence, the retirement benefit shall be reduced permanently by
 - (A) 0.58333% for each month by which the date benefit payments commence precedes the Participant's 60th birthday, and
 - (B) 0.25% for each month by which the Participant's 60th birthday precedes the earlier of (A) the Participant's 65th birthday or (B) the date the Participant would have satisfied the requirements of the Rule of 90 (based on service at the time of termination of employment and actual age), whichever is applicable. I

IV. Early Commencement Reductions for Death Benefits .

If a Member dies prior to the Member's Annuity Starting Date after terminating employment, the amount otherwise payable (and already reduced pursuant to Section I or II above) to the Member's Beneficiary shall be further reduced by 0.1% for each year between the Former Member's termination of employment and the earlier of his 55th birthday or date of death (but not more than 1.0%), and 0.5% for each year thereafter until payments commence (but not more than 2.5%). The total reduction shall not exceed 3.5%, with a pro rata reduction for fractional years. If the Spouse to whom the Member was married at termination of employment dies or is divorced from the Member and the Member remarries, the reductions applied to the benefit of the new Spouse shall include the entire period beginning with the Member's termination of employment.

C. **Disability Benefit**

An individual who was a participant in the ACC Retirement Plan, who was employed by a former subsidiary of ACC that became a subsidiary of the Employer on October 5, 1992, and whose employment terminated after December 31, 1984 and before December

28, 1992 on account of Disability shall be entitled to a disability retirement benefit under this Plan if the Member is Disabled on his Normal Retirement Date.

D. Death Benefits

- I. Withdrawal of Accumulated Contributions by Surviving Spouse . If a Member dies before his Annuity Starting Date, and his surviving Spouse is entitled to receive a death benefit, then notwithstanding any provision of Section 5.6, the surviving Spouse may elect to withdraw all of the Member's Accumulated Contributions in a lump sum. If, at the time the Spouse elects to receive the Accumulated Contributions under this paragraph, the Spouse is not otherwise entitled to commence payment of the surviving Spouse's benefit under Section 5.6, the Spouse may receive the Accumulated Contributions in the form of a life annuity of Equivalent Actuarial Value to the lump sum payment. The death benefit otherwise payable shall be reduced by the benefit attributable to the withdrawn Accumulated Contributions in accordance with Code § 411(c)(2) and the applicable Treasury Regulations.
- II. Minimum Death Benefit Attributable to Accumulated Contributions . If no other death benefit is payable under this Plan, the minimum death benefit is equal to the Member's Accumulated Contributions, which shall be paid to the Member's Beneficiary not later than 60 days after the close of the Plan Year in which the Member dies. If the Member and his Beneficiary die before the full amount of Accumulated Contributions has been paid, and if no other death benefit is payable to a contingent Beneficiary, the remaining Accumulated Contributions shall be paid to the Member's contingent Beneficiary or, if there is none, to the Member's estate in a single sum not later than 60 days after the close of the Plan Year in which the Member dies.

E. Protection of Accrued Benefits Under ACC Retirement Plan

Nothing contained in this Plan shall decrease a Participant's accrued benefit under the ACC Retirement Plan as of the day before the Distribution Date. Each Employee who was an Employee of ACX or an ACX subsidiary on the day before the Distribution Date and had an accrued benefit under the ACC Retirement Plan as of the day before the Distribution Date shall have an Accrued Benefit under this Plan that is the greater of (a) the Accrued Benefit determined under the provisions of this Plan on the relevant determination date or (b) the accrued benefit under the ACC Retirement Plan as of the day before the Distribution Date. Each Participant who had an Accrued Benefit under the ACC Retirement Plan as of the day before the Distribution Date, shall be entitled to all of the subsidies and forms of benefit that are protected by Code § 411(d)(6) with respect to the Participant's benefit under the ACC Retirement Plan.

ARTICLE 6 — FORM OF PAYMENT

A. Election Irrevocable; Exception for Hardship . Notwithstanding any provision of the Plan to the contrary, the following provisions shall apply with respect to Appendix 1:

- (a) Election Irrevocable . After the Annuity Starting Date, all elections of optional payment forms and beneficiary designations shall be irrevocable except as provided in subsection (b) below. If a designated beneficiary dies after the Annuity Starting Date or if a Member who is receiving a joint and survivor benefit is divorced after the Annuity Starting Date, any death benefit payable shall be paid to the beneficiary designated as of the Annuity Starting Date.
- (b) Notwithstanding subsection (a), if a Member who has begun receiving payments can demonstrate “financial need” as described in subsection (c) below may elect, with spousal consent that satisfies the requirements of subsection 7.2(b), to receive the Actuarial Equivalent of the remainder of the retirement benefit in a lump sum.
- (c) Only the following circumstances shall constitute “financial need”:
 - (i) Medical expenses incurred by the Member, his Spouse, or dependents that are not reimbursed by insurance or otherwise;
 - (ii) Prevention of foreclosure or eviction from the Member’s principal residence; or
 - (iii) Prevention of bankruptcy (either Chapter 7 or Chapter 13 of the United States Bankruptcy Code) of the Member.

A Member wishing to receive a lump sum must submit a notarized statement to the Committee including the Member’s name and social security number, a description of the nature of the financial need, and an affirmation that the financial need cannot be satisfied from any other source or by liquidating the Member’s other assets (to the extent that such liquidation would not itself cause a hardship) and any other information and documentation that the Committee may require.

SCHEDULE C

HISTORICAL PROVISIONS APPLICABLE TO CERTAIN FORMER PARTICIPATING EMPLOYERS

A. Special Provisions Applicable To Former Golden Aluminum Employees

1. Service Credit Provisions

Effective as of 12:01 a.m., March 1, 1997, M.D.T., ACX sold all of the issued and outstanding stock of its wholly owned subsidiary, Golden Technologies, Inc. ("GAC"), to Crown Cork & Seal Company, Inc. ("Crown"). The purchase price is to be paid in two parts. Approximately 14% of the purchase price was paid at the closing on February 28, 1997. The remaining 86% (the "Deferred Payment") will be paid no later than March 1, 1999 unless Crown earlier exercises its right (the "Stock Put Right") to put the stock of GAC back to ACX. Crown's right to put the GAC stock back to ACX expired on March 1, 1999. The period from March 1, 1997 to the first to occur of (a) the date the Deferred Payment is paid, (b) the date the Stock Put Right is exercised, and (c) August 23, 1999 shall be referred to as the "Option Period."

Crediting of Service During Option Period. During the Option Period, the individuals who were employed on February 28, 1997 and on March 1, 1997, in Covered Employment by GAC or a subsidiary of GAC that is transferred to Crown in the transaction described in the preceding sentence (the "GAC Employees") shall receive credit under the Plan for all service with GAC during the Option Period for purposes of participation, vesting, benefit accrual, eligibility for the Rule of 85, and all other purposes of the Plan. In addition, compensation paid to the GAC Employees by GAC or Crown for services rendered to GAC during the Option Period shall be included in the determination of their Benefit Compensation and Average Monthly Compensation.

If the Option Period ends on account of the payment of the Deferred Payment, the GAC Employees shall receive no further credit for service or compensation and shall be treated as deferred vested Members if they have then satisfied the requirements of the Plan for a deferred vested Pension.

If the Option Period ends on account of the exercise of the Stock Put Right, GAC Employees who are employed by GAC on the date the Stock Put Right is exercised, shall continue participating in this Plan according to its terms and conditions.

2. Special Vesting Rule for Employees at San Antonio Mill. A Member (1) whose employment was terminated as a result of the reduction in force at the San Antonio mill of Golden Aluminum, Inc. in June 1996 and (2) who would have been credited with five years of Vesting Service had the Member's employment

continued until December 31, 1996 shall be fully vested in his retirement benefit and shall be eligible to receive a Deferred Vested Benefit.

3. Normal Retirement Pension for Members Employed by a Golden Aluminum Employer.

The monthly normal retirement Pension for employees who are not Former Fort James Employees shall be the total of the following:

- I. Effective for Plan Years beginning prior to January 1, 2000, for Members employed by a Golden Aluminum Employer:
- (A) 1.25% of Average Monthly Compensation times years of Benefit Service up to 25 years; plus
 - (B) 0.50% of Average Monthly Compensation in excess of Covered Compensation, times years of Benefit Service up to 25 years; plus
 - (C) 0.50% of Average Monthly Compensation times years of Benefit Service in excess of 25 years.

After November 5, 1999, there are no Golden Aluminum Employers participating in the Plan; therefore, no benefits shall accrue under this Section after November 5, 1999.

- II. Effective for Plan Years beginning on and after January 1, 2000, for Members employed by a Golden Aluminum Employer:

- (A) The Member's monthly accrued benefit determined the formula applicable to Golden Aluminum Company as of December 31, 1999, plus
- (B) 1% of Average Monthly Compensation times years of Benefit Service earned on and after January 1, 2000; plus
- (C) 0.50% of Average Monthly Compensation in excess of Covered Compensation times years of Benefit Service earned on and after January 1, 2000.

After November 5, 1999, there are no Golden Aluminum Employers participating in the Plan; therefore, no benefits ever will have accrued under this Section.

For purposes of this Section a Golden Aluminum Employer means: Golden Aluminum Company (for the period 12/28/92 through 3/1/1997 and GAC Aluminum Corporation (formerly Golden Aluminum Company) (for the period 8/23/99 through 11/5/1999).

4. Early Retirement Provisions.

a. Rule of 85 for Employees of a Golden Aluminum Employer.

- i. Terminations Prior to March 1, 1997. With respect to terminations prior to March 1, 1997, a Member who is employed by Golden Aluminum, who terminates employment on or after his 55th birthday, and whose age and years of Vesting Service equal at least 85 shall be entitled to receive an early retirement benefit.
- ii. Terminations on and After March 1, 1997. With respect to terminations on and after March 1, 1997, a Member who is employed by Golden Aluminum, who terminates employment on or after age 55, and whose age and years of Vesting Service equal at least 85 shall be entitled to receive an early retirement benefit. For this purpose, a fractional year of Vesting Service shall be rounded up to the next whole year of Vesting Service, and a Member's age shall be determined as of his birthday closest to his date of termination, including a termination that results from the completion of the purchase of Golden Aluminum by Crown Cork & Seal. Effective January 1, 2000, a Member who is employed by a Golden Aluminum Employer shall be eligible for Rule of 85 treatment for any purpose under the Plan only with respect to the Member's monthly accrued benefit determined under the formula applicable to a Golden Aluminum Employer as of December 31, 1999.

III. Reduction for Early Commencement of Payments for Employees of a Golden Aluminum Employer.

- (A) If a Member who was employed by a Golden Aluminum Employer and who satisfies the requirements of the Rule of 85 is at least age 60 when benefit payments commence, the retirement benefit shall not be reduced.
- (B) If a Member who was employed by a Golden Aluminum Employer and who satisfies the requirements of the Rule of 85 is younger than age 60 when benefit payments commence, the retirement benefit shall be reduced permanently by 0.58333% for each month by which the date benefit payments commence precedes the Member's 60th birthday.
- (C) If a Member who was employed by a Golden Aluminum Employer and who satisfies the requirements for an early retirement benefit but not the requirements of the Rule of 85 and is at least age 60 when benefit payments commence, the early retirement benefit shall be reduced permanently by 0.25% for each month by which

the date benefit payments commence precedes the earlier of (A) the Member's 65th birthday or (B) the date the Member would have satisfied the requirements of the Rule of 85 (based on service at the time of termination of employment and actual age), whichever is applicable.

- (D) If a Member who was employed by a Golden Aluminum Employer and who satisfies the requirements for an early retirement benefit but not the requirements of the Rule of 85 is less than age 60 when benefit payments commence, the retirement benefit shall be reduced permanently by:
- (i) 0.58333% for each month by which the date benefit payments commence precedes the Member's 60th birthday, and
 - (ii) 0.25% for each month by which the Member's 60th birthday precedes the earlier of (A) the Member's 65th birthday or (B) the date the Member would have satisfied the requirements of the Rule of 85 (based on service at the time of termination of employment and actual age), whichever is applicable.

B. Special Provisions Applicable To Former Graphic Employers

1. Special Minimum Benefit for Certain Former Employees of Golden Technologies Company, Inc. A special minimum benefit shall be effective January 1, 1995, for each Member who (a) is employed on September 1, 1994, by ACX, Golden Technologies Company, Inc., or a subsidiary of Golden Technologies Company, Inc. that is participating in the Plan and (b) has on September 1, 1994, or by December 31, 1995, at least 15 years benefit service, as follows:
- (A) The special minimum benefit formula as of January 1, 1995 is:
 - (i) 1.25% of Average Monthly Compensation times years of Benefit Service and Special Service up to 30 years; plus
 - (ii) 0.50% of Average Monthly Compensation in excess of Covered Compensation times years of Benefit Service and Special Service up to 30 years; plus
 - (iii) 0.50% of Average Monthly Compensation times years of Benefit Service and Special Service in excess of 30 years.
 - (B) Adjustments will be made to the extent necessary to ensure compliance with the provisions of Code §§ 401(l) and 415 and related regulations.

- (C) The special minimum benefit calculation shall be made as if such Member terminated service as of January 1, 1995 (or on the actual termination date if the Member terminated between September 1, 1994 and January 1, 1995).
- (D) Early retirement reduction factors and Rule of 90 factors for the special minimum benefit shall be based upon a Member's Special Age and Special Service on January 1, 1995 (or on the termination date if the Member terminated between September 1, 1994 and January 1, 1995). In order to retire early, a Member must still meet the early retirement criteria as specified in the Plan without the application of Special Age and Special Service.
- (E) As of August 31, 1999, all Accrued Benefits for all employees, terminated vested employees, and retirees of CoorsTek, Inc. (formerly Coors Porcelain Company), Alumina Ceramics, Inc., Coors Ceramicon Designs, Ltd. d/b/a Coors Tetraflour (if any), Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. were spun off into the CoorsTek, Inc. Retirement Plan (formerly the Coors Ceramics Company Retirement Plan). Effective as of the date of the transfer of assets and liabilities from the Plan to the CoorsTek, Inc. Retirement Plan, no benefits will be payable under the Plan to any individual whose Accrued Benefit as of August 31, 1999 was transferred to the CoorsTek, Inc. Retirement Plan.

III. The terms referenced above shall have the following meanings:

- (A) **Benefit Service** shall have the same meaning as provided in Article I;
- (B) **Covered Compensation** shall have the same meaning as is provided in Article I;
- (C) **Average Monthly Compensation** shall have the same meaning as is provided in Article I;
- (D) **Special Age** shall mean the Member's age on January 1, 1995 (or on the termination date of the Member terminated between September 1, 1994 and January 1, 1995) plus five years. Special Age shall be considered for Normal Retirement (but not Early Retirement) eligibility purposes. Also, Special Age shall not be considered for determination of Covered Compensation; and
- (E) **Special Service** shall mean five years of service.

C. Special Provisions Applicable To Former Ceramic Employers

1. Normal Retirement Pension.

The monthly normal retirement Pension for employees who are not Former Fort James Employees and who are employed by a Ceramics Employer shall be the total of the following:

- (A) 1.25% of Average Monthly Compensation times years of Benefit Service up to 25 years; plus
- (B) 0.50% of Average Monthly Compensation in excess of Covered Compensation, times years of Benefit Service up to 25 years; plus
- (C) 0.50% of Average Monthly Compensation times years of Benefit Service in excess of 25 years; plus
- (D) commencing with the Plan Year beginning January 1, 1996, the sum of 1.50% of Bonus Pay for each Plan Year. Bonus Pay shall mean (1) one-twelfth of cash profit sharing or (2) for Members who are not eligible to receive cash profit sharing pay, one-twelfth of bonuses not in excess of 25% of base pay.

As of August 31, 1999, all Accrued Benefits for all employees, terminated vested employees, and retirees of Coors Porcelain Company, Alumina Ceramics, Inc., Coors Ceramicon Designs, Ltd. d/b/a Coors Tetraflour (if any), Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. were spun off into the CoorsTek, Inc. Retirement Plan (formerly the Coors Ceramics Company Retirement Plan). Effective August 31, 1999, no additional benefits will be accrued under the formula in this Section. Effective as of the date of the transfer of assets and liabilities from the Plan to the CoorsTek, Inc. Retirement Plan, no benefits will be payable under the Plan to any individual whose Accrued Benefit as of August 31, 1999 was transferred to the CoorsTek, Inc. Retirement Plan.

2. Special Minimum Benefit Effective January 1, 1995 for Members Employed by Coors Porcelain Company. A special minimum benefit shall be effective January 1, 1995, for each Member employed by Coors Porcelain Company and its participating subsidiaries on September 1, 1994, and having on September 1, 1994, or by December 31, 1995, at least 15 years benefit service, as follows:

- (A) The special minimum benefit formula as of January 1, 1995 is:
 - (i) 1.25% of Average Monthly Compensation times years of Benefit Service and Special Service up to 25 years; plus

- (ii) 0.50% of Average Monthly Compensation in excess of Covered Compensation times years of Benefit Service and Special Service up to 25 years; plus
 - (iii) 0.50% of Average Monthly Compensation times years of Benefit Service and Special Service in excess of 25 years.
- (B) Adjustments will be made to the extent necessary to ensure compliance with the provisions of Code §§ 401(l) and 415 and related regulations.
- (C) The special minimum benefit calculation shall be made as if such Member terminated service as of the January 1, 1995 (or on the actual termination date if the Member terminated between September 1, 1994 and).
- (D) Early retirement reduction factors and Rule of 90 factors for the special minimum benefit shall be based upon a Member's Special Age and Special Service on January 1, 1995 (or on the termination date if the Member terminated between September 1, 1994 and January 1, 1997). In order to retire early, a Member must still meet the early retirement criteria as specified in the Plan without the application of Special Age and Special Service.
- (E) As of August 31, 1999, all Accrued Benefits for all employees, terminated vested employees, and retirees of CoorsTek, Inc. (formerly Coors Porcelain Company), Alumina Ceramics, Inc., Coors Ceramicon Designs, Ltd. d/b/a Coors Tetraflour (if any), Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. were spun off into the CoorsTek, Inc. Retirement Plan (formerly the Coors Ceramics Company Retirement Plan). Effective as of the date of the transfer of assets and liabilities from the Plan to the CoorsTek, Inc. Retirement Plan, no benefits will be payable under the Plan to any individual whose Accrued Benefit as of August 31, 1999 was transferred to the CoorsTek, Inc. Retirement Plan.
3. Special Minimum Benefit Effective January 1, 1999 for Members Employed by Coors porcelain Company. A special minimum benefit shall be effective January 1, 1999, for each Member employed by Coors Porcelain Company and its participating subsidiaries on January 1, 1999, and having on January 1, 1999 at least 15 years Benefit Service, as follows:
- (A) The special minimum benefit formula as of January 1, 1999 is:
 - (i) 1.25% of Average Monthly Compensation times years of Benefit Service and Special Service up to 25 years; plus
 - (ii) 0.50% of Average Monthly Compensation in excess of Covered Compensation times years of Benefit Service and Special Service up to 25 years; plus

- (iii) 0.50% of Average Monthly Compensation times years of Benefit Service and Special Service in excess of 25 years; plus
 - (iv) commencing with the Plan Year beginning January 1, 1996, the sum of 1.50% of Bonus Pay for each Plan Year. Bonus Pay shall mean (1) one-twelfth of cash profit sharing or (2) for Members who are not eligible to receive cash profit sharing pay, one-twelfth of bonuses not in excess of 25% of base pay.
- (B) Adjustments will be made to the extent necessary to ensure compliance with the provisions of Code §§ 401(l) and 415 and related regulations.
 - (C) The special minimum benefit calculation shall be made as if such Member terminated service as of January 1, 1999.
 - (D) Early retirement reduction factors and Rule of 90 factors for the special minimum benefit shall be based upon a Member's Special Age and Benefit Service plus Special Service on January 1, 1999. In order to retire early, a Member must still meet the early retirement criteria as specified in the Plan without the application of Special Age and Special Service.
 - (E) As of August 31, 1999, all Accrued Benefits for all employees, terminated vested employees, and retirees of CoorsTek, Inc. (formerly Coors Porcelain Company), Alumina Ceramics, Inc., Coors Ceramicon Designs, Ltd. d/b/a Coors Tetraflour (if any), Coors Technical Ceramics Company, Coors Wear Products, Inc., and Wilbanks International, Inc. were spun off into the CoorsTek, Inc. Retirement Plan (formerly the Coors Ceramics Company Retirement Plan). Effective as of the date of the transfer of assets and liabilities from the Plan to the CoorsTek, Inc. Retirement Plan, no benefits will be payable under the Plan to any individual whose Accrued Benefit as of August 31, 1999 was transferred to the CoorsTek, Inc. Retirement Plan.
- II. The terms referenced above shall have the following meanings:
- (A) **Benefit Service** shall have the same meaning as provided in Article I.
 - (B) **Covered Compensation** shall have the same meaning as is provided in Article I.
 - (C) **Average Monthly Compensation** shall have the same meaning as is provided in Article I.
 - (D) **Special Age** shall mean the Member's age on January 1, 1999 plus five years. Special Age shall be considered for Normal Retirement (but not Early Retirement) eligibility purposes. Also, Special Age shall not be considered for determination of Covered Compensation.

(E) *Special Service* shall mean five years of service

4. Special Vested Pension for Former Members of the Coors Retirement Plan.

Notwithstanding the foregoing, if a Member who was a participant in the Coors Retirement Plan prior to December 28, 1992 elects to commence payment of his Pension prior to his Normal Retirement Date, the reduced Pension under this Section shall not be less than his benefit determined as of March 1, 1992 and reduced as provided under the provisions of Section 5.2(e) or 5.2(f) (as in effect on December 28, 1992) applicable to his service under the Coors Retirement Plan.

APPENDIX 10

UNIVERSAL PACKAGING CORPORATION PENSION PLAN

**(Applicable to Benefits Accrued under the Universal Packaging Corporation Pension Plan as of
January 1, 2000)**

Universal Packaging Corporation Pension Plan
January 1, 2009

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Universal Packaging Corporation Pension Plan
January 1, 2009

PREAMBLE

Effective January 1, 2000, the Universal Packaging Corporation Pension Plan (the "UPC Plan") is merged into the Plan. Notwithstanding anything in the Plan to the contrary, with respect to the UPC Plan effective January 1, 1997 but prior to January 1, 2000 (the "UPC Merger Date"), the provisions of this Appendix 10 shall apply. To the extent the terms of the Plan as modified by this Appendix 10 differ from the terms of the UPC Plan as it existed prior to the UPC Merger Date (the "Prior UPC Plan"), the terms of the Prior UPC Plan shall govern with respect to periods prior to the UPC Merger Date (except with respect to those provisions relating to qualification under Section 401(a) of the Code and the changes required by subsequent tax laws). A Member with a benefit under the Prior UPC Plan that was transferred to the Plan shall continue to be entitled to all early retirement benefits, retirement-type subsidies, and optional benefit forms that were included in the Prior UPC Plan and that are protected by Section 411(d)(6) of the Code. The provisions of this Appendix 10 apply solely to the benefits accrued under the terms of the UPC Plan as of January 1, 2000.

Universal Packaging Corporation Pension Plan
January 1, 2009

1

ARTICLE 1. DEFINITIONS

In addition to the definitions contained in the Core Document, the following words and phrases when used in this Appendix 10 shall have the following meanings, unless a different meaning is plainly required:

- 1.1 *Annuity Starting Date*** means the first day of the first period for which an amount is paid as an annuity or any other form. However, the Annuity Starting Date for a Member retired on a disability Pension under Section 5.4(iii)(A)(1) or (iii)(B) continuing until his Normal Retirement Date shall be his Normal Retirement Date.
- 1.2 *Compensation*** means:
- (a) For purposes of calculating the benefit under the UPC Plan for periods prior to January 1, 2000, Compensation means, in the case of each Member, his base pay, bonuses, overtime payments, premium pay, and commissions received from the Employer during a calendar year for services rendered while a Member without regard to any reduction in such pay made by reason of a compensation reduction agreement in effect between such Member and the Employer. Compensation does not include any amount paid to a Member before the date on which he becomes a Member, nor does it include non-cash compensation, severance pay, tuition refunds, or reimbursable moving expenses or any compensation paid after termination of employment for any reason. In the case of a Member who becomes disabled within the meaning of Section 1.4 but who does not elect to receive a disability benefit under Section 5.4 for each calendar year during which he is so disabled, Compensation means the amount of Compensation he received during the calendar year immediately preceding the calendar year in which he becomes disabled.
 - (b) Compensation shall be subject to the annual compensation limitation set forth in Section 3.1 of the Core Document.
- 1.3 *Employer*** means Universal Packaging Corporation.
- 1.4 *Disability or Disabled*** means a physical or mental injury or disease rendering a Member unable to perform all the duties of his occupation or any occupation for which he is qualified by education, training or experience. The Retirement Committee shall determine whether or not the Member is disabled and shall have the right to require the Member to submit to a physical examination at intervals determined by it. The determination of the Committee as to the existence and continuance of such disability shall be conclusive.
- 1.5 *Eligible Employee*** means, for purposes of this Appendix 10, an Employee of the Employer who had a benefit under the Prior UPC Plan transferred to this Plan.

1.6 *Equivalent Actuarial Value* means a benefit having the same value as the benefit that such Equivalent Actuarial Value replaces. The determination of Equivalent Actuarial Value shall be based on the following actuarial assumptions and methods:

- (a) For purposes of determining all optional forms of payment other than lump sum payments, the interest rate shall be an interest rate (expressed in hundredths of a percent) for each Plan Year equal to the average monthly yield on long-term (25 years) U.S. Government bonds as reported by Standard & Poor's Statistical Service for the calendar month which begins six months prior to the first day of the Plan Year; provided, however, that the interest rate shall in no event be less than five (5%) percent or greater than nine (9%) percent, and the mortality assumption shall be based on the Unisex Pension Mortality Table of 1984.
- (b) For purposes of calculating lump sum payments or a benefit commencing prior to a Member's 55th birthday under Section 5.5(b), the interest rate shall be the IRS Interest Rate and the mortality assumption shall be based on the IRS Mortality Table. However, the present value of a lump sum payment or a benefit commencing prior to a Member's 55th birthday with an Annuity Starting Date occurring during the period beginning January 1, 2010 and ending December 31, 2010, shall not be less than the present value or benefit determined using the interest rate prescribed under Section 417(e)(3)(C) of the Code for the second full calendar month preceding the applicable Stability Period.

1.7 *Hour of Service* means

- (a) Each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer or an Affiliated Employer. Hours of Service under this paragraph shall be credited to the Employee for the computation period or periods in which the duties are performed, regardless of when the Employee is paid for such duties.
- (b) Each hour for which an Employee is paid or entitled to payment by the Employer or an Affiliated Employer on account of a period 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. Hours of Service under this paragraph shall be credited to the Employee for the computation period or periods in which the period during which no duties are performed occurs, beginning with the first unit of time to which the payment relates. Notwithstanding the preceding sentence:
 - (i) No more than 501 Hours of Service shall be credited under this paragraph to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); and

- (ii) An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed shall not be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, unemployment compensation, or disability insurance laws.
- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer or an Affiliated Employer. Hours of Service under this paragraph shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made. The same Hours of Service shall not be credited both under this paragraph and either paragraph (a) or paragraph (b).
- (d) In the event no Employer record exists for a period for which Hours of Service must be credited under the provisions of this Appendix 10, an Employee shall be credited with 190 Hours of Service for each calendar month in which he is entitled to be credited with one Hour of Service under the provisions of this Appendix 10.
- (e) For purposes of calculating the Hours of Service to be credited to periods during which no duties are performed and determining the computation periods to which hours shall be credited, the rules set forth in paragraphs (b) and (c) of Department of Labor Regulation § 2530.200b-2 are hereby incorporated by reference as though such provisions were fully set forth herein.

1.8 *Normal Retirement Age* means an Employee's 65th birthday, or if the Member's employment commencement date occurs after the date the Member attains age 60, the fifth anniversary of his employment commencement date, if later .

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

1.10 *Reemployment Commencement Date* means the first date, following a Period of Severance that is not required to be taken into account under this Plan, on which the Employee performs an Hour of Service for the Employer or an Affiliated Employer.

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

- (a) ***Normal Retirement Date*** means the first day of the calendar month coincident with or next following the later of (i) the date on which the Member attains age 65; or (ii) if the Member's employment commencement date occurs after the date

the Member attains age 60, the fifth anniversary of his employment commencement date.

- (b) **Late Retirement Date** means, in the case of a Member who continues in service after attaining his Normal Retirement Date, the first day of the calendar month next following the date of actual retirement.
- (c) **Early Retirement Date** means the first day of the calendar month next following the date a Member shall retire after the Member has attained age 55 and has completed five or more years of Vesting Service. If a Member who has completed at least five years of Vesting Service attains age 55 on the first day of the month, such Member may elect to retire on the day prior to his 55th birthday and commence receiving benefit payments as of the date he attains age 55.

1.12 Severance Date means the first to occur of (a) the date on which an Employee resigns, retires, is discharged, or dies, or (b) the first anniversary of the first date of a period in which an Employee remains absent from service (with or without pay) with the Employer or an Affiliated Employer for any reason other than resignation, retirement, or discharge, such as vacation, holiday, sickness, leave of absence or layoff.

1.13 Vesting Service means the period of an Eligible Employee's service considered in determining his Vesting Service as described in Article 2.

ARTICLE 2. SERVICE

2.1 Vesting Service

Vesting Service means, in the case of each Employee, the sum of his periods of employment with an Employer, beginning on each employment commencement date and ending on each Severance Date, subject to the following special rules:

- (a) All non-consecutive periods of Vesting Service will be aggregated;
- (b) Vesting Service will include any period of time, beginning on an Employee's Severance Date and ending on the date he again performs an Hour of Service, provided such period of time is 12 months or less; and
- (c) Vesting Service will include any period of time during which the Employee was in the employ of a predecessor employer, to the extent such service is expressly recognized by a vote of the board of directors of the Employer.

Notwithstanding anything in the Plan to the contrary, a Member's Vesting Service with Universal Packaging Corporation shall be taken into account for purposes of both vesting in the Member's Accrued Benefit under this Appendix 10 as well as vesting in the Member's Accrued Benefit under Appendix 1 on and after January 1, 2000.

2.2 Credit for Military Service

Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with Section 414(u) of the Code.

ARTICLE 3. PARTICIPATION

3.1 Participation

Each Eligible Employee on January 1, 2000 became a Member on January 1, 2000. This Appendix 10 was closed to new Members after December 31, 1999.

3.2 Re-Employment

A Member who terminates employment and is subsequently reemployed by the Employer or an Affiliated Employer shall again become a Member of this Appendix 10 to the extent he is entitled to a Pension under this Appendix 10. Upon reemployment, the Member shall have the Vesting Service to which he was previously entitled restored to him.

Notwithstanding the provisions of Section 2.7 of the Core Document, if a Member who is in receipt of benefits under this Appendix 10 is reemployed by the Employer or an Affiliated Employer, he will continue to be paid those benefits in accordance with the terms of the payment option then in effect. Upon such Member's subsequent termination of employment, any benefits to which the Member is thereafter entitled shall be adjusted, to the extent necessary and consistent with applicable provisions of law, to reflect the amount of benefit payments previously paid to the Member under the Plan.

ARTICLE 4. TRANSFERS

4.1 Applicability of Transfer Provisions

NOT APPLICABLE

4.2 Rules to Calculate Benefits

NOT APPLICABLE

Universal Packaging Corporation Pension Plan
January 1, 2009

ARTICLE 5. BENEFITS

5.1 Normal Retirement Pension

- (a) Eligibility. Every Member who attains his Normal Retirement Age while in the active service of the Employer or an Affiliated Employer shall be fully vested in his normal retirement Pension. A Member may retire from service on a normal retirement Pension beginning on his Normal Retirement Date, or he may remain in service in which event the provisions of Section 5.2 shall be applicable.
- (b) Commencement. The normal retirement Pension shall commence effective as of the Member's Normal Retirement Date unless the Member elects to postpone the commencement of his Pension until the first day of any later month. However, in no event shall payment commence later than the Member's Required Beginning Date. Pension checks are issued at the end of each month for which payment is due. (c) Amount. Subject to the provisions of Section 6.1(b), the monthly amount of the normal retirement Pension payable upon retirement on the Member's Normal Retirement Date shall be equal to the sum of his Benefit Units as of his Normal Retirement Date. "Benefit Unit" means, in the case of each Member for each calendar year prior to calendar year 2000, 1% of his Compensation for such calendar year. Effective January 1, 2000, no additional benefits will accrue under the formula in this Section 5.1(c).

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

5.2 Late Retirement Pension

- (a) Eligibility. In the event a Member remains in service after his Normal Retirement Date, no Pension shall be payable during such continuance in service, subject to the provisions of Section 2.5(b) of the Core Document. Upon retirement on a Late Retirement Date, such Member shall be eligible to receive a monthly late retirement Pension.
- (b) Commencement. The late retirement Pension shall commence effective as of the Member's Late Retirement Date unless the Member elects to postpone the commencement of his Pension until the first day of any later month. However, in no event shall payment commence later than the Member's Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the following provisions of this paragraph (c) and Section 6.1(b), the Member's late retirement Pension shall be an immediate Pension beginning as of the Member's Late Retirement Date and shall be equal to (i) the

amount determined in accordance with Section 5.1 of this Appendix 10 and Section 5.1 of Appendix 1 as of his Late Retirement Date, or, if greater, (ii) an amount of Equivalent Actuarial Value to the Pension to which the Member would have been entitled under Section 5.1 of this Appendix 10 and Section 5.1 of Appendix 1 if he had retired on his Normal Retirement Date, recomputed as of the first day of each subsequent Plan Year (and as of his actual Late Retirement Date) as if each such date were the Member's Late Retirement Date. In the event a Member retires on a Late Retirement Date but defers payment to a later date under the provisions of paragraph (b) above, the Member's Pension payable upon the later commencement date shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Late Retirement Date.

5.3 Early Retirement Pension

- (a) Eligibility. A Member who terminates employment with the Employer and all Affiliated Employers on or after his 55th birthday and before his Normal Retirement Date and is credited with at least five years of Vesting Service shall be entitled to receive an early retirement Pension. A Member who terminates employment with fewer than five years of Vesting Service, whether through termination of employment, partial termination of the Plan or otherwise, shall not be eligible for an early retirement Pension.
- (b) Commencement. The early retirement Pension shall be a deferred Pension commencing as of the Member's Normal Retirement Date. However, the Member may elect to receive a reduced early retirement Pension as of the first day of any earlier month following the Member's termination of employment. Alternatively, the Member may elect to postpone commencement of his early retirement Pension to the first day of any month following his Normal Retirement Date, but in no event later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the provisions of Section 6.1(b), the monthly amount of the Member's early retirement Pension payable as of his Normal Retirement Date shall be equal to his Accrued Benefit determined as of the date of the Member's retirement. In the event the Member elects to defer commencement of his early retirement Pension beyond his Normal Retirement Date, the Member's Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable as of his Normal Retirement Date. In the event a Member elects to commence payment prior to his Normal Retirement Date, the Member's Pension payable as of the earlier commencement date shall be reduced by 4/10 of 1% for each month by which such early retirement commencement date precedes his Normal Retirement Date.

5.4 Disability Pension

- (a) Effective as of January 1, 2004. Effective as of January 1, 2004, no Member shall be entitled to receive a disability retirement Pension.

(b) Prior to January 1, 2004.

- (i) Eligibility. A Member who, prior to the attainment of Normal Retirement Age, terminates from employment with the Employer on account of Disability prior to January 1, 2004, and is not covered under the long-term disability plan that is sponsored by the Employer, shall be entitled to receive a disability retirement Pension.
- (ii) Commencement and Duration. The disability retirement Pension shall be an annual amount payable in monthly installments to each Member who elects to receive a disability retirement Pension commencing as of the first day of the sixth calendar month after his Disability date and continuing during his lifetime. Notwithstanding the previous sentence, a Member will not be entitled to receive any further disability retirement Pension payments after the month in which the Retirement Committee determines that he has ceased to be Disabled.
- (iii) Amount. The annual amount of the disability retirement Pension to be payable in monthly installments shall be computed as follows:
 - (A) If a Member has completed less than 15 years of Vesting Service on his Disability date, his Pension will equal the greater of (1) his Accrued Benefit computed as of his Disability date and reduced by four—tenths of one percent (4/10%) for each month by which such Disability date precedes attainment of his Normal Retirement Age, or (2) six hundred dollars (\$600), to be payable in monthly installments of fifty dollars (\$50) per month.
 - (B) If a Member has completed 15 or more years of Vesting Service on his Disability date, his Pension will equal the greater of (1) his Accrued Benefit computed as of his Disability date, or (2) six hundred dollars (\$600) to be payable in monthly installments of fifty dollars (\$50) per month.
- (iv) Form of Payment.
 - (A) If the Member's Pension is payable under the provisions of subparagraph (b)(iii)(A)(1) above, payment of the Member's disability retirement Pension shall be governed by the provisions of Section 6.1 and 6.2 of this Appendix 10.
 - (B) If the Member's Pension is payable under the provisions of subparagraph (b)(iii)(A)(2) or (b)(iii)(B), payment of the Member's disability retirement Pension shall be governed by the following provisions of this subparagraph (B). Prior to a Member's Normal Retirement Date, the disability retirement Pension shall be paid in the form of a life annuity if the Member is unmarried or, if the Member is married, in the form of a Qualified

Joint and Survivor Annuity in accordance with the provisions of Section 6.1(b) as if the Member were retiring with entitlement to an immediate Pension. In lieu of the normal form of payment, a Member may elect an Option under Section 6.2 as if the Member were retiring with entitlement to an immediate Pension, provided that an election of an Option by a married Member shall be subject to the following provisions of this subparagraph (B).

In the event an unmarried Member in receipt of a benefit under this Section marries prior to his Normal Retirement Date, his Pension payable after his date of marriage shall automatically be paid in the form of a Qualified Joint and Survivor Annuity unless Spousal Consent to the form of payment in effect is received by the Retirement Committee in accordance with such procedures as shall be established by the Retirement Committee.

In the event of divorce, or the death of a Spouse, prior to the Normal Retirement Date of a married Member in receipt of the Qualified Joint and Survivor Annuity, the disability retirement Pension payable thereafter to the Member shall be in the form of a life annuity, unless a qualified domestic relations order provides otherwise in the case of divorce.

Upon attaining his Normal Retirement Date, the Member's disability retirement Pension shall cease and the Member shall begin to receive a normal retirement Pension. Prior to adjustment for the form of payment, the normal retirement Pension shall be equal in amount to the disability retirement Pension to which the Member was entitled to receive immediately prior to his Normal Retirement Date. The Pension payable upon the Member's Normal Retirement Date shall be paid in the form of a single life annuity if the Member is unmarried on his Normal Retirement Date or in the form of a Qualified Joint and Survivor Annuity if the Member is married on such date. However, in lieu of the normal form of payment, a Member may elect to receive his Pension payable on and after his Normal Retirement Date in accordance with one of the Options in Section 6.2. Such an election shall be made in accordance with the provisions of Section 2.3 of the Core Document. In the event the Member continues the same option in effect, the amount of his Pension will be the greater of the amount determined under the option as of his Annuity Starting Date or the amount he was receiving under the option immediately prior to his Annuity Starting Date.

The Retirement Committee shall furnish to each Member within a reasonable period of time prior to the commencement of his disability retirement Pension a written explanation in nontechnical

language which describes (i) the terms and conditions of the surviving Spouse's Pension under Section 5.6, (ii) the Member's right to make, and the effect of, an election to waive the surviving Spouse's Pension under Section 5.6, (iii) the rights of the Member's spouse and (iv) the right to make, and the effect of, a revocation of such an election. An election of Option 1, 4, 5, 6, 7 or 8, or Option 2 or 3 with a non-spouse Beneficiary, under Section 6.2 by a married Member shall require a waiver of the surviving Spouse's Pension under Section 5.6 and is subject to the spousal consent provisions of Section 2.3(a)(ii) of the Core Document. An election of the Qualified Joint and Survivor Annuity or Option 1 may be made at any time and from time to time during the period commencing 90 days the Member's disability retirement date and ending on the Member's Normal Retirement Date. Any such election shall be effective on the Member's disability retirement date or the date the election is received by the Retirement Committee, if later. An election of any other Option may only be made within the 90-day period preceding the Member's disability retirement date to take effect on the Member's disability retirement date. A revocation of any election may be made at any time prior to the Member's Normal Retirement Date and shall be effective when received by the Retirement Committee. Any election of a form of payment under this paragraph shall in any event cease to be effective on the Member's Normal Retirement Date. Any Pension payable under this Section shall be in lieu of any surviving Spouse's Pension payable under Section 5.6.

5.5 Vested Pension

- (a) Eligibility. A Member who terminates employment with the Employer and all Affiliated Employers for reasons other than retirement or death, and has five or more years of Vesting Service prior to his termination date shall be eligible for a vested Pension.
- (b) Commencement. The vested Pension shall be an unreduced deferred Pension beginning as of the Member's Normal Retirement Date. However, a Member may elect to receive a reduced vested Pension effective as of the first day of any earlier month (i) coincident with or following the date he attains age 55, or (ii) following the date he terminates employment provided the present value of his Pension payable under this Appendix 10 upon the commencement date does not exceed \$10,000. Alternatively, a Member may elect to postpone commencement of his vested Pension to the first day of any month following his Normal Retirement Date, but not later than his Required Beginning Date. Pension checks are issued at the end of each month for which payment is due.
- (c) Amount. Subject to the provisions of Section 6.1(b), the amount of a Member's vested Pension payable as of his Normal Retirement Date shall be equal to his

Accrued Benefit determined as of the date of the Member's termination of employment. If the vested Pension commences after the Member's Normal Retirement Date, the Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable at the Member's Normal Retirement Date. If the vested Pension commences prior to a Member's Normal Retirement Date but on or after his 55th birthday, the Pension payable as of the earlier commencement date shall be reduced as provided for early retirement commencement under Section 5.3(c). If the vested Pension commences prior to the Member's 55th birthday, the Pension shall be of Equivalent Actuarial Value at the Pension otherwise payable at his Normal Retirement Date.

5.6 Surviving Spouse's Pension

- (a) Eligibility. The surviving Spouse of a married Member shall be eligible for a surviving Spouse's Pension if such married Member dies before his Annuity Starting Date:
- (i) In active service after he has completed the requirements for a normal retirement Pension under Section 5.1; a late retirement Pension under Section 5.2; or an early retirement Pension under Section 5.3; or
 - (ii) After retiring with entitlement to a normal retirement Pension under Section 5.1; a late retirement Pension under Section 5.2; or an early retirement Pension under Section 5.3; or
 - (iii) Either in active service or after terminating service on or after January 1, 1976, but in either event with entitlement to a vested Pension under Section 5.5.

Notwithstanding the above, the Pension payable to a surviving Spouse upon the death of a Member in receipt of a disability retirement Pension under the provisions of Section 5.4(b)(iv)(B) shall be determined in accordance with the provisions of that Section.

- (b) Commencement. Payment of the surviving Spouse's Pension to the Spouse shall commence as of the Member's Normal Retirement Date or as of the first day of the month coincident with or next following his date of death, if later. Notwithstanding the foregoing, the surviving Spouse may elect to commence payment of the surviving Spouse's Pension on the first day of any earlier month coincident with or following the earliest date the Member could have elected to commence benefit payments or the first day of any month coincident with or following his date of death, if later, or the surviving Spouse may elect to defer payments up to the first day of any month following the Member's Normal Retirement Date, but not later than the first day of the month following the date the deceased Member would have attained age 70 ¹/₂. Pension checks are issued at the end of each month for which payment is due.

- (c) Amount. The amount of the monthly surviving Spouse's Pension payable to the Member's Spouse shall be equal to the Pension that would have been payable to his Spouse if the Member had elected to have his Pension commence in the form of a Qualified Joint and Survivor Annuity on his Normal Retirement Date or upon his date of death, if later.

However, if within the 180-day period (90-day period prior to January 1, 2009) prior to his Annuity Starting Date a Member has elected Option 2 or 3 under Section 6.2 with his Spouse designated as the Beneficiary, such optional form of payment shall be used for computing the surviving Spouse's Pension instead of the Qualified Joint and Survivor Annuity.

In any case in which the surviving Spouse's Pension commences (in accordance with paragraph (b) above) prior to the Member's Normal Retirement Date, the amount of the surviving Spouse's Pension shall be adjusted to reflect a reduction for early commencement equivalent to the reduction that would have been applied in determining the amount of the Member's Pension under the provisions of Section 5.3 or 5.5, as applicable, had the Member begun to receive his Pension as of such commencement date.

In any case in which the surviving Spouse elects to defer commencement after the Member's Normal Retirement Date, the surviving Spouse's Pension shall be of Equivalent Actuarial Value to the Pension otherwise payable to the Spouse at the later of the Member's Normal Retirement Date or the earliest date the Spouse was eligible to commence payment.

In the event a Member dies on or after January 1, 2007, while in qualified military service and while his reemployment rights are protected under law, the surviving Spouse's Pension shall be calculated based on the assumption that the Member had returned to active employment and then terminated employment on account of his or her death. However, in determining the amount of the surviving Spouse's Pension, the Member's Accrued Benefit shall be determined at the date the Member entered military service, based on the benefit level then in effect and the Benefit Service the Member had accrued as of that date.

- (d) Small Lump Sum Payment. Notwithstanding the preceding provisions of this Section, a lump sum payment of Equivalent Actuarial Value shall be paid to the Spouse in lieu of the monthly Pension if the present value of the Spouse's Pension payable as of the Member's Normal Retirement Date or date of death, if later, amounts to \$5,000 or less. The lump sum payment shall be made as soon as practicable following the Member's date of death. In no event shall a lump sum payment be made following the date Pension payments have commenced to the Spouse as an annuity.

ARTICLE 6. FORMS OF PAYMENT

6.1 Automatic Form of Payment

- (a) Unmarried Member . If a Member is not married on his Annuity Starting Date, the monthly Pension shall be payable as a single life annuity for the Member's lifetime, unless the Member has elected an optional form of benefit as provided in Section 6.2.
- (b) Married Member . If a Member is married on his Annuity Starting Date, the monthly Pension shall be payable as a Qualified Joint and Survivor Annuity, unless the Member has elected an optional form of benefit as provided in Section 6.2.
- (c) Cash-Outs . Notwithstanding any provision of the Plan to the contrary, if the Equivalent Actuarial Value of the Pension payable to a Member from the Plan determined as of his Normal Retirement Date or actual termination of employment, if later, is \$5,000 or less, such Pension shall be paid in a lump sum which is the Equivalent Actuarial Value of such Pension. The lump sum payment shall be made as soon as administratively practicable following the Member's Severance Date, provided the Member's Pension has not commenced in the form of an annuity. In the event a Member is not entitled to any Pension upon his Severance Date, he shall be deemed cashed out as of the date he terminates employment and shall forfeit any benefit under the Plan.

6.2 Optional Forms of Pension

Subject to the provisions of Section 2.3 of the Core Document, a Member may elect to convert the benefit otherwise payable to him into an optional Pension of Equivalent Actuarial Value, as provided in one of the options named below:

(a) Option 1 – Single Life Annuity

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

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

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

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

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

shall be continued during the life of and shall be paid to the Member's Beneficiary.

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

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

(e) Option 5 – 10 Years Certain and Life Annuity

A monthly Pension shall be paid during the life of the Member and payments shall be guaranteed to be made for a minimum period of 10 years. In the event of the death of the Member after the Annuity Starting Date, but before the Member's receipt of monthly Pension payments for 10 years, the remainder of such payments shall be made to the Member's Beneficiary, or in the absence of a surviving Beneficiary, the residual value of the remaining payments shall be paid to the Member's estate in one lump sum.

If the designated Beneficiary should die after receiving at least one payment, and if further payments are due after the death of the designated Beneficiary, the further payments shall be made to any person(s) designated by the Member as an alternate Beneficiary or, in the absence of an alternate surviving Beneficiary, the residual value of the remaining payments shall be paid to the estate of the last surviving Beneficiary in one lump sum.

The residual value shall be determined on the basis of an interest rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually.

(f) Option 6 – 5 Years Certain and Life Annuity

A monthly Pension shall be paid during the life of the Member and payments shall be guaranteed to be made for a minimum period of five years. In the event of the death of the Member after the Annuity Starting Date, but before the Member's receipt of monthly Pension payments for five years, the remainder of such payments shall be made to the Member's Beneficiary, or in the absence of a surviving Beneficiary, the residual value of the remaining payments shall be paid to the Member's estate in one lump sum.

If the designated Beneficiary should die after receiving at least one payment, and if further payments are due after the death of the designated Beneficiary, the further payments shall be made to any person(s) designated by the Member as an alternate Beneficiary or, in the absence of an alternate surviving Beneficiary, the residual value of the remaining payments shall be paid to the estate of the last surviving Beneficiary in one lump sum.

The residual value shall be determined on the basis of an interest rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually.

(g) Option 7 – 15 Years Certain and Life Annuity

A monthly Pension shall be paid during the life of the Member and payments shall be guaranteed to be made for a minimum period of 15 years. In the event of the death of the Member after the Annuity Starting Date, but before the Member's receipt of monthly Pension payments for 15 years, the remainder of such payments shall be made to the Member's Beneficiary, or in the absence of a surviving Beneficiary, the residual value of the remaining payments shall be paid to the Member's estate in one lump sum.

If the designated Beneficiary should die after receiving at least one payment, and if further payments are due after the death of the designated Beneficiary, the further payments shall be made to any person(s) designated by the Member as an alternate Beneficiary or, in the absence of an alternate surviving Beneficiary, the residual value of the remaining payments shall be paid to the estate of the last surviving Beneficiary in one lump sum.

The residual value shall be determined on the basis of an interest rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually.

(h) Option 8 — Lump Sum.

One lump sum payment of Equivalent Actuarial Value to the Pension otherwise payable to the Member under this Appendix 10 at his Normal Retirement Date, or, if larger, at his Annuity Starting Date, provided the amount of the lump sum payment does not exceed \$10,000 at his Annuity Starting Date.

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

6.3 Commencement and Duration of Payments

The first monthly payment of a Pension to a Member shall be made on or about the last business day of the month in which the Member's Annuity Starting Date occurs. Subsequent monthly payments shall be made on or about the last business day of each subsequent month during the Member's lifetime. The last monthly payment to the Member shall be made on or about the last business day of the month in which the Member dies.

In the event payments are due to a surviving Spouse or other Beneficiary following the Member's death under the form of payment then in effect, the first payment due the surviving Spouse or other Beneficiary shall be made on or about the last business day of

the month following the calendar month in which the Member died. Subsequent monthly payments shall be made on or about the last business day of each month during the Spouse's or Beneficiary's lifetime (or during the remaining period certain, if applicable). The last monthly payment shall be made on or about the last business day of the month in which the Spouse or Beneficiary dies (or, if earlier, upon the expiration of the period certain, if applicable).

**FIRST AMENDMENT TO THE
GRAPHIC PACKAGING RETIREMENT PLAN
(As Amended and Restated Effective January 1, 2009 and Reflecting Amendments Adopted
Through December 31, 2009)**

WHEREAS, the Compensation and Benefits Committee of the Board of Directors of Graphic Packaging Holding Company has delegated to the Retirement Committee of Graphic Packaging International, Inc. (the "Retirement Committee") the responsibility to make certain amendments in order to maintain the Graphic Packaging Retirement Plan (the "Plan"); and

WHEREAS, the Retirement Committee deems it desirable to amend the Plan, effective as of July 1, 2010, to eliminate the requirement that an election form be completed and notarized before the benefit commencement date, to permit a waiver of the 30-day notice period applicable to an election of an optional form of payment, and to permit members whose employment is subject to the terms of a collective bargaining agreement under Appendices 2 through 9 to elect a retroactive annuity starting date;

NOW, THEREFORE, BE IT RESOLVED, that the Plan be, and it hereby is, amended, effective as of July 1, 2010, in the following respects:

1. Section 2.3(b) is amended by revising the third and fourth sentences thereof to read as follows:

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

2. Section 2.3(c) is amended in its entirety to read as follows:

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

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

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

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

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

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

- (A) the Retirement Committee clearly informs the Member that he has a period of at least 30 days after receiving the notice to decide when to have his benefits begin, and, if applicable, to choose a particular optional form of payment;
- (B) after receiving the notice, the Member affirmatively elects a date for his Pension to begin and, if applicable, an optional form of payment;

- (C) the Member is permitted to revoke his election until the later of his Annuity Starting Date or at any time prior to the commencement of benefit payments;
 - (D) payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay); and
 - (E) the Member's Annuity Starting Date is after the date the notice is provided, except as provided in subparagraph (iii).
- (iii) Retroactive Annuity Starting Date. If a Member is eligible (in accordance with the provisions of the last sentence of paragraph (b) above) to elect, and does elect, an Annuity Starting Date that precedes the date he received the notice (a "retroactive Annuity Starting Date"), such election shall be subject to the following requirements:
- (A) with respect to an election made by a Member who is entitled to a Pension payable under the provisions of Appendix 1 or 10 and who is involuntarily terminated by the Employer, the retroactive Annuity Starting Date is within the 120-day period following the Member's termination of employment with the Employer and all Affiliated Employers.
 - (B) The Member's benefit, including any interest adjustment, must satisfy the provisions of Section 415 of the Code, both at the retroactive Annuity Starting Date and at the actual commencement date, except that if the form of payment is not subject to the provisions of Section 417(e)(3) of the Code and payments commence within 12 months of the Member's retroactive Annuity Starting Date, the provisions of Section 415 of the Code need only be satisfied as of the retroactive Annuity Starting Date.
 - (C) If payment is made in the form of an annuity that is not subject to the provisions of Section 417(e)(3) of the Code, a payment equal in amount to the sum of the monthly payments that the Member would have received during the period commencing on his retroactive Annuity Starting Date and ending with the month preceding his actual commencement date, plus interest at the rate of 120 percent of the mid-term Applicable Federal Rate for the first month of the applicable Plan Year, compounded annually, shall be paid to the Member on his actual commencement date.
 - (D) Spousal Consent to the retroactive Annuity Starting Date is required for such election to be effective unless:

- (I) the amount of the survivor annuity payable to the Spouse determined as of the retroactive Annuity Starting Date under the form elected by the Member is no less than the amount the Spouse would have received under the Qualified Joint and Survivor Annuity if the date payments commence were substituted for the retroactive Annuity Starting Date; or
 - (II) the Member's Spouse on his retroactive Annuity Starting Date is not his Spouse on his actual commencement date and is not treated as his Spouse under a qualified domestic relations order.
- (E) If the Member elects payment in a form of payment that is subject to the provisions of Section 417(e)(3) of the Code:
- (I) the monthly amount shall not be less than the amount that would have been paid in the same form on the retroactive Annuity Starting Date if the benefit amount had been calculated using the IRS Interest Rate and the IRS Mortality Table in effect on the actual commencement date; and
 - (II) interest shall be credited in the same manner as described under clause (C) above.
- (F) The provisions of subparagraphs (i) and (ii) above shall apply by substituting the actual commencement date for the Annuity Starting Date.
- (G) Payment does not commence less than seven days following the day after the notice is received by the Member, nor more than 90 days following the day the notice is received by the Member (except that the 90-day period may be extended due to administrative delay)."
3. Section 2.3(d) is amended by changing the reference to "paragraph (c)(iii)" in the fourth and fifth sentences thereof to read "paragraph (c)."

BE IT FURTHER RESOLVED, that the Retirement Committee has approved this First Amendment to the Graphic Packaging Retirement Plan this _____ day of November, 2010.

**GRAPHIC PACKAGING INTERNATIONAL, INC.
RETIREMENT COMMITTEE MEMBERS**

By: /s/ Daniel J. Blount
_____ Daniel J. Blount

By: /s/ Brad Ankerholz
_____ Brad Ankerholz

By: /s/ Cindy Baerman
_____ Cindy Baerman

By: /s/ Clint Demetriou
_____ Clint Demetriou

**SECOND AMENDMENT TO THE
GRAPHIC PACKAGING RETIREMENT PLAN**

**(As Amended and Restated Effective January 1, 2009 and Reflecting Amendments
Adopted Through December 31, 2009)**

WHEREAS, the Compensation and Benefits Committee of the Board of Directors of Graphic Packaging Holding Company has delegated to the Retirement Committee of Graphic Packaging International, Inc. (the "Retirement Committee") the responsibility to make certain amendments in order to maintain the Graphic Packaging Retirement Plan (the "Plan"); and

WHEREAS, the Retirement Committee deems it desirable to amend the Plan to comply with certain provisions of the Heroes Earnings Assistance and Relief Tax Act of 2008;

NOW, THEREFORE, BE IT RESOLVED, that the Plan be, and it hereby is, amended, effective as of the dates indicated below, in the following respects:

1. Section 1.30 of the Core Document is amended in its entirety, effective as of January 1, 2009, to read as follows:

"1.30 **Statutory Compensation** means compensation from the Employer or any Affiliated Employer as defined in U.S. Treasury Department regulations Section 1.415(c)-2(d)(4) (i.e., Information required to be reported under Sections 6041, 6051 and 6052 of the Code ("W-2 Pay")) plus amounts that would be included in wages but for an election under Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code. For Plan Years beginning on or after July 1, 2007, the preceding definition of compensation shall be modified as required under the provisions of U.S. Treasury Department regulation Section 1.415(c)-2(e) and shall include all amounts permitted to be recognized under the provisions of U.S. Treasury Department regulation Section 1.415(c)-2(e)(2) and (3) and, effective on and after January 1, 2009, U.S. Treasury department regulation Section 1.415(c)-2(e)(4). Also, effective for Plan Years beginning on and after January 1, 2009, Statutory Compensation shall include differential wage payments (as defined in Section 3401(h)(2) of the Code) paid to an individual by the Employer, to the extent not otherwise included in this definition of Statutory Compensation. For purposes of applying the top-heavy provisions under Section

3.3 and effective for Plan Years beginning on and after July 1, 2007, for purposes of applying the maximum benefit limitations under Section 3.2, Statutory Compensation shall not exceed the limitation on compensation under Section 401(a)(17) of the Code.”

2. Section 1.15 of Appendix 1 is amended, effective as of January 1, 2009, by deleting the words “and President’s awards” and by inserting in their place the words “, President’s awards and differential wage payments (as defined in Section 3401(h)(2) of the Code) in accordance with Section 414(u)(12) of the Code;”
3. Section 2.1 of Appendices 2, 3, 4, 5, 6, 8, 9, and 10 is amended, effective as of January 1, 2007, by the addition of the following new paragraph at the end thereof:

“Effective January 1, 2007, if an individual who was an employee dies while performing qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 and any related legislation or guidance, such individual’s period of time in qualified military service through the date he died shall be counted as Vesting Service.”
4. Section 2.2 of Appendix 1 is amended, effective as of January 1, 2007, by the addition of the following new paragraph to the end thereof:

“Effective January 1, 2007, if an individual who was an employee dies while performing qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 and any related legislation or guidance, such individual’s period of time in qualified military service through the date he died shall be counted as Vesting Service.”
5. Section 2.2 of Appendices 3 and 9 is amended, effective as of January 1, 2007, by the addition of the following new paragraph to the end thereof:

“Effective January 1, 2007, if an individual who was an employee dies while performing qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 and any related legislation or guidance, such individual’s period of time in qualified military service through the date he died shall be counted as Benefit Service solely for purposes of determining eligibility for and commencement of an early retirement or vested Pension, or eligibility for a Spouse’s Pension under Section 5.7.”
6. Section 2.6 of Appendix 1, Section 2.5 of Appendices 2 through 9, and Section 2.2 of Appendix 10 is amended, effective as of January 1, 2007, to read as follows:

“Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided as required by, and in accordance with, Section 414(u) of the Code.”

7. Section 5.6 of Appendix 1 is amended, effective as of January 1, 2007, by deleting the last paragraph of paragraph (c) and by adding a new paragraph (e) to read as follows:
 - “(e) Mandatory Survivor Benefits on behalf of Members Who Die in Qualified Military Service . In the event a Member dies on or after January 1, 2007, while in qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected under law, the surviving Spouse’s Pension shall be determined based on the assumption that the Member had returned to active employment and then terminated employment on account of his death. However, in determining the amount of the surviving Spouse’s Pension, the Member’s Accrued Benefit shall be determined at the date the Member entered military service and no Pensionable Earnings or Benefit Service shall be imputed for the period of military service (except to the extent all or a portion of such period of military service is treated as a Leave of Absence for which Benefit Service is granted (except to the extent all or a portion of such period of military service is treated as a Leave of Absence for which Benefit Service is granted under the Plan).”
8. Section 5.6 of Appendix 1 is amended, effective as of January 1, 2007, by deleting the last paragraph of paragraph (c) and by adding a new paragraph (e) to read as follows:
 - “(e) Mandatory Survivor Benefits on behalf of Members Who Die in Qualified Military Service . In the event a Member dies on or after January 1, 2007, while in qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected under law, the surviving Spouse’s Pension shall be determined based on the assumption that the Member had returned to active employment and then terminated employment on account of his death. However, in determining the amount of the surviving Spouse’s Pension, the Member’s Accrued Benefit shall be determined at the date the Member entered military service and no Pensionable Earnings or Benefit Service shall be imputed for the period of military service (except to the extent all or a portion of such period of military service is treated as a Leave of Absence for which Benefit Service is granted (except to the extent all or a portion of such period of military service is treated as a Leave of Absence for which Benefit Service is granted under the Plan).”
9. Section 5.6(c) of Appendix 2, 3, 4, 5, 6, 8, and 9, is amended, effective as of January 1, 2007, by deleting the last paragraph thereof and Section 5.6 of Appendices 2, 3, 4, 5, 6, 8, and 9 is further amended, effective as of January 1, 2007, by adding a new paragraph (e) to read as follows:
 - “(e) Mandatory Survivor Benefits on behalf of Members Who Die in Qualified Military Service . In the event a Member dies on or after January 1, 2007, while in qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected under law, the surviving Spouse’s Pension shall be determined based on the assumption that the Member had returned to active employment and then terminated employment on account of his death. However, in determining the amount of the surviving Spouse’s Pension, the Member’s Accrued Benefit shall be determined at the date the Member entered military service, based on the benefit level then in effect and Benefit Service the Member had accrued as of that date (or at the date he ceased to accrue Benefit Service under the Plan, if later).”
10. Section 5.6 of Appendix 10 is amended, effective as of January 1, 2007, by deleting the last paragraph of paragraph (c) and by adding a new paragraph (e) to read as follows:

“(e) Mandatory Survivor Benefits on behalf of Members Who Die in Qualified Military Service . In the event a Member dies on or after January 1, 2007, while in qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected under law, the surviving Spouse’s Pension shall be determined based on the assumption that the Member had returned to active employment and then terminated employment on account of his death. However, in determining the amount of the surviving Spouse’s Pension, the Member’s Accrued Benefit shall be determined at the date the Member entered military service.”

11. Section 5.7 of Appendices 3 and 9 is amended, effective as of January 1, 2007, by adding the following paragraph at the end thereof:

“In the event a Member dies on or after January 1, 2007, while in qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected under law, the Spouse’s Pension payable under this Section shall be determined based on the assumption that the Member had returned to active employment and then terminated employment on account of his death. However, the amount of the Spouse’s Pension shall be determined at the date the Member entered military service, based on the benefit level then in effect and Benefit Service the Member had accrued as of that date (or at the date he ceased to accrue Benefit Service under the Plan, if later).”

BE IT FURTHER RESOLVED, that the Retirement Committee has approved this Second Amendment to the Graphic Packaging Retirement Plan this ____ day of November, 2010.

**GRAPHIC PACKAGING INTERNATIONAL,
INC.
RETIREMENT COMMITTEE MEMBERS**

By: /s/ Daniel J. Blount
Daniel J. Blount

By: /s/ Brad Ankerholz
Brad Ankerholz

By: /s/ Cindy Baerman
Cindy Baerman

By: /s/ Clint Demetriou
Clint Demetriou



GRAPHIC PACKAGING

HOLDING COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS Graphic Packaging Holding Company and Subsidiaries

Graphic Packaging Holding Company has a solid reputation for honesty, social responsibility and ethical dealings. Every employee, including every officer and director, shares an obligation to protect and strengthen our good reputation in our relationships with customers, employees, suppliers, competitors, investors, and governmental agencies, and to act consistently with our core values.

Integrity: We are honest in what we do and say. We lead by example. We keep our promises, meet our commitments, and take pride in what we do. We respect our policies and live up to the trust others place in us. Our Company is built on truthfulness and trust.

Respect: We value each person's unique skills and abilities. We actively listen to each other's ideas and honor diverse opinions. We appreciate everyone's contribution and recognize accomplishments. We show common courtesy to each other and our customers. Our work environment is open, honest, supportive and fulfilling.

Accountability: We are personally responsible for doing our job to the best of our ability. We act with initiative, learn from our experiences, share our knowledge and strive to continuously improve our performance. We are dependable and can be counted on to deliver results. We look out for each other's safety. We effectively use the resources entrusted to us.

Relationships: We depend on each other for our success. Our attitudes are positive, our communications are open and direct, and our actions consider the needs of others. We use our differences to explore new ideas, increase our understanding and win together by combining our strengths.

Teamwork: We share our goals and work together to achieve them. We encourage everyone's involvement and support each other's ideas. We help others without being asked. We reach across departments and around our world for the know-how and experience we need to be competitive in the marketplace and responsive to our customers. We celebrate success!

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Consistent with this objective, each employee should:

- conduct himself or herself in accordance with the law and with full regard for our rights, obligations and ethical responsibilities;
- conduct himself or herself in a manner that reflects positively on our organization;
- avoid transactions or situations in which his or her own interests conflict or could be construed to conflict with ours; and
- address any concerns he or she may have about how business is being conducted with his or her supervisor or manager or through the AlertLine , without any fear of retaliation.

Unfortunately, matters of honesty and fairness are not always apparent or easy to determine in every situation. Accordingly, our Board of Directors has approved a revised Code of Business Conduct and Ethics to provide guidance to our employees in conducting business in accordance with the highest ethical standards. After reading the Code, if you have any questions or doubts about a matter, feel free to discuss them with your manager or supervisor. Full, early and ongoing disclosure can prevent potential problems.

These standards and procedures for ethical business behavior have always been an integral part of our business. We reaffirm our commitment to the highest principles of ethics and business conduct, and ask each of you to reaffirm your personal commitment to these principles.

David W. Scheible
President and
Chief Executive Officer

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GRAPHIC PACKAGING

HOLDING COMPANY

CODE OF BUSINESS CONDUCT AND ETHICS 2011

Our Core Values:

Integrity

Respect

Accountability

Relationships

Teamwork

If you have any questions about how business is being conducted at Graphic Packaging Holding Company or its subsidiaries, please call the AlertLine (see attached Exhibit A for the appropriate AlertLine number for your location).

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Graphic Packaging Holding Company and Subsidiaries
Code of Business Conduct and Ethics

INTRODUCTION

The Graphic Packaging Code of Business Conduct and Ethics (the “Code”) is a practical guide to the business and personal behavior of our employees while conducting our affairs. This Code is intended to promote:

- compliance with applicable laws, including applicable governmental agency rules;
- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosures in documents the Company files with or otherwise submits to the SEC and in other public communications the Company makes;
- the prompt internal reporting of Code violations to the appropriate persons; and
- accountability for adherence to the Code.

This Code applies to every employee, officer and director (collectively, “employees”) of Graphic Packaging Holding Company or our subsidiaries worldwide. Please take time to read, review and understand these standards, since you will be subject to them. If objections, possible conflicts, or disagreements with this Code arise, or if you become aware of possible violations of this Code, it is important that we resolve them promptly. It is the obligation of all employees to report known or suspected violations of this Code, law or company policies to their supervisor, to the General Counsel or to the AlertLine (see attached Exhibit A for the appropriate AlertLine number for your location). Taking adverse action against anyone because they raise a concern under this Code is strictly prohibited.

A. COMPLIANCE WITH LAWS AND REGULATIONS

We value our corporate reputation for complying with all applicable federal, state and local laws, rules and regulations that apply to our business around the world. Every employee must share this responsibility. Legal compliance includes, without limitation, the following prohibitions and requirements:

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1. Making sure that all products we sell comply with all legal safety standards. We will not sell any product we know to be defective and we try to minimize, as much as possible, any hazards from products where there are risks that cannot be avoided entirely.
2. Employees must comply with all federal and state antitrust laws. Employees should avoid any communication with a competitor about pricing, costs, discounting, promotion, production, marketing, product and health labels, inventories, product development, sales territories and goals, market studies, or other proprietary or confidential information about a competing product.
3. We are committed to having a work environment where all individuals are treated with respect and dignity. To help achieve this goal, employees must comply with all laws and regulations relating to equal employment opportunity. We will, to the extent practicable, establish affirmative action programs for all legally protected classes of people. Employees may not discriminate against or harass any employee or applicant for employment, or anyone else who is in our work environment, based on race, sex, age, color, ethnic background, religious beliefs, national origin, ancestry, marital status, sexual orientation, physical or mental disability, because he or she is a disabled veteran or veteran of the Vietnam Era, or because of any other legally-protected characteristic.
4. We are committed to having a safe workplace and to complying with all laws that address safety in the workplace. All employees are responsible for ensuring that their work area is safe and that any safety hazards are reported right away so they can be corrected.
5. We will comply with all applicable environmental laws and regulations and maintain programs and procedures to make employees aware of their environmental responsibilities. In addition, all employees should constantly be sensitive to how their activities impact the environment. They should strive to preserve and improve the quality of the environment.
6. We will respect our property and the property of others by protecting it from unauthorized uses. All employees will comply with all applicable copyright laws related to computer software or any other written or electronic materials that are used for work. Employees may not use computer software on PC's or other computers or any other materials, such as books or articles, in any manner not specifically authorized by the vendor agreement and our policies.
7. We will only purchase products and services from vendors whose labor force is made up of employees with a minimum age of not less than 16 years, and whose labor force used in producing the goods is not furnished, wholly or in part, by convicts or prisoners, except convicts or prisoners on parole, supervised release, or probation. All vendors and suppliers are expected to

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comply with all applicable laws and regulations in the production of goods and services for us and in the conduct of their business with us.

We will cooperate with law enforcement authorities in the prosecution of anyone (employee or non-employee) involved in theft, fraud or any other illegal activity.

This Code does not summarize all laws, rules and regulations applicable to us and our employees. Please consult with our Law Department if you have any questions.

B. CONFLICTS OF INTEREST

Consistent with this Code of Business Conduct and Ethics, we respect the rights of all employees to engage in and carry on all activities outside their employment with us that are legal, do not interfere with the performance of assigned duties, do not involve misuse of our influence or assets, and do not involve risk to our good reputation.

All employees should avoid any conflict, or the appearance of any conflict, between his or her personal interests (including familial interests) and our interests. A conflict of interest can arise when an employee takes actions or has an interest that may make it difficult to perform his or her work objectively and effectively. Conflicts of interests also arise when employees or their family members receive improper personal benefits as a result of the employee's position with us, whether received from us or a third party. Loans or guarantees of obligations to employees and their respective immediate family members may create conflicts of interest. Federal law prohibits extensions of credit in the form of a personal loan to our directors and executive officers.

Conflicts of interest may not always be clear-cut, so if you have a question, please consult with your supervisor or our Law Department.

The following paragraphs further define our policy concerning conflicts of interest:

1. Any existing material (financial or otherwise) interest in any customer, supplier or competitor of the Company must be promptly disclosed to the Company upon an Employee's employment with the Company. Although materiality depends on the individual circumstances, an interest would be considered material if it involves more than 5% of the employee or family member's net worth, or represents a 5% or greater ownership interest of the customer, supplier or competitor.
2. Commercial bribery is illegal and the payment or receipt of any business-related bribe or kickback is prohibited. Employees and their family members may not directly or indirectly accept money or other gifts, services, entertainment or trips from any person or outside concern that does or seeks

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to do business with us, unless they are of nominal or token value. Gifts, service or entertainment are not of nominal or token value if they are likely to influence an employee's independent business judgment.

Generally, permissible entertainment includes the actual cost of meals, beverages, greens fees, and theater or arena tickets where the entertainment is occasional and related to a legitimate business purpose. Permissible business entertainment does not include the use of condominiums, hunting lodges, or similar personal accommodations or trips, unless an employee obtains prior approval from an appropriate senior officer .

3. The following activities are prohibited unless approved or ratified by the Audit Committee of the Board of Directors pursuant to the policy regarding Related Party Transactions:
 - a. Acquiring any material interest (financial or otherwise, as defined in paragraph 1. above) in any customer, supplier of merchandise or services, or competitor of the Company
 - b. Providing managerial or consulting services or serving as a director to any customer, supplier or competitor of the Company, except with the President and CEO's prior knowledge and approval. (Any employee serving on the board of directors of any public company requires approval of the Company's board of directors.)
 - c. Providing any information in a consulting or other capacity to a hedge fund or other investment organization about the Company or its customers or suppliers with whom the employee has had contact on behalf of the Company.
 - c. Representing us in any transaction with another organization in which an employee or a family member has a material personal interest.
 - d. Purchasing or obtaining merchandise from us, regardless of condition, for the purpose of resale.
 - e. Accepting loans from any person or entity having or seeking business with us, except recognized financial institutions at market interest rates.
 - f. Supervising, making or reviewing employment decisions that relate to a relative or an individual with whom the employee is engaged in a romantic relationship.

Each employee is required to disclose fully any benefit, interest or activity that is or may be in violation of the Code to his or her immediate supervisor. To the extent possible, such disclosure should be made before a potential conflict

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arises. Any employee with questions regarding the application of the Code should address those questions to his or her immediate supervisor or the Law Department.

The employee's immediate supervisor shall report the matter to his or her Senior Vice President, who will consult with our General Counsel to determine the course of action, if any, to be taken.

Any employee who knows or suspects another employee of any conflicts of interest, or other violations of this Code must inform his or her supervisor or our General Counsel and/or report his suspicions by calling our AlertLine (see attached Exhibit A for the appropriate AlertLine number for your location). All employees must fully cooperate with all investigations regarding suspected violations of this Code. Failure to report or to cooperate will be considered a violation of the Code and the employee will be subject to appropriate disciplinary action, up to and including termination.

C. CUSTOMERS AND SUPPLIERS; FAIR DEALING

We will work with our customers and suppliers in a manner that reflects a strong sensitivity and concern for social responsibility and ethical dealings, and will maintain our solid reputation for honesty and fairness in all transactions. Every employee shares an obligation to protect and strengthen our good reputation in all our relationships with our customers and suppliers. Each employee will deal fairly with our customers and suppliers, as well as our competitors and employees. Employees may not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

In furtherance of this policy:

1. No bribe, payoff, kickback or other payment for any improper or illegal purpose will be made by or on our behalf, directly or indirectly, regardless of motive, to or for the benefit of any customer, supplier, developer, or any of their employees.
2. Social amenities, reasonable entertainment, and other courtesies consistent with our policies may be extended to customers, suppliers, or their employees. Expensive gifts or lavish entertainment may not be offered or furnished to any customer, supplier or their employees.
3. No customer will be billed for any amount in excess of actual selling price of the goods or services. No part of the purchase price will be rebated to a customer, except in accordance with approved plans and programs. Appropriate credit will be given for the value of all merchandise returned by customers consistent with our policies.

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4. All sales will be billed directly to the purchaser by written invoice setting forth, in sufficient detail, the goods and services involved and the amounts owed by the customer.
5. Employees will seek the best price available when purchasing goods or services for us and will document the purpose and actual amount of the payment.
6. All payments by us or on our behalf, including fees or commissions paid to attorneys, consultants, advisors, dealers, agents, or other representatives, will be made by check, draft, wire transfer, electronic fund transfer, or other document transfer, drawn to the order of the appropriate party and supported by documentation reflecting the actual purpose.

D. CORPORATE OPPORTUNITY

Employees may not take for themselves opportunities that properly belong to us or are discovered through the use of our property, information or position. Employees also may not use our property, information or position for personal gain or compete with us in any way. Employees owe a duty to us to advance our legitimate interests when the opportunity to do so arises. Employees are also required to make full disclosure of any situation or transactions which would compromise, or appear to compromise the Employee's independence, or the interest of the Company.

E. CONFIDENTIAL INFORMATION

We have always worked diligently to communicate accurately and on a timely basis with our shareholders, investment professionals, and other members of the public. Federal law generally requires us to make available a timely flow of information to all members of the public, with equal access, which is consistent with our goal of maintaining the trust and confidence of the investing public.

Employees must maintain the confidentiality of confidential information entrusted to them by us or our suppliers or customers, except when disclosure is authorized in advance by our Law Department, or required by laws, regulations or legal proceedings. Whenever possible, employees should consult the Law Department if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to our competitors, or harmful to us or our customers if disclosed.

Our financial information is always considered confidential, unless it has been published in reports to our shareholders or otherwise publicly disseminated. This and any other confidential information must be treated with proper security at all times. No one may disclose such confidential information without the prior approval of our Chief Financial Officer or our General Counsel.

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All files, records and reports (including computerized data) acquired or created in the course of employment belong to the Company. Originals and copies of these documents may be removed from our facilities only for the purpose of performing the employee's job, and must be returned at any time upon request.

All terminated employees must immediately return all written material (including computerized data) prepared by, or for us, to their immediate supervisor.

F. INSIDER TRADING

In the course of operating our business, employees frequently have access to financial information, operating results, and plans that have not been made public. This is especially true of employees working at our headquarters, where such information is collected, assembled and analyzed. This information may be "material," and federal securities laws prohibit persons possessing "material" non-public information from trading in our securities or providing that information to others.

Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in determining whether to buy or sell or hold our securities. Non-public information concerning periodic financial results is nearly always "material." Employees possessing material inside information shall not trade in our securities until the information has been publicly distributed, and then only in accordance with the following rules:

1. **Window for Trading.** Our Board, Corporate Officers appointed by the Board, Investor Relations personnel and selected financial personnel may not purchase or sell our common stock during the period commencing 14 days prior to the end of any fiscal quarter and ending on the third business day following public announcement of our annual or quarterly financial results. **Even during periods when purchase or sales of our common stock is permitted, however, trading is prohibited if the insider possesses material non-public information.** This policy is intended to assure that insiders do not violate federal securities laws, to insure the continued confidence of investors in our common stock, and to avoid any appearance of impropriety.
2. **Short Sales.** Our trading policy prohibits any employee from selling our common stock if the seller does not then own the common stock or failing to deliver the common stock within 20 days after the sale or failing to mail the shares of common stock for clearing within five days after the sale. The transactions that this policy prohibits are "short sales" and sales "against the box." In a "short sale," the seller attempts to profit from an anticipated drop in a market price by selling securities he or she does not then own and covering the sale with securities bought after the decline. A sale "against the box" is a

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hedging device in which the seller owns the securities in question but can cover his sale with other securities bought during the price decline while holding securities already owned “in the box” for long-term gain. It is contrary to an employee’s obligation of loyalty to us to engage in “short sales” or sales “against the box.”

3. **Writing or Trading Options.** Employees may not write or trade in options on our common stock. Prohibited transactions include buying and selling (or “writing”) put or call options, whether or not the trader owns common stock underlying the option (as in the case of “covered” call options, for example).
4. **Six-Month Trading Rule.** Directors and officers meeting the definition of an “executive officer” must additionally comply with Section 16 of the Securities Exchange Act of 1934 (the “Exchange Act”). Executive officers are designated by the Board of Directors. Executive officers and directors must report their transactions in our common stock to the SEC and are liable to us for short-swing profits resulting from any non-exempt combination of purchase and sale of our common stock within a period of less than six months. Section 16 also prohibits short sales by executive officers and directors. Additional details are available to directors and executive officers in our Policy Statement on Insider Trading.

For more information see the *Policy Statement on Trading Securities of Graphic Packaging Holding Company* , available on our website, or from the Law Department upon request.

G. PERSONAL INVESTMENTS

Employees should avoid financial activities that would reflect adversely on the Company.. Employees may make personal investments in corporate stock, bonds, real estate, partnerships, money market instruments, or other securities, including our common stock (See [Section F](#)). Employees may not invest in securities, enterprises or other activities of customers and suppliers that are not available to the public without the prior written approval of our President and Chief Executive Officer.

H. POLITICAL CONTRIBUTIONS

No employee shall, during normal business hours or on our premises, solicit contributions for any political party, organization or committee, or any candidate for public office, whether on our behalf or individually, except in connection with a solicitation on behalf of any political action committee established by us, or that is approved by our President and Chief Executive Officer. No employee shall use coercion of any kind in connection with any permissible solicitation. No employee shall use our funds or property in support of any political party, organization or

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committee, or any candidate for public office unless this is permitted by law and approved by our President and Chief Executive Officer.

I. PAYMENTS TO GOVERNMENTAL OFFICIALS

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to foreign government officials or foreign political candidates in order to obtain or retain business. Payments to government officials of any country are strictly prohibited. In addition, there are legal limitations on business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these regulations would not only violate our policy, but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. Governmental officials include elected or appointed officials of any foreign or domestic federal, state, county, municipal or other political subdivision, agencies thereof, and their families and employees. Our Law Department can provide guidance to you in this area.

It is our policy that:

1. No bribe, payoff, kickback, or other payment of any questionable, improper, or illegal purpose shall be made by us or on our behalf, directly or indirectly, regardless of motive, to or for the benefit of any governmental agency, officials, or their families or employees.
2. No funds or assets of any type shall be paid, loaned or given to or for the benefit of any governmental agency or official, and no transaction shall be entered into with or for the benefit of any governmental agency or official, except for a legitimate business purpose, in accordance with applicable law and customs, and in compliance with the following policies and procedures:
 - a) No government official shall be retained or otherwise compensated by an employee or the Company to perform services related to a matter within the scope of that person's official functions or the duties and responsibilities of the governmental body by which that person is employed, to assist in obtaining or retaining governmental business or to influence legislation or regulations.
 - b) Social amenities, reasonable entertainment, and other courtesies consistent with our policies may be extended to governmental officials to the extent customary and proper in the jurisdiction in which offered. Expensive gifts or lavish entertainment shall not be offered or furnished to any government official.

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J. BOOKS AND RECORDS

All of our books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect our transactions and must conform both to applicable legal requirements and to our system of internal controls. Unrecorded or "off the books" funds or assets may not be maintained unless permitted by applicable law or regulation.

The integrity of our accounting is based on the validity, accuracy, and completeness of supporting documents and original entries in our books and records.

Records should always be retained or destroyed according to our record retention policies. In accordance with these policies, in the event of litigation or governmental investigation, consult our Law Department.

In furtherance of these policies:

1. All transactions affecting us, directly or indirectly, will be recorded on and documented properly and accurately in our books and records in accordance with our policies and procedures.
2. All accounts established and maintained by us or for our benefit will be recorded on and documented properly and accurately in our books and records in accordance with our policies and procedures.
3. In accordance with our policies and procedures, all cash and cash equivalents received by us or on our behalf will be promptly recorded on our books and records and deposited with or maintained by a bank or other institution, except cash or cash equivalents required for normal business operations.
4. Each employee involved in creating, processing or recording accounting information affecting us will be held responsible for our integrity.
5. Compliance with generally accepted accounting principles and our internal accounting controls, policies and procedures is required.
6. No false or intentionally misleading entries will be made in our books and records or in connection with any related documentation.
7. No fund or asset that is not disclosed or recorded will be established or maintained, directly or indirectly, for any purpose.

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8. Complete and accurate information will be given in response to inquiries from any of our accounting functions, the Law Department, Internal Audit, and our independent auditor.

K. EMPLOYEE RELATIONS

We want to have a workplace that is comfortable and safe for all of our employees. Our policies and practices are designed to promote fairness and respect for all individuals, to maintain the safest possible working conditions, and to foster a work environment where diversity and inclusion are valued. We do not tolerate discrimination, harassment or retaliation. Workplace violence, threats, and other behaviors that disrupt the workplace or that put our employees at risk are strictly prohibited.

We base all employment decisions, including selection, development and compensation decisions, on skills and performance. We adhere to the employment policies and practices of non-discrimination as it relates to sex, race, color, religion, natural origin, ancestry, marital status, sexual orientation, age, disability, veteran status, or any other legally-protected personal characteristic.

We do not tolerate inappropriate behavior or harassment by, or of, our employees. Harassment is any behavior that unreasonably interferes with job performance or creates an intimidating, hostile or offensive work environment. All employees are expected to conduct themselves in such a manner as to maintain a working environment free of discrimination and harassment of any kind, including sexual or racial harassment.

It is our policy to comply with all applicable wage and hour laws, laws related to workplace safety and health, and other laws that govern the relationship between the Company and employees.

All of us, particularly management, must respect and preserve the individual rights and dignity of every employee.

L. PROTECTION AND PROPER USE OF ASSETS

All employees should protect our assets and ensure their efficient use. Our assets include physical, financial, and intellectual property (patents, trade secrets, trademarks, copyrights, and other proprietary information), and any other asset that belongs to the Company. Theft, carelessness and waste have a direct impact on our profitability. Our assets should be used for legitimate business purposes only.

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M. ACCOUNTING COMPLAINTS

Our policy is to comply with all applicable financial reporting and accounting regulations. If any employee has concerns or complaints regarding questionable accounting or auditing matters, then he or she should submit those concerns or complaints (anonymously, confidentially or otherwise) to our General Counsel or report such concerns or complaints by calling our AlertLine (see attached Exhibit A for the appropriate AlertLine number for your location).

N. PUBLIC COMPANY REPORTING

As a public company, it is critically important that the reports and documents we file with the SEC and other public communications be complete, accurate, timely and understandable in all material respects. Depending on their position, an employee may be called upon to provide necessary information to assure that our filings and other public communications meet these standards. We expect employees to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to our public disclosure requirements.

In addition, our principal executive officer, principal financial officer, principal accounting officer, or controller, or persons performing similar functions must follow the following guidelines to promote the foregoing:

1. Carefully review drafts of reports and documents that we are required to file with or submit to the SEC before they are filed or submitted, as well as our press releases or other public communications before they are released to the public.
2. Meet with our disclosure committee, members of senior management not on the disclosure committee, division heads, accounting staff and others involved in the disclosure process to discuss their comments on the draft report, document, press release or public communication.
3. Establish and maintain disclosure controls and procedures that ensure that material information is included in each report, document, press release or public communication in a timely fashion.
4. Consult with the Audit Committee of the Board on a regular basis to determine whether they have identified any weaknesses or concerns with respect to internal controls.
5. When relevant, confirm that neither our internal auditors nor our independent auditors are aware of any material misstatements or omissions in the draft report or document, or have any concerns about management's discussion and analysis section of a report.

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6. Promptly bring to the attention of the Audit Committee of the Board matters that could compromise the integrity of our financial reports, or disagreements on accounting matters.

O. AMENDMENT, MODIFICATION AND WAIVER

This Code may be amended or modified only by the Board of Directors. Waivers of or changes in this Code for our executive officers or directors may only be granted by the Board or the Nominating and Corporate Governance Committee, subject to the requirements of the Exchange Act and the applicable rules of the New York Stock Exchange, and must be promptly disclosed to our stockholders.

P. COMPLIANCE WITH THIS CODE

Any employee having information or knowledge of any actual or contemplated violation of this Code shall promptly inform his or her supervisor, report the matter to our General Counsel or call our AlertLine to report the matter. With respect to actual or contemplated violations of this Code involving an executive officer, including our principal executive officer, principal financial officer, principal accounting officer or controller, such matters should be reported to our General Counsel or via our AlertLine. Employees may call the Alertline at the number for their location as shown on the attached Exhibit A.

The Internal Audit function, as part of our regular procedures, shall assess compliance with this Code. Any matters discovered by Internal Audit that appear to violate this Code shall be investigated, and serious violations will be reported to the Audit Committee of the Board, our Chief Executive Officer and our General Counsel.

Our independent auditors shall report in writing to our Internal Audit Department and our General Counsel any matter discovered during their examination of our financial statements that appear to violate this Code.

All management employees (and those non-management employees designated by senior management), shall be required at least annually to affirm to the best of their knowledge, that they have complied with this Code, have no knowledge of any violation of this Code not previously reported and have not been requested to engage in any activity in violation of this Code. Employees may also be required to submit detailed information on any business interest in which they or their immediate family are involved if the Company has reason to believe that those interests may pose a conflict of interest.

An employee's failure to comply with this Code will result in disciplinary action that, depending on the seriousness of the matter, may include reprimand, probation, suspension, demotion or dismissal. Disciplinary measures will apply to supervisors and senior executives who condone questionable, improper, or

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illegal conduct; who fail to take appropriate corrective action when such matters are brought to their attention; or who allow unethical or illegal conduct to occur because of their inattention to their supervisory responsibilities.

We will not permit retaliation of any kind against employees for good faith reports or complaints of either violations of this Code or other illegal conduct.

Q. PROCEDURES FOR INQUIRIES

This Code provides a framework to guide employees in their day-to-day conduct. However, it is not possible to cover the infinite variety of situations to which the above policies apply. If you encounter a situation that requires policy interpretation, do not proceed until you clarify your responsibilities under this Code. Any questions regarding the Code or the interpretation of laws or regulations as they apply to our operations should be referred to the Law Department. While we wish to preserve the privacy of our employees and their rights to conduct their personal affairs without interference, full and timely resolution of situations can usually avoid problems. Employees are encouraged to talk to supervisors, managers or other appropriate personnel about illegal or unethical behavior and the best course of action in a particular situation.

R. NO ADMISSION

This Code is intended solely for the Company's internal use and does not constitute an admission, by or on behalf of the Company or its subsidiaries, as to any fact, circumstance, or legal conclusion.

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GRAPHIC PACKAGING

INTERNATIONAL, INC.

I have read and understand the Code of Business Conduct and Ethics Policy for Graphic Packaging Holding Company and its Subsidiaries. I fully and completely understand that I am responsible for the policy as it applies to me and I am aware of the procedures for reporting violations of the policy. I represent, by signing below, that I am not aware of any possible violations of this policy that I have not reported as of the time I am signing this acknowledgement. I further understand that if I violate the policy or fail to report a violation of the policy that I will be subject to discipline up to and including termination of employment.

I understand that I may report a violation, by calling the Alertline available 24 hours a day, 7 days a week (see attached Exhibit A for the appropriate AlertLine number for your location).

I understand that I will not be subjected to any adverse action or retaliation for filing a good faith report with the Hotline.

Signature

Printed Name

Location/Facility

Title

Date

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ALERTLINE PHONE NUMBERS

Australia	1.800.881.011 to place calls using Telstra 1.800.551.155 to place calls using Optus Then dial: 866.490.3235
Brazil	Dial this number first when calling from Brazil: 0.800.890.0288 or 0.800.888.8288 Then dial: 800.563.0190
Canada	1.866.490.3235
China	Dial this number first when calling from China: (Northern) 108.888 to place calls from the Beijing region (Southern) 108.11 to place calls from the Shanghai and Guangzhou regions Then dial: 800.563.0190
Cyprus	800.900.10 866.490.3235
Denmark	800.100.10 866.490.3235
France	0.800.99.0011 866.490.3235
Germany	800.225.5288 866.490.3235
Italy	800.172.444 866.490.3235
Japan	Dial this number first when calling from Japan: 00.539.111 to place calls using KDDI 00.665.5111 to place calls using Softbank Telecom 00.441.1111 to place calls using Softbank Telecom Then dial: 866.490.3235
Mexico	Dial this number first when calling from Mexico: 01.800.288.2872 or 001.800.462.4240 Then dial: 800.563.0190
Spain	900.99.0011 866.490.3235
United Kingdom	Dial this number first when calling from the U K 0.800.89.0011 or 0.500.89.0011 Then dial: 866.490.3235
United States	1.800.563.0190

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SUBSIDIARIES OF THE REGISTRANT

Subsidiary Name	Jurisdiction of Incorporation
Altivity Packaging Grupo, S. de R.L. de C.V.	Mexico
Altivity Packaging Operatora, S. de R.L. de C.V.	Mexico
Altivity Packaging Servicios, S. de R.L. de C.V.	Mexico
Bluegrass Container Canada Holdings, LLC	Delaware
Bluegrass Flexible Packaging Company, LLC	Delaware
Bluegrass Labels Company, LLC	Delaware
Bluegrass Multiwall Bag Company, LLC	Delaware
Field Container Queretaro (USA), L.L.C.	Delaware
Golden Equities, Inc.	Colorado
Golden Technologies Company, Inc.	Colorado
Graphic Hung Hing Packaging (Shangai) Co., Ltd.	China
Graphic Packaging Corporation	Delaware
Graphic Packaging Flexible Canada Inc.	Canada
Graphic Packaging Flexible Holdings, LLC	Delaware
Graphic Packaging Holding Company	Delaware
Graphic Packaging International (Cyprus) Limited	Cyprus
Graphic Packaging International Australia Pty Limited	Australia
Graphic Packaging International Canada Corporation	Canada
Graphic Packaging International do Brasil — Embalagens Ltda.	Brazil
Graphic Packaging International Enterprises, Inc.	Delaware
Graphic Packaging International Europe S.A.	Belgium
Graphic Packaging International France	France
Graphic Packaging International GmbH	Germany
Graphic Packaging International Holding Company	Delaware
Graphic Packaging International Holding Sweden AB	Sweden
Graphic Packaging International Japan Ltd.	Japan
Graphic Packaging International Limited	UK
Graphic Packaging International Mexicana, S. de R.L. de C.V.	Mexico
Graphic Packaging International Philanthropic Fund	Delaware
Graphic Packaging International S.p.A.	Italy
Graphic Packaging International Spain, S.A.	Spain
Graphic Packaging International, Inc.	Delaware
Handschy Holdings, LLC	Delaware
Handschy Industries, LLC	Delaware
Kalamazoo Valley Group Partnership	Michigan ⁽¹⁾
New Materials Limited	UK
Rengo Riverwood Packaging, Ltd.	Japan
Riverdale Industries, LLC	Delaware
Riverwood International Pension Trustee Company Limited	UK
Slevin South Company	Arkansas

(1) Jurisdiction of partnership.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-166324) and the related prospectus of Graphic Packaging Holding Company and in the Registration Statements (Form S-8 No. 333-162912 and No. 333-149625) of Graphic Packaging Holding Company of our reports dated March 8, 2011 with respect to the consolidated financial statements of Graphic Packaging Holding Company, and the effectiveness of internal control over financial reporting of Graphic Packaging Holding Company, included in this Annual Report (Form 10-K) for the year ended December 31, 2010.

/s/ ERNST & YOUNG LLP
Atlanta, Georgia
March 8, 2011

CERTIFICATION

I, David W. Scheible certify that:

1. I have reviewed this Annual Report on Form 10-K of Graphic Packaging Holding Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David W. Scheible

David W. Scheible,
President and Chief Executive Officer
(Principal Executive Officer)
March 8, 2011

CERTIFICATION

I, Daniel J. Blount certify that:

1. I have reviewed this Annual Report on Form 10-K of Graphic Packaging Holding Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Daniel J. Blount

Daniel J. Blount
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
March 8, 2011

CERTIFICATION
Pursuant to 18 United States Code Section 1350,
As adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

The undersigned hereby certifies that, to my knowledge, the Annual Report on Form 10-K for the period ended December 31, 2010 of Graphic Packaging Holding Company (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David W. Scheible

Name: David W. Scheible,

Title: President and Chief Executive Officer

March 8, 2011

CERTIFICATION
Pursuant to 18 United States Code Section 1350,
As adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

The undersigned hereby certifies that, to my knowledge, the Annual Report on Form 10-K for the period ended December 31, 2010 of Graphic Packaging Holding Company (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel J. Blount

Name: Daniel J. Blount

Title: Senior Vice President and Chief Financial Officer
March 8, 2011