

KAISER ALUMINUM CORP

FORM 8-K (Current report filing)

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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported): March 5, 2018

KAISER ALUMINUM CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-52105
(Commission
File Number)

94-3030279
(I.R.S. Employer
Identification No.)

27422 Portola Parkway, Suite 200
Foothill Ranch, California
(Address of Principal Executive Offices)

92610-2831
(Zip Code)

(949) 614-1740
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

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

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements with Certain Officers.

2018 Base Salary

On March 5, 2018, the compensation committee (the “Compensation Committee”) of the board of directors of Kaiser Aluminum Corporation (the “Company”) approved the annual base compensation of the Company’s executive officers, effective April 1, 2018, including the annual base compensation of the executive officers of the Company identified below (the “Named Executive Officers”) for 2018.

Name and Position	Base Salary
Jack A. Hockema Chief Executive Officer and Chairman of the Board	\$915,000
Keith A. Harvey President and Chief Operating Officer	\$552,000
Daniel J. Rinkenberger Executive Vice President and Chief Financial Officer	\$468,000
John M. Donnan Executive Vice President - Legal, Compliance and Human Resources	\$438,800
John Barneson Senior Vice President - Corporate Development	\$386,500

2018 Incentive Compensation

On March 5, 2018, the Compensation Committee also approved a short-term incentive plan for 2018 (the “2018 STI Plan”) and a long-term incentive program for the 2018 through 2020 performance period (the “2018 - 2020 LTI Plan”). The structure, terms and objectives of the 2018 STI Plan and 2018 - 2020 LTI Plan are described in more detail below and generally consistent with the structure, terms and objectives of the 2017 short-term incentive plan and the 2017-2019 long-term incentive program except that (i) the safety modifier under the 2018 STI Plan is to be measured by lost-time case incident rate as well as total case incident rate; and (ii) the weighting of the three performance metrics under the 2018-2020 LTI Plan is revised as described below.

2018 STI Plan

The 2018 STI Plan is designed to reward participants for achieving certain adjusted earnings before interest, taxes, depreciation and amortization performance goals determined based on the return on the Company’s adjusted net assets. Similar to the short-term incentive plan approved by the Compensation Committee in 2017, the 2018 STI Plan includes modifiers for safety, quality, delivery and cost performance, and permits, subject to the maximum payout opportunity described below, adjustments to individual awards based on actual performance, including individual, facility, and/or functional area performance.

The 2018 STI Plan provides for (1) a threshold performance level below which no payout is made, a target performance level at which the target award is available and a performance level at or above which the maximum payout is available, and (2) minimum and maximum payout opportunities ranging from zero up to three times the target payout amount. The table below sets forth the estimated future payouts that can be earned by each of the Named Executive Officers under the 2018 STI Plan below the threshold performance level and at the threshold, target and maximum performance levels.

Name	Below Threshold	Threshold	Target	Maximum
Jack A. Hockema	\$0	\$ 337,500	\$ 675,000	\$ 2,025,000
Keith A. Harvey	\$0	\$ 225,000	\$ 450,000	\$ 1,350,000
Daniel J. Rinkenberger	\$0	\$ 155,000	\$ 310,000	\$ 930,000
John M. Donnan	\$0	\$ 146,800	\$ 293,600	\$ 880,800
John Barneson	\$0	\$ 87,500	\$ 175,000	\$ 525,000

The preceding description of the 2018 STI Plan is qualified in its entirety by the Kaiser Aluminum Fabricated Products 2018 Short-Term Incentive Plan for Key Managers Summary, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

2018 - 2020 LTI Plan

The 2018 - 2020 LTI Plan is designed to reward participants with (i) a fixed number of time-vested restricted stock units and (ii) a fixed number of performance shares that vest, if at all, based on the Company's achievement of the performance objectives described below. The performance objective for 30% of the performance shares is based on the Company's total shareholder return ("TSR") performance relative to its peer companies (the "Peer Group") in the S&P 600 Small Cap Materials index, for 40% of the performance shares is based Company's total controllable cost performance ("Controllable Cost"), and for the remaining 30% of the performance shares is based on the Company's economic value added ("EVA") performance, determined based on the Company's adjusted pre-tax operating income in excess of a capital charge, each over the 2018 through 2020 performance period.

The restricted stock units issued to members of senior management, including the Named Executive Officers, subject to certain limited exceptions, vest on March 5, 2021, and entitle the participant to receive one share of the Company's common stock for each vesting restricted stock unit. The 2018 - 2020 LTI Plan provides for minimum and maximum vesting opportunities ranging from zero up to two times the pro rata portion of the target number of performance shares depending upon the Company's performance. Each performance share that becomes earned and vested entitles the participant to receive one share of the Company's common stock.

On March 5, 2018, the Compensation Committee approved the following grants of restricted stock units and performance shares, effective as of March 5, 2018, to the Named Executive Officers pursuant to the terms of the 2018 - 2020 LTI Plan:

Name	Number of Restricted Stock Units (1)	Total Number of Performance Shares (2)
Jack A. Hockema	8,285	35,190
Keith A. Harvey	3,904	18,934
Daniel J. Rinkenberger	3,629	8,670
John M. Donnan	3,145	7,514
John Barneson	2,586	6,177

- (1) *The restrictions on 100% of the restricted stock units granted will lapse on March 5, 2021 or earlier if the Named Executive Officer's employment terminates as a result of death or disability or in the event of a change in control of the Company. If the Named Executive Officer's employment is terminated by the Named Executive Officer on or after retirement at age 65 or older, the restricted stock units granted will remain outstanding and the restrictions on a pro-rated portion of such units, determined based on the number of days the Named Executive Officer was employed by the Company during the restriction period, will lapse on March 5, 2021.*

- (2) The tables below set forth the aggregate number of performance shares that will become vested for each of the Named Executive Officers under the 2018 - 2020 LTI Plan below the threshold performance levels and at the threshold, target and maximum performance levels based on the Company's performance objectives described above:

Name	Below Threshold	Threshold	Target	Maximum
Jack A. Hockema	0	8,797	17,595	35,190
Keith A. Harvey	0	4,733	9,467	18,934
Daniel J. Rinkenberger	0	2,167	4,335	8,670
John M. Donnan	0	1,878	3,757	7,514
John Barneson	0	1,544	3,088	6,177

The number of performance shares, if any, that are earned will be determined based on the Company performance and will vest on the later to occur of March 5, 2021 and the date on which the Compensation Committee approves the multipliers for the performance shares based on the Company's achievement of each of the performance objectives described above. Notwithstanding the foregoing, the respective target number of performance shares will be earned and immediately vest if prior to December 31, 2020 the Named Executive Officer's employment terminates as a result of death or disability, and if there is a change in control of the Company before December 31, 2020, the number of performance shares, if any, that are earned will be determined based on the Company's achievements during the performance period through the date of such change in control and will immediately vest on such date. However, if the Named Executive Officer's employment is terminated by the Company without cause or is voluntarily terminated by the Named Executive Officer for good reason, the number of performance shares, if any, that are earned will be determined based on the actual performance achieved during the performance period and will vest as described above. If the Named Executive Officer's employment is terminated by the Named Executive Officer on or after normal retirement at age 65 or older, the number of performance shares, if any, that are earned will be determined based on the actual performance achieved during the performance period and pro-rated for the number of days the Named Executive Officer was employed by the Company during the performance period.

The grants of restricted stock units and performance shares were made pursuant to the Company's 2016 Equity and Incentive Compensation Plan (the "Equity Plan"). A copy of the Equity Plan is filed as Exhibit 10.1 to the Current Report on Form 8-K, filed by the Company on May 26, 2016. A summary of the performance objectives for determining the number of performance shares earned under the 2018 - 2020 LTI Plan is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

- (d) Exhibits.

Exhibit Number	Description
10.1	Kaiser Aluminum Fabricated Products 2018 Short-Term Incentive Plan For Key Managers Summary.
10.2	Kaiser Aluminum Corporation 2018 - 2020 Long-Term Incentive Plan Management Objectives and Formula for Determining Performance Shares Earned Summary.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KAISER ALUMINUM CORPORATION
(Registrant)

By: /s/ Cherrie I. Tsai
Cherrie I. Tsai
Vice President, Deputy General Counsel, and Corporate Secretary

Date: March 7, 2018

Kaiser Aluminum
2018 Short-Term Incentive Plan for Key Managers

This is a summary of the Kaiser Aluminum short-term incentive program (“STIP”) effective January 1, 2018. The STIP performance period is the 2018 calendar year. The 2018 STIP rewards participants for performance based on return on net assets targets derived from the adjusted pre-tax operating income of our core fabricated products business calculated as a percentage of adjusted net assets and expressed in adjusted earnings before interest, taxes, depreciation and amortization as reported to investors (“Adjusted EBITDA”) with modifiers for safety, quality, delivery and manufacturing cost efficiency, with the possibility of adjustments to individual awards based on actual performance, including individual, facility, and/or functional area.

Purpose of the 2018 Kaiser Aluminum STIP

1. Focus attention on value creation within Fabricated Products, our core business segment, and Corporate.
2. Reward the achievement of aggressive performance goals.
3. Provide incentive opportunities that are consistent with competitive market.
4. Link incentive pay to performance as well as our success and ability to pay.

STIP Philosophy

Compensation should (i) reward management for value creation, the safe and efficient operation of our business and customer satisfaction, (ii) stand the test of time to provide continuity in compensation philosophy, (iii) recognize the cyclical nature of our business, and (iv) provide a retention incentive. In order to achieve success, participants must continue to seek out and find ways to create value, operate safely and efficiently and provide customer satisfaction.

Primary Performance Measures

The performance goals will be based on Adjusted EBITDA, as reflected in the Company’s Reconciliations of Non-GAAP Measures - Consolidated, as reported in the Company’s earnings materials.

- Safety performance will be measured by Total Case Incident Rate (TCIR) and Lost-time Case Incident Rate (LCIR).
- Quality performance will be measured by the no fault claim rate.
- Delivery performance will be measured by the on-time delivery rate.
- Manufacturing cost efficiency will be measured by the Company’s manufacturing cost (excluding benefit costs) compared to plan.

Target Incentive

- A monetary target incentive amount for each participant is established for the STIP based on the competitive market, internal compensation balance and position responsibilities.
- Participants' monetary incentive targets are set at the beginning of the STIP performance period.
- The participant's monetary incentive target amount represents the incentive opportunity based on the Adjusted EBITDA, safety, quality, delivery and cost performance results.

How The Award Multiplier Is Determined

- At the end of the year Adjusted EBITDA will be determined and used to calculate the Award Multiplier.
- The Award Multiplier is adjusted within a range as follows:
 - Up to ±5% based upon TCIR
 - Up to ±5% based upon LCIR
 - Up to ±10% based upon no fault claim rate
 - Up to ±10% based upon on-time delivery rate
 - Up to ±20% based on manufacturing cost efficiency, excluding benefits costs
- Individual participant awards are modified to reflect any adjustments permitted by the STIP and subject to a maximum final Award Multiplier of 3.0 times target.

STIP Award

Each participant's base award is determined as the monetary incentive target times the Award Multiplier modified to reflect any adjustments permitted by the STIP.

- Individual payouts may be adjusted up or down 100% based on actual performance, including individual, facility, and/or functional area.
- Adjustments to awards for executive officers, including our CEO and named executive officers, require approval by the Compensation Committee. All other adjustments require the approval of our CEO.

Form and Timing of Payment

- STIP awards are paid, at the Company's election, in cash, non-restricted shares of the Company's common stock or a combination of cash and non-restricted shares no later than March 15 following the end of the year.
- Except as set forth in this STIP, Awards are conditioned on employment on date of payment.

Detrimental Activity

- If a participant, either during employment by the Company or any affiliate or within one year after termination of such employment (or, if termination of such employment results from retirement at or after age 65, within the period ending one year after the date the Company paid the STIP award to the participant), shall engage in any Detrimental Activity (as defined below), and the Compensation Committee shall so find, forthwith upon notice of such finding, the participant shall forfeit to the Company any payment received under this STIP.
- To the extent that such amounts are not paid to the Company, the Company may, to the extent permitted by law, set off the amounts so payable to it against any amounts that may be owing from time to time by the Company or any affiliate to the participant, whether as wages or vacation pay or in the form of any other benefit or for any other reason; provided, however, that, except to the extent permitted by Treasury Regulation Section 1.409A-3(j)(4), such offset shall not apply to amounts that are "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code.
- "Detrimental Activity" means any conduct or act determined by the Committee to be injurious, detrimental or prejudicial to any significant interest of the Company or any affiliate, including, without limitation, any one or more of the following types of activity:
 - Conduct resulting in an accounting restatement due to material noncompliance with any financial reporting requirement under the U.S. federal securities laws.
 - Engaging in any activity, as an employee, principal, agent, or consultant for another entity that competes with the Company in any actual, researched, or prospective product, service, system, or business activity for which the Participant has had any direct responsibility during the last two years of the participant's employment with the Company or an affiliate, in any territory in which the Company or an affiliate manufactures, sells, markets, services, or installs such product, service, or system, or engages in such business activity.

- Soliciting any employee of the Company or an affiliate to terminate the employee's employment with the Company or an affiliate.
 - The disclosure to anyone outside the Company or an affiliate, or the use in other than the Company's or an affiliate's business, without prior written authorization from the Company, of any confidential, proprietary or trade secret information or material relating to the business of the Company and its subsidiaries acquired by the participant during the participant's employment with the Company or its subsidiaries or while acting as a consultant for the Company or its subsidiaries.
 - The failure or refusal to disclose promptly and to assign to the Company upon request all right, title and interest in any invention or idea, patentable or not, made or conceived by the participant during employment by the Company or any affiliate, relating in any manner to the actual or anticipated business, research or development work of the Company or any affiliate or the failure or refusal to do anything reasonably necessary to enable the Company or any affiliate to secure a patent where appropriate in the U.S. and in other countries.
 - Activity that results in termination for Cause (as defined below).
- "Cause" means (i) the participant's engaging in fraud, embezzlement, gross misconduct or any act of gross dishonesty with respect to the Company or its affiliates, (ii) the participant's habitual drug or alcohol use which impairs the ability of the participant to perform the participant's duties with the Company or its affiliates, (iii) the participant's indictment with respect to, conviction of, or plea of guilty or no contest to, any felony, or other comparable crime under applicable local law (except, in any event, for motor vehicle violations not involving personal injuries to third parties or driving while intoxicated), or the participant's incarceration with respect to any of the foregoing that, in each case, impairs the participant's ability to continue to perform the participant's duties with the Company and its affiliates, or (iv) the participant's material breach of any written employment agreement or other agreement between the Company and the participant, or of the Company's Code of Business Conduct, or failure by the participant to substantially perform the participant's duties for the Company which remains uncorrected or reoccurs after written notice has been delivered to the participant demanding substantial performance and the participant has had a reasonable opportunity to correct such breach or failure to perform.

Other Administrative Provisions

- The STIP will be reviewed annually.
- Annual incentive awards paid from the STIP count as additional compensation for purposes of the Company's Defined Contribution and Restoration Plans but not for other Company benefits.
- All applicable federal, state, local and FICA taxes will be withheld from all incentive award payments.

- Retirement or termination: If a participant dies, or retires at or after age 65, or becomes disabled, the participant's award shall be determined based on the Company's actual performance and prorated for the actual number of days of the participant's employment during 2018.
- Leave of absence participants earn a prorated award based on the number of months of active employment.
- Beneficiary designation: In the event of death the deceased participant's designated beneficiary will receive any payments due under the STIP. If there is no designated beneficiary on file with Human Resources, any amounts due will be paid to the surviving spouse or, if no surviving spouse, to the participant's estate.
- Non transferability: No amounts earned under the STIP may be sold, transferred, pledged or assigned, other than by will or the laws of descent and distribution until the termination of the applicable performance period. All rights to benefits under the STIP are exercisable only by the participant or, in the case of death, by the participant's beneficiary.
- The STIP may be modified, amended or terminated by the Compensation Committee at any time. If the plan is terminated, modified or amended, then future payments from the STIP are governed by such modifications or amendments. If terminated, then a prorated award will be determined based on number of months up to termination, and paid before March 15 following the end of the year.
- The STIP constitutes no right to continued employment.
- The Chairman and CEO, with oversight from the Compensation Committee, has the discretionary authority to interpret the terms of the plan and those decisions shall be final, binding and conclusive on all persons affected.

Kaiser Aluminum 2018-2020 Long-Term Incentive Plan

Management Objective:

The applicable measurable performance objective:

- for 30% of the Performance Shares is the percentile ranking (“Relative TSR Ranking”) of the total shareholder return (“TSR”) of Kaiser Aluminum Corporation (the “Company”) over the period from January 1, 2018 through December 31, 2020 (the “Performance Period”) compared to the TSR of companies listed on Annex I hereto (each, a “Peer Company”), each of which is a member of the S&P 600 Small Cap Materials Sector index, over the Performance Period;
- for 40% of the Performance Shares is the cost performance (“Cost Performance”) of the Company, measured against the Company’s total controllable cost (“Total Controllable Cost”), over the Performance Period; and
- for 30% of the Performance Shares is the economic value added performance (“EVA Performance”) of the Company, measured by the consolidated adjusted pre-tax operating income of the Company (“PTOI”) less a capital charge, over the Performance Period.

TSR Performance Objective

The Relative TSR Ranking will be based on the Company’s relative stock performance against the Peer Companies, with any dividends being treated as being reinvested on the applicable ex-dividend date.

The beginning and ending share prices are determined using the 20 trading day averages preceding the beginning and the end of the applicable performance period, respectively.

Any Peer Company that is acquired during the Performance Period shall be omitted from the peer group and will not be included in determining the Relative TSR Ranking.

Any Peer Company that files for bankruptcy, or that has its shares delisted from its primary stock exchange because it fails to meet the exchange listing requirements (other than as a result of its acquisition), during the Performance Period shall remain in the peer group and will be ranked last for purposes of determining the Relative TSR Ranking.

The Relative TSR Ranking target is the 50th percentile (the “Target TSR Ranking”). The payout for TSR performance at the target level (a multiplier of 1.00x) is 50% of the applicable Performance Shares. The threshold performance required to potentially earn Performance Shares is a Relative TSR Ranking at the 25th percentile. The payout for TSR performance at the threshold level (a multiplier of 0.50x) is 25% of the applicable Performance Shares. If the Relative TSR Ranking is below the 25th percentile, no Performance Shares will be earned. If the Relative TSR Ranking is greater than the 90th percentile, Performance Shares will be earned at the maximum level. The payout for performance at the maximum level (a multiplier of 2.00x) is 100% of the applicable Performance Shares.

The multiplier for Performance Shares based on TSR Percentile Ranking will be determined by straight line interpolation between the measuring points based on the Relative TSR Ranking as follows:

<u>TSR Percentile Ranking</u>	<u>Multiplier</u>
<25 th percentile	0.00x
25 th percentile	0.50x
50 th percentile	1.00x
75 th percentile	1.50x
≥90 th percentile	2.00x

If the TSR of the Company over the Performance Period is negative, then the multiplier shall be capped at 1.00x.

Cost Performance Objective

The Company’s Cost Performance is measured as a percentage of the average annual increase or decrease in Total Controllable Cost over the Performance Period as compared with the Total Controllable Cost for 2017. The baseline reflects 2017 costs/performance flexed for volume and mix.

Total Controllable Cost shall equal the sum of the Company’s (1) controllable variable conversion cost (“Variable Cost”) and (2) controllable plant overhead and selling, general and administrative expenses (“Overhead Cost”) as more fully described to the Company’s compensation committee (the “Committee”).

The Cost Performance target is a 0% annualized cost increase requiring the offset of underlying inflation (the “Target Cost Performance”). The payout for Cost Performance at the target level (a multiplier of 1.00x) is 50% of the applicable Performance Shares. If the Cost Performance is equal to or greater than a 3% annualized cost increase, no Performance Shares will be earned. If the Cost Performance equals or exceeds a 3% annualized cost reduction, Performance Shares will be earned at the maximum level. The payout for performance at the maximum level (a multiplier of 2.00x) is 100% of the applicable Performance Shares.

The multiplier for Performance Shares based on Cost Performance will be determined by a straight line interpolation based on Cost Performance as follows:

<u>Cost Performance</u>	<u>Multiplier</u>
≥3% annualized cost increase	0.00x
0% annualized cost increase	1.00x
≥3% annualized cost reduction	2.00x

EVA Performance Objective

For each year of the Performance Period, EVA will equal (1) PTOI less (2) 15% of adjusted net assets as of the end of the immediately preceding year (“Net Assets”).

In determining EVA for a particular year:

Net Assets will equal total assets less total liabilities of our Consolidated financial statements, subject to adjustments to:

- remove discontinued operations and legacy environmental accruals;
 - remove VEBA related assets and liabilities;
 - exclude financing items;
 - exclude capital expenditures in progress at prior year end;
 - add prorated value of current year capital projects or acquisitions larger than 1% of prior year Net Assets except to the extent necessary to avoid over-stating Net Assets;
 - exclude income tax related assets and liabilities;
 - exclude mark-to-market assets and liabilities relating to hedging activities except for those relating to option premiums;
 - exclude cash, cash equivalents and short-term investments; and
 - address other items as recommended by the Company’s Chief Executive Officer and approved by the Committee.
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PTOI will be adjusted to:

- exclude non-cash LIFO inventory charges (benefits);
- exclude non-cash mark to market and lower of cost or market adjustments;
- amortize the following non-recurring activities over three calendar years with the first year being the year of the initial charge if the value exceeds one percent of prior year Net Assets:
 - Restructuring charges;
 - Gains or losses resulting from asset dispositions;
 - Labor stoppage costs; and
 - Asset impairment charges;
- exclude discontinued operations and legacy environmental income and expenses;
- exclude unrealized mark-to-market gains (losses) related to hedging activities;
- exclude VEBA related income and expense;
- exclude workers compensation gains (expenses) caused by changes in the discount rate; and
- address other items as recommended by the Company's Chief Executive Officer and approved by the Committee.

The EVA Performance target is an amount specified by the Committee (the "Target EVA Performance"). The payout for EVA Performance at the target level (a multiplier of 1.00x) is 50% of the applicable Performance Shares. If the EVA Performance is equal to or less than the threshold amount specified by the Committee, no Performance Shares will be earned. If the EVA Performance is greater than or equal to the maximum EVA performance specified by the Committee, Performance Shares will be earned at the maximum level. The payout for performance at the maximum level (a multiplier of 2.00x) is 100% of the applicable Performance Shares.

The multiplier for Performance Shares based on EVA Performance will be determined by a straight line interpolation based on EVA Performance as follows:

<u>EVA Performance</u>	<u>Multiplier</u>
≤ [Threshold EVA Performance]	0.00x
[Target EVA Performance]	1.00x
≥ [Maximum EVA Performance]	2.00x

Determination of Number of Performance Shares Potentially Earned:

The number of Performance Shares earned, if any, will be determined as follows:

- Following December 31, 2020, the Committee will approve a multiplier (“LTI Multiplier”) for each of the performance metrics described above based on the Company’s performance.
- The number of Performance Shares earned, if any, will equal the sum of the product (rounded down to the nearest whole number) of (1) the number of Performance Shares granted under each performance metric and (2) one-half of the LTI Multiplier determined based on each of the applicable Company performance metrics (rounded to the nearest whole percentage point); provided, however, such number will not exceed the number of Performance Shares granted hereunder.

The Committee will approve the LTI Multiplier not later than March 15, 2021.

Administrative Provisions:

Additional administrative provisions are reflected in the terms of the applicable grant documents.

Annex I

Peer Company List

AKS	AK Steel Holding Corporation	KRA	Kraton Corporation
ASIX	AdvanSix Inc.	KS	Kapstone Paper and Packaging Corporation
AVD	American Vanguard Corporation	KWR	Quaker Chemical Corporation
BCC	Boise Cascade Company	LXU	LSB Industries, Inc.
BCPC	Balchem Corporation	MTRN	Materion Corporation
CCC	Calgon Carbon Corporation	MYE	Myers Industries, Inc.
CENX	Century Aluminum Company	NGVT	Ingevity Corporation
CLW	Clearwater Paper Corporation	NP	Neehah, Inc.
DEL	Deltic Timber Corporation	RYAM	Rayonier Advanced Materials Inc.
FF	FutureFuel Corporation	SCL	Stepan Company
FTK	Flotek Industries, Inc.	SHLM	A. Schulman, Inc.
FUL	H.B. Fuller Company	SWM	Schweitzer-Mauduit International, Inc.
GLT	P. H. Glatfelter Company	SXC	SunCoke Energy, Inc.
HAYN	Haynes International, Inc.	TG	Tredegar Corporation
HWKN	Hawkins, Inc.	TMST	TimkenSteel Corporation
IOSP	Innospec Inc.	USCR	U.S. Concrete, Inc.
IPHS	Innophos Holdings, Inc.	ZEUS	Olympic Steel, Inc.
KOP	Koppers Holdings Inc.		