

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

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2019

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____



**96 South George Street, Suite 520
York, Pennsylvania 17401**
(Address of principal executive offices)

(717) 225-4711

(Registrant's telephone number, including area code)

Commission file
number

1-03560

Exact name of registrant as
specified in its charter

P. H. Glatfelter Company

IRS Employer
Identification No.

23-0628360

State or other jurisdiction of
incorporation or organization

Pennsylvania

N/A

(Former name or former address, if changed since last report)

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 at the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No .

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
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 accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Common Stock outstanding on April 25, 2019 totaled 44,058,227 shares.

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
REPORT ON FORM 10-Q
For the QUARTERLY PERIOD ENDED

March 31, 2019

Table of Contents

	Page		Page
<u>PART I - FINANCIAL INFORMATION</u>			
Item 1 <u>Financial Statements</u>		9. <u>Income Taxes</u>	13
<u>Condensed Consolidated Statements of Income</u>		10. <u>Stock-based Compensation</u>	14
<u>for the three months ended March 31, 2019</u>		<u>Retirement Plans and Other Post-</u>	
<u>and 2018 (unaudited)</u>	2	11. <u>Retirement Benefits</u>	15
<u>Condensed Consolidated Statements of</u>		12. <u>Inventories</u>	15
<u>Comprehensive Income for the three months</u>		13. <u>Capitalized Interest</u>	15
<u>ended March 31, 2019 and 2018 (unaudited)</u>	3	14. <u>Leases</u>	15
<u>Condensed Consolidated Balance Sheets as of</u>		15. <u>Long-term Debt</u>	16
<u>March 31, 2019 and December 31, 2018</u>		16. <u>Fair Value of Financial Instruments</u>	17
<u>(unaudited)</u>	4	17. <u>Financial Derivatives and Hedging</u>	
<u>Condensed Consolidated Statements of Cash</u>		<u>Activities</u>	17
<u>Flows for the three months ended March 31,</u>		18. <u>Commitments, Contingencies and Legal</u>	
<u>2019 and 2018 (unaudited)</u>	5	<u>Proceedings</u>	18
<u>Statements of Shareholders' Equity</u>	6	19. <u>Segment Information</u>	20
<u>Notes to Condensed Consolidated Financial</u>		Item 2 <u>Management's Discussion and Analysis of</u>	
<u>Statements (unaudited)</u>	7	<u>Financial Condition and Results of</u>	
1. <u>Organization</u>	7	<u>Operations</u>	21
2. <u>Accounting Policies</u>	7	Item 3 <u>Quantitative and Qualitative Disclosures</u>	
3. <u>Acquisition</u>	8	<u>About Market Risks</u>	27
4. <u>Revenue</u>	9	Item 4 <u>Controls and Procedures</u>	27
5. <u>Discontinued Operations</u>	10	<u>PART II – OTHER INFORMATION</u>	28
6. <u>Gain on Disposition of Plant, Equipment</u>		Item 6 <u>Exhibits</u>	28
<u>and Timberlands</u>	11	<u>SIGNATURES</u>	28
7. <u>Earnings Per Share</u>	11		
8. <u>Accumulated Other Comprehensive Income</u>	12		

PART I**Item 1 – Financial Statements**

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

<i>In thousands, except per share</i>	Three months ended March 31	
	2019	2018
Net sales	\$ 229,133	\$ 211,207
Costs of products sold	193,516	174,647
Gross profit	35,617	36,560
Selling, general and administrative expenses	24,622	29,931
Gains on dispositions of plant, equipment and timberlands, net	(669)	(1,116)
Operating income	11,664	7,745
Non-operating income (expense)		
Interest expense	(4,746)	(3,450)
Interest income	505	54
Other, net	(962)	(323)
Total non-operating expense	(5,203)	(3,719)
Income from continuing operations before income taxes	6,461	4,026
Income tax provision	1,858	1,762
Income from continuing operations	4,603	2,264
Discontinued operations:		
Income before income taxes	714	4,459
Income tax provision	31	1,007
Income from discontinued operations	683	3,452
Net income	<u>\$ 5,286</u>	<u>\$ 5,716</u>
Basic earnings per share		
Income from continuing operations	\$ 0.10	\$ 0.05
Income from discontinued operations	0.02	0.08
Basic earnings per share	<u>\$ 0.12</u>	<u>\$ 0.13</u>
Diluted earnings per share		
Income from continuing operations	\$ 0.10	\$ 0.05
Income from discontinued operations	0.02	0.08
Diluted earnings per share	<u>\$ 0.12</u>	<u>\$ 0.13</u>
Cash dividends declared per common share	\$ 0.13	\$ 0.13
Weighted average shares outstanding		
Basic	44,027	43,700
Diluted	44,279	44,567

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

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Net income	\$ 5,286	\$ 5,716
Foreign currency translation adjustments	(5,163)	12,747
Net change in:		
Deferred gains (losses) on cash flow hedges, net of taxes of \$(834) and \$583, respectively	2,222	(1,802)
Unrecognized retirement obligations, net of taxes of \$(145) and \$(977), respectively	846	3,075
Other comprehensive income (loss)	(2,095)	14,020
Comprehensive income	\$ 3,191	\$ 19,736

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

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

<i>In thousands</i>	Assets	<u>March 31 2019</u>	<u>December 31 2018</u>
	Cash and cash equivalents	\$ 76,666	\$ 142,685
	Accounts receivable, net	129,200	119,772
	Inventories	184,870	173,411
	Prepaid expenses and other current assets	40,189	33,418
	Total current assets	430,925	469,286
	Plant, equipment and timberlands, net	544,758	556,044
	Goodwill	151,918	153,463
	Intangible assets, net	89,886	93,614
	Other assets	80,378	67,347
	Total assets	\$ 1,297,865	\$ 1,339,754
	Liabilities and Shareholders' Equity		
	Current portion of long-term debt	\$ 19,852	\$ 10,785
	Accounts payable	120,033	120,701
	Dividends payable	5,732	5,719
	Environmental liabilities	5,047	23,000
	Other current liabilities	70,985	72,597
	Total current liabilities	221,649	232,802
	Long-term debt	370,574	400,962
	Deferred income taxes	77,291	78,651
	Other long-term liabilities	92,163	88,441
	Total liabilities	761,677	800,856
	Commitments and contingencies	—	—
	Shareholders' equity		
	Common stock	544	544
	Capital in excess of par value	60,565	62,239
	Retained earnings	769,857	770,305
	Accumulated other comprehensive loss	(139,535)	(137,440)
		691,431	695,648
	Less cost of common stock in treasury	(155,243)	(156,750)
	Total shareholders' equity	536,188	538,898
	Total liabilities and shareholders' equity	\$ 1,297,865	\$ 1,339,754

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

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Operating activities		
Net income	\$ 5,286	\$ 5,716
Income from discontinued operations, net of taxes	(683)	(3,452)
Adjustments to reconcile to net cash used by continuing operations:		
Depreciation, depletion and amortization	12,788	11,336
Amortization of debt issue costs and original issue discount	1,236	290
Deferred income tax benefit	(1,240)	(3,251)
Gains on dispositions of plant, equipment and timberlands, net	(669)	(1,116)
Share-based compensation	477	1,841
Change in operating assets and liabilities		
Accounts receivable	(10,364)	(5,714)
Inventories	(13,233)	(15,060)
Prepaid and other current assets	(4,149)	(3,263)
Accounts payable	2,066	3,261
Accruals and other current liabilities	(15,956)	1,658
Other	296	605
Net cash used by operating activities from continuing operations	(24,145)	(7,149)
Investing activities		
Expenditures for purchases of plant, equipment and timberlands	(5,865)	(20,068)
Proceeds from disposals of plant, equipment and timberlands, net	689	1,157
Acquisition, net of cash acquired	(1,974)	—
Other	(90)	(28)
Net cash used by investing activities from continuing operations	(7,240)	(18,939)
Financing activities		
Net (repayments) borrowings under revolving credit facility	(11,488)	25,388
Repayment of 5.375% Notes	(250,000)	—
Proceeds from term loans	248,644	—
Payments of borrowing costs	(1,757)	—
Repayment of term loans	(2,646)	(2,902)
Payments of dividends	(5,720)	(5,679)
Payments related to share-based compensation awards and other	(644)	(965)
Net cash provided (used) by financing activities from continuing operations	(23,611)	15,842
Effect of exchange rate changes on cash	(658)	2,458
Net decrease in cash and cash equivalents	(55,654)	(7,788)
Change in cash and cash equivalents from discontinued operations	(10,365)	8,846
Cash and cash equivalents at the beginning of period	142,685	116,219
Cash and cash equivalents at the end of period	\$ 76,666	\$ 117,277
Supplemental cash flow information		
Cash paid for:		
Interest, net of amounts capitalized	\$ 5,989	\$ —
Income taxes, net	2,956	2,956

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

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

<i>In thousands</i>	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
Balance at January 1, 2018	\$ 544	\$ 62,594	\$ 948,411	\$ (140,675)	\$ (161,946)	\$ 708,928
Reclassification pursuant to ASU No. 2018-02			22,298	(22,298)		—
Net income			5,716			5,716
Other comprehensive income				14,020		14,020
Comprehensive income						19,736
Cash dividends declared (\$0.13 per share)			(5,689)			(5,689)
Share-based compensation expense		1,982				1,982
Delivery of treasury shares						
RSUs and PSAs		(1,160)			685	(475)
Employee stock options exercised — net		(1,057)			567	(490)
Balance at March 31, 2018	<u>\$ 544</u>	<u>\$ 62,359</u>	<u>\$ 970,736</u>	<u>\$ (148,953)</u>	<u>\$ (160,694)</u>	<u>\$ 723,992</u>
Balance at January 1, 2019	\$ 544	\$ 62,239	\$ 770,305	\$ (137,440)	\$ (156,750)	\$ 538,898
Net income			5,286			5,286
Other comprehensive loss				(2,095)		(2,095)
Comprehensive income						3,191
Cash dividends declared (\$0.13 per share)			(5,734)			(5,734)
Share-based compensation expense		477				477
Delivery of treasury shares						
RSUs and PSAs		(992)			670	(322)
Employee stock options exercised — net		(1,159)			837	(322)
Balance at March 31, 2019	<u>\$ 544</u>	<u>\$ 60,565</u>	<u>\$ 769,857</u>	<u>\$ (139,535)</u>	<u>\$ (155,243)</u>	<u>\$ 536,188</u>

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

P. H. GLATFELTER COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION

P. H. Glatfelter Company and subsidiaries is a leading global supplier of high-quality, innovative and customizable solutions found in tea and single-serve coffee filtration, personal hygiene and packaging products, as well as home improvement and industrial applications. We are headquartered in York, Pennsylvania, and operate facilities in the United States, Canada, Germany, France, the United Kingdom and the Philippines. We have sales and distribution offices in the U.S., Europe, Russia and China and our products are marketed worldwide, either directly to customers or through brokers and agents. The terms “we,” “us,” “our,” “the Company,” or “Glatfelter,” refer to P. H. Glatfelter Company and subsidiaries unless the context indicates otherwise.

2. ACCOUNTING POLICIES

Basis of Presentation The unaudited condensed consolidated financial statements (“financial statements”) include the accounts of Glatfelter and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

We prepared these financial statements in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles” or “GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission pertaining to interim financial statements. In our opinion, the financial statements reflect all normal, recurring adjustments needed to present fairly our results for the interim periods. When preparing these financial statements, we have assumed you have read the audited consolidated financial statements included in our 2018 Annual Report on Form 10-K.

Discontinued Operations The results of operations for our Specialty Papers Business Unit have been classified as discontinued operations for all periods presented in the condensed consolidated statements of income.

Accounting Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management believes the estimates and assumptions used in the preparation of these financial statements are reasonable, based upon currently available facts and known circumstances, but recognizes actual results may differ from those estimates and assumptions.

Recently Issued Accounting Pronouncements In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 842”). This ASU requires organizations to recognize on its balance sheet the assets and liabilities for the rights and obligations created by leases. We adopted ASU 842 as of January 1, 2019 and elected to follow a modified retrospective method which permitted us to adopt the standard without restating previously reported periods. As a result of adopting ASU 842, we recorded a right of use asset and corresponding lease obligation of approximately \$14.1 million. Refer to Note 14 “Leases” for additional information.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities* (“ASU No. 2017-12”), which simplifies the application of hedge accounting and more closely aligns hedge accounting with an entity’s risk management strategies. ASU No. 2017-12 also amends the manner in which hedge effectiveness may be performed and changes the presentation of hedge ineffectiveness in the financial statements. We adopted ASU No. 2017-12 effective January 1, 2019 but it had an insignificant effect on our results of operations and financial position.

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* that changes the impairment model for most financial instruments, including trade receivables from an incurred loss method to a new forward-looking approach, based on expected losses. Under the new guidance, an allowance is recognized based on an estimate of expected credit losses. This standard is effective for us in the first quarter of 2020 and must be adopted using a modified retrospective approach. We are currently assessing the impact this standard may have on our results of operations and financial position.

3. ACQUISITION

On October 1, 2018, we completed our acquisition of Georgia-Pacific's European nonwovens business (the "GP Business") for \$186 million including a working capital adjustment and post-closing purchase price adjustments of \$2.0 million.

The acquisition consisted of Georgia-Pacific's operations located in Steinfurt, Germany, along with sales offices located in France and Italy. The Steinfurt facility produces high-quality airlaid products for the table-top, wipes, hygiene, food pad, and other nonwoven materials markets, competing in the marketplace with nonwoven technologies and substrates, as well as other materials focused primarily on consumer based end-use applications. The facility is a state-of-the-art, 32,000-metric-ton-capacity manufacturing facility that employs approximately 220 people. Steinfurt's results were reported prospectively from the acquisition date as part of our Advanced Airlaid Materials business unit.

We financed the transaction through a combination of cash on hand and borrowings under our revolving credit facility.

The preliminary allocation set forth in the following table is based on all information available to us at the present time and is subject to change. In the event new information, primarily related to the finalization of the values of certain intangible assets, becomes available, the measurement of the amounts of goodwill reflected may be affected. The preliminary allocation of the purchase price to assets acquired and liabilities assumed is as follows:

<i>In thousands</i>	Preliminary Allocation
Assets	
Cash and cash equivalents	\$ 7,540
Accounts receivable	13,277
Inventory	11,133
Prepaid and other current assets	290
Plant, equipment and timberlands	66,167
Intangible assets	43,573
Goodwill	75,349
Total assets	<u>217,329</u>
Liabilities	
Accounts payable	8,577
Deferred tax liabilities	19,119
Other long term liabilities	1,162
Total liabilities	<u>28,858</u>
Total	188,471
less cash acquired	(7,540)
Total purchase price	<u>\$ 180,931</u>

For purposes of allocating the total purchase price, assets acquired and liabilities assumed are recorded at their estimated fair market value. The allocation set forth above is based on management's estimate of the fair value using valuation techniques such as discounted cash flow models, appraisals and similar methodologies. The amount allocated to intangible assets represents the estimated value of customer relationships, technological know-how and trade name.

In connection with the Steinfurt acquisition we recorded \$75.3 million of goodwill and \$43.6 million of intangible assets. The goodwill arising from the acquisition largely relates to strategic benefits, product and market diversification, assembled workforce, and similar factors. For tax purposes, none of the goodwill is deductible. Intangible assets consist of technology, customer relationships and tradename.

The following table summarizes unaudited pro forma financial information as if the acquisition occurred as of January 1, 2018:

<i>In thousands, except per share</i>	Three months ended March 31, 2018
<i>Pro forma</i>	(unaudited)
Net sales	\$ 237,286
Income from continuing operations	3,901
Income per share from continuing operations	0.09

4. REVENUE

The following tables set forth disaggregated information pertaining to our net sales:

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Composite Fibers		
Food & beverage	\$ 71,453	\$ 70,397
Wallcovering	18,550	28,132
Technical specialties	19,288	20,958
Composite laminates	8,475	9,398
Metallized	10,951	12,713
	128,717	141,598
Advanced Airlaid Materials		
Feminine hygiene	54,988	48,473
Specialty wipes	17,332	7,767
Table top	13,331	2,065
Adult incontinence	5,488	4,432
Home care	3,964	4,027
Other	5,313	2,845
	100,416	69,609
TOTAL	\$ 229,133	\$ 211,207

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Composite Fibers		
Europe, Middle East and Africa	\$ 77,914	\$ 94,782
Americas	31,640	24,048
Asia Pacific	19,163	22,768
	128,717	141,598
Advanced Airlaid Materials		
Europe, Middle East and Africa	54,439	36,228
Americas	44,334	32,815
Asia Pacific	1,643	566
	100,416	69,609
TOTAL	\$ 229,133	\$ 211,207

5. DISCONTINUED OPERATIONS

On October 31, 2018, we completed the previously announced sale of our Specialty Papers Business Unit on a cash free and debt free basis to Pixelle Specialty Solutions LLC, an affiliate of Lindsay Goldberg (the "Purchaser") for \$360 million. Cash proceeds from the sale were approximately \$323 million in cash reflecting estimated purchase price adjustments as of the closing date and the assumption by the Purchaser of approximately \$38 million in retiree healthcare liabilities. In addition, the Purchaser assumed approximately \$210 million of pension liabilities relating to Specialty Papers' employees and will receive approximately \$280 million of related assets from the Company's existing pension plan.

In connection with the sale of Specialty Papers, we entered into a Transition Services Agreement with Purchaser pursuant to which we agreed to provide various back-office and information technology support until the business is fully separated from us.

The following table sets forth a summary of discontinued operations included in the condensed consolidated statements of income:

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Net sales	\$ —	\$ 199,438
Energy and related sales, net	—	1,429
Total revenues	—	200,867
Costs of products sold	—	188,521
Gross profit	—	12,346
Selling, general and administrative expenses	(714)	7,132
Gains on dispositions of plant, equipment and timberlands, net	—	(438)
Operating income	714	5,652
Non-operating income (expense)		
Interest expense	—	(1,745)
Other, net	—	552
Income before income taxes	714	4,459
Income tax provision (benefit)	(31)	1,007
Income from discontinued operations	<u>\$ 683</u>	<u>\$ 3,452</u>

The amounts presented above are derived from the segment reporting for Specialty Papers adjusted to include certain retirement benefit costs and to exclude corporate shared services costs which are required to remain in continuing operations. Interest expense was allocated to discontinued operations based on borrowings under the revolving credit facility required to be repaid with proceeds from the sale of Specialty Papers.

The following table sets forth a summary of cash flows from discontinued operations which is included in the condensed consolidated statements of cash flows:

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Net cash provided (used) by operating activities	\$ (8,931)	\$ 14,808
Net cash provided (used) by investing activities	(1,434)	(5,962)
Net cash provided by financing activities	-	-
Change in cash and cash equivalents from discontinued operations	<u>\$ (10,365)</u>	<u>\$ 8,846</u>

6. GAINS ON DISPOSITION OF PLANT, EQUIPMENT AND TIMBERLANDS

During the first three months of 2019 and 2018 we completed the following sales of timberlands and other assets:

<i>Dollars in thousands</i>	Acres	Proceeds	Gain (loss)
2019			
Timberlands	218	\$ 475	\$ 458
Other	n/a	214	211
Total		\$ 689	\$ 669
2018			
Timberlands	426	\$ 1,156	\$ 1,115
Other	n/a	1	1
Total		\$ 1,157	\$ 1,116

The numerator used to compute income per share from discontinued operations was \$0.683 million and \$3.452 million for the first three months of 2019 and 2018, respectively. The denominator used to compute per share amounts of loss from discontinued operations is the same as the denominator used for per share amounts of income from continuing operations.

The following table sets forth potential common shares outstanding that were not included in the computation of diluted EPS for the periods indicated, because their effect would be anti-dilutive:

<i>In thousands</i>	March 31	
	2019	2018
Three months ended	1,582	587

7. EARNINGS PER SHARE

The following table sets forth the details of basic and diluted earnings per share ("EPS") from continuing operations:

<i>In thousands, except per share</i>	Three months ended March 31	
	2019	2018
Income from continuing operations	\$ 4,603	\$ 2,264
Weighted average common shares outstanding used in basic EPS	44,027	43,700
Effect of dilutive SOSARs, PSAs and RSUs	252	867
Weighted average common shares outstanding and common share equivalents used in diluted EPS	44,279	44,567
Earnings per share from continuing operations		
Basic	\$ 0.10	\$ 0.05
Diluted	0.10	0.05

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table sets forth details of the changes in accumulated other comprehensive income (losses) for the three months ended March 31, 2019 and 2018.

<i>In thousands</i>	Currency translation adjustments	Unrealized gain (loss) on cash flow hedges	Change in pensions	Change in other postretirement defined benefit plans	Total
Balance at January 1, 2019	\$ (69,622)	\$ 2,199	\$ (71,431)	\$ 1,414	\$ (137,440)
Other comprehensive income (loss) before reclassifications (net of tax)	(4,805)	2,641	—	—	(2,164)
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	(419)	621	(133)	69
Net current period other comprehensive income (loss)	(4,805)	2,222	621	(133)	(2,095)
Balance at March 31, 2019	<u>\$ (74,427)</u>	<u>\$ 4,421</u>	<u>\$ (70,810)</u>	<u>\$ 1,281</u>	<u>\$ (139,535)</u>
Balance at January 1, 2018	\$ (41,839)	\$ (4,092)	\$ (98,295)	\$ 3,551	\$ (140,675)
Amount reclassified for adoption of ASU No. 2018-02			(23,297)	999	\$ (22,298)
Balance as adjusted at January 1, 2018	\$ (41,839)	\$ (4,092)	\$ (121,592)	\$ 4,550	\$ (162,973)
Other comprehensive income (loss) before reclassifications (net of tax)	\$ 12,747	(3,217)	—	—	9,530
Amounts reclassified from accumulated other comprehensive income (net of tax)	—	1,415	3,164	(89)	4,490
Net current period other comprehensive income (loss)	12,747	(1,802)	3,164	(89)	14,020
Balance at March 31, 2018	<u>\$ (29,092)</u>	<u>\$ (5,894)</u>	<u>\$ (118,428)</u>	<u>\$ 4,461</u>	<u>\$ (148,953)</u>

Reclassifications out of accumulated other comprehensive income and into the condensed consolidated statements of income were as follows:

<i>In thousands</i>	Three months ended March 31		Line Item in Statements of Income
Description	2019	2018	
Cash flow hedges (Note 17)			
(Gains) losses on cash flow hedges	\$ (585)	\$ 1,959	Costs of products sold
Tax expense (benefit)	166	(544)	Income tax provision
Net of tax	(419)	1,415	
Retirement plan obligations (Note 11)			
Amortization of deferred benefit pension plans			
Prior service costs	34	5	Other, net
Actuarial losses	775	2,060	Other, net
Discontinued operations amortization of defined benefit pension plans	—	2,104	Discontinued operations
	809	4,169	
Tax benefit	(188)	(1,005)	Income tax provision
Net of tax	621	3,164	
Amortization of deferred benefit other plans			
Prior service costs	(2)	—	Other, net
Actuarial gains	(173)	(16)	Other, net
Discontinued operations amortization of defined benefit other plans	—	(102)	Discontinued operations
	(175)	(118)	
Tax expense	42	29	Income tax provision
Net of tax	(133)	(89)	
Total reclassifications, net of tax	<u>\$ 69</u>	<u>\$ 4,490</u>	

9. INCOME TAXES

Income taxes are recognized for the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. The effects of income taxes are measured based on enacted tax laws and rates.

We elect to account for the tax associated with the Global Intangible Low-Taxed Income (GILTI) provision of the 2017 Tax Cuts and Jobs Act in the period in which it is incurred. The GILTI provisions require entities to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets.

For the three months ended March 31, 2019, our effective tax rate increased by approximately 8% as a result of the GILTI provisions due to our U.S. federal tax loss carryforward position, which restricts our ability to recognize the associated foreign tax credits and a deduction of up to 50% of the GILTI income. Due to our U.S. federal tax loss carryforward position, there is no impact to cash taxes related to the GILTI provisions.

In the first quarter of 2019, we recorded an additional valuation allowance with a tax impact of \$0.2 million against our net deferred tax assets primarily due to uncertainty regarding the ability to utilize federal net operating losses and credit carryforwards. In assessing the need for a valuation allowance, management considers all available positive and negative evidence in its analysis. Based on this analysis, we recorded a valuation allowance for the portion of deferred tax assets where the weight of the evidence indicated it is more likely than not that the deferred tax assets will not be realized.

As of March 31, 2019 and December 31, 2018, we had \$29.9 million and \$29.6 million, respectively, of gross unrecognized tax benefits. As of March 31, 2019, if such benefits were to be recognized, approximately \$19.9 million would be recorded as a component of income tax expense, thereby affecting our effective tax rate.

We, or one of our subsidiaries, file income tax returns with the United States Internal Revenue Service, as well as various state and foreign authorities.

The following table summarizes, by major jurisdiction, tax years that remain subject to examination:

Jurisdiction	Open Tax Years	
	Examinations not yet initiated	Examination in progress
United States		
Federal	2015 - 2018	N/A
State	2014 - 2018	N/A
Canada ⁽¹⁾	2011-2013; 2018	2014 - 2017
Germany ⁽¹⁾	2016 - 2018	2012 - 2015
France	2018	2015 - 2017
United Kingdom	2017 - 2018	N/A
Philippines	2015, 2018	2016, 2017

(1) includes provincial or similar local jurisdictions, as applicable

The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities, which often result in proposed assessments. Management performs a comprehensive review of its global tax positions on a quarterly basis and accrues amounts for uncertain tax positions. Based on these reviews and the result of discussions and resolutions of matters with certain tax authorities and the closure of tax years subject to tax audit, reserves are adjusted as necessary. However, future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are determined or resolved or as such statutes are closed. Due to potential for resolution of federal, state and foreign examinations, and the lapse of various statutes of limitation, it is reasonably possible our gross unrecognized tax benefits balance may decrease within the next twelve months by a range of zero to \$6.3 million. Substantially all this range relates to tax positions taken in Germany and the U.S.

We recognize interest and penalties related to uncertain tax positions as income tax expense. The following table summarizes information related to interest and penalties on uncertain tax positions:

In millions	Three months ended	
	March 31	
	2019	2018
Interest expense (income)	\$ 0.1	\$ 0.1
Penalties	—	—
	March 31	December 31
	2019	2018
Accrued interest payable	\$ 1.2	\$ 1.1

10. STOCK-BASED COMPENSATION

The P. H. Glatfelter Amended and Restated Long Term Incentive Plan (the "LTIP") provides for the issuance of Glatfelter common stock to eligible participants in the form of restricted stock units, restricted stock awards, non-qualified stock options, performance shares, incentive stock options and performance units.

Pursuant to terms of the LTIP, we have issued to eligible participants restricted stock units, performance share awards and stock only stock appreciation rights.

Restricted Stock Units ("RSU") and Performance Share Awards ("PSAs") Awards of RSUs and PSAs are made under our LTIP. The RSUs vest on the passage of time, generally on a graded scale over a three, four, and five-year period, or in certain instances the RSUs were issued with five-year cliff vesting. PSAs are issued to participants and vesting is based on achievement of cumulative financial performance targets covering a two-year period followed by an additional one-year service period. In addition, beginning in 2018, PSA awards include a modifier based on our three-year total shareholder return ("TSR") relative to the TSR of the S&P SmallCap 600 Index. The performance measures include a minimum, target and maximum performance level providing the grantees an opportunity to receive more or less shares than targeted depending on actual financial performance. In addition, the number of shares earned may be further increased or decreased based on our TSR relative to the S&P SmallCap 600 Index.

For RSUs, the grant date fair value of the awards, which is equal to the closing price per common share on the date of the award, is used to determine the amount of expense to be recognized over the applicable service period. For PSAs, the grant date fair value is estimated using a lattice model. The significant inputs include the stock price, volatility, dividend yield, and risk-free rate of return. Settlement of RSUs and PSAs will be made in shares of our common stock currently held in treasury.

The following table summarizes RSU and PSA activity during periods indicated:

<i>Units</i>	2019	2018
Balance at January 1,	756,786	929,386
Granted	384,766	312,555
Forfeited	(122,444)	(70,719)
Shares delivered	(67,646)	(69,372)
Balance at March 31,	951,462	1,101,850

The amount granted in 2019 and 2018 includes 214,899 and 181,653, respectively, of PSAs exclusive of reinvested dividends.

The following table sets forth aggregate RSU and PSA compensation expense included in continuing operations for the periods indicated:

<i>In thousands</i>	March 31	
	2019	2018
Three months ended	\$ 434	\$ 1,665

Stock Only Stock Appreciation Rights ("SOSARs")

Under terms of the SOSAR, a recipient receives the right to a payment in the form of shares of common stock equal to the difference, if any, in the fair market value of one share of common stock at the time of exercising the SOSAR and the exercise price. The SOSARs vest ratably over a three year period and have a term of ten years. No SOSARs were awarded since 2016.

The following table sets forth information related to outstanding SOSARs:

SOSARS	2019		2018	
	Shares	Wtd Avg Exercise Price	Shares	Wtd Avg Exercise Price
Outstanding at January 1,	2,334,742	\$ 18.08	2,561,846	\$ 17.87
Granted	—	—	—	—
Exercised	(283,060)	13.95	(138,423)	12.98
Canceled / forfeited	(258,439)	20.82	(20,994)	18.76
Outstanding at March 31,	1,793,243	\$ 18.96	2,402,429	\$ 18.14

The following table sets forth SOSAR compensation expense included in continuing operations for the periods indicated:

<i>In thousands</i>	March 31	
	2019	2018
Three months ended	\$ 43	\$ 176

11. RETIREMENT PLANS AND OTHER POST-RETIREMENT BENEFITS

The following tables provide information with respect to the net periodic costs of our pension and post-retirement medical benefit plans included in continuing operations.

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Pension Benefits		
Service cost	\$ 484	\$ 594
Interest cost	3,450	3,241
Expected return on plan assets	(3,696)	(5,531)
Amortization of prior service cost	34	5
Amortization of unrecognized loss	775	2,060
Total net periodic benefit cost	\$ 1,047	\$ 369
Other Benefits		
Service cost	\$ 9	\$ 15
Interest cost	84	80
Amortization of prior service credit	(2)	—
Amortization of actuarial gain	(173)	(16)
Total net periodic benefit cost	\$ (82)	\$ 79

In April 2019, we informed participants our qualified pension plan benefits would be frozen as of May 31, 2019 and the plan would be terminated June 30, 2019. We intend to replace this benefit for active employees with an enhanced defined contribution plan.

12. INVENTORIES

Inventories, net of reserves, were as follows:

<i>In thousands</i>	March 31 2019	December 31 2018
Raw materials	\$ 53,590	\$ 50,205
In-process and finished	93,125	84,894
Supplies	38,155	38,312
Total	\$ 184,870	\$ 173,411

13. CAPITALIZED INTEREST

The following table sets forth details of interest incurred, capitalized and expensed included in continuing operations:

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Interest cost incurred	\$ 4,746	\$ 3,846
Interest capitalized	-	396
Interest expense	\$ 4,746	\$ 3,450

Capitalized interest relates to spending for the Airlaid capacity expansion project.

14. LEASES

We enter into a variety of arrangements in which we are the lessee for the use of automobiles, forklifts and other production equipment, production facilities, warehouses and office space. We determine if an arrangement contains a lease at inception. All our lease arrangements are operating leases and are recorded in the condensed consolidated balance sheet under the caption "Other assets" and "Other long-term liabilities." We currently do not have any finance leases.

Operating lease right of use ("ROU") assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. We use our incremental borrowing rate based on information available at the commencement date in determining the lease liabilities as our leases generally do not provide an implicit rate. Lease terms may include options to extend or terminate when we are reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

We also have arrangements with both lease and non-lease components. The Company elected the practical expedient not to separate non-lease components from lease components for the Company's real estate and automobile leases. We elected to apply the short-term lease measurement and recognition exemption in which ROU assets and lease liabilities are not recognized for arrangements less than twelve months in duration.

At March 31, 2019, the ROU assets and corresponding lease obligation included in our condensed consolidated balance sheet totaled \$13.1 million and had a weighted average remaining maturity of 3.3 years. The weighted average discount rate used to value the leases at inception was 3.09%. We recognized \$1.6 million of operating lease expense during the quarter ended March 31, 2019.

The following table sets forth required minimum lease payments for the periods indicated:

<i>In thousands</i>	March 31 2019	December 31 2018
2019	\$ 3,978	\$ 5,020
2020	4,336	3,861
2021	2,942	2,515
2022	1,559	1,426
2023	531	584
Thereafter	347	383

15. LONG-TERM DEBT

Long-term debt is summarized as follows:

<i>In thousands</i>	March 31 2019	December 31 2018
Revolving credit facility, due Mar. 2020	\$ —	\$ 114,495
Revolving credit facility, due Feb. 2024	101,115	
5.375% Notes, due Oct. 2020	—	250,000
Term loan, due Feb. 2024	247,170	—
2.40% Term Loan, due Jun. 2022	5,216	5,725
2.05% Term Loan, due Mar. 2023	23,987	25,972
1.30% Term Loan, due Jun. 2023	6,821	7,361
1.55% Term Loan, due Sep. 2025	8,947	9,470
Total long-term debt	393,256	413,023
Less current portion	(19,852)	(10,785)
Unamortized deferred issuance costs	(2,830)	(1,276)
Long-term debt, net of current portion	\$ 370,574	\$ 400,962

On February 8, 2019, we entered into an amended and restated \$400 million Revolving Credit Facility and a €220 million Term Loan with a consortium of banks (together, the “Credit Agreement”). The proceeds of the Term Loan due Feb. 2024 were used to redeem in its entirety the 5.375% Notes. The principal amount of the Term Loan amortizes in consecutive quarterly installments of principal, with each such quarterly installment to be in an amount equal to 1.25% of the Term Loan funded, commencing on July 1, 2019 and continuing quarterly thereafter. The €220 million Term Loan is designated as a net investment hedge of our Euro functional currency foreign subsidiaries. During the first quarter of 2019, we recognized a pre-tax gain of \$1.5 million from changes in currency exchange rates through Other Comprehensive Income (Loss).

For all US dollar denominated borrowings under the Revolving Credit Facility, the borrowing rate is, at our option, either, (a) the bank’s base rate which is equal to the greater of i) the prime rate; ii) the federal funds rate plus 50 basis points; or iii) the daily Euro-rate plus 100 basis points plus an applicable spread over either i), ii) or iii) ranging from 12.5 basis points to 100 basis points based on the Company’s leverage ratio and its corporate credit ratings determined by Standard & Poor’s Rating Services and Moody’s Investor Service, Inc. (the “Corporate Credit Rating”); or (b) the daily Euro-rate plus an applicable margin ranging from 112.5 basis points to 200 basis points based on the Company’s leverage ratio and the Corporate Credit Rating. For non-US dollar denominated borrowings, interest is based on (b) above.

The Credit Agreement contains a number of customary covenants for financings of this type that, among other things, restrict our ability to dispose of or create liens on assets, incur additional indebtedness, repay other indebtedness, limits certain intercompany financing arrangements, make acquisitions and engage in mergers or consolidations. We are also required to comply with specified financial tests and ratios including: i) maximum net debt to EBITDA ratio (the “leverage ratio”); and ii) a consolidated EBITDA to interest

expense ratio. The most restrictive of our covenants is a maximum leverage ratio of 4.0x provided that such ratio increases to 4.5x during the period of four fiscal quarters immediately following a material acquisition such as Steinfurt. As of March 31, 2019, the leverage ratio, as calculated in accordance with the definition in our Credit Agreement, was 3.5x. A breach of these requirements would give rise to certain remedies under the Revolving Credit Facility, among which are the termination of the agreement and accelerated repayment of the outstanding borrowings plus accrued and unpaid interest under the Credit Agreement.

All remaining principal outstanding and accrued interest under the Credit Agreement will be due and payable on February 8, 2024.

Glatfelter Gernsbach GmbH & Co. KG (“Gernsbach”), a wholly-owned subsidiary of ours, entered into a series of borrowing agreements with IKB Deutsche Industriebank AG, Düsseldorf (“IKB”) as summarized below:

<i>Amounts in thousands</i>	Original Principal	Interest Rate	Maturity
<i>Borrowing date</i>			
Apr. 11, 2013	€ 42,700	2.05%	Mar. 2023
Sep. 4, 2014	10,000	2.40%	Jun. 2022
Oct. 10, 2015	2,608	1.55%	Sep. 2025
Apr. 26, 2016	10,000	1.30%	Jun. 2023
May 4, 2016	7,195	1.55%	Sep. 2025

Each of the borrowings require quarterly repayments of principal and interest and provide for representations, warranties and covenants customary for financings of these types. The financial covenants contained in each of the IKB loans, which relate to the minimum ratio of consolidated EBITDA to consolidated interest expense and the maximum ratio of consolidated total net debt to consolidated adjusted EBITDA, are calculated by reference to our Credit Agreement.

P. H. Glatfelter Company guarantees all debt obligations of its subsidiaries. All such obligations are recorded in these condensed consolidated financial statements.

Letters of credit issued to us by certain financial institutions totaled \$5.2 million as of March 31, 2019 and December 31, 2018. The letters of credit, which reduce amounts available under our Revolving Credit Facility, primarily provide financial assurances for the benefit of certain state workers compensation insurance agencies in conjunction with our self-insurance program. We bear the credit risk on this amount to the extent that we do not comply with the provisions of certain agreements. No amounts are outstanding under the letters of credit.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts reported on the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value. The following table sets forth carrying value and fair value of long-term debt:

<i>In thousands</i>	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Variable rate debt	\$ 101,115	\$101,115	\$ 114,495	\$114,495
Fixed-rate bonds	—	—	250,000	249,010
Term loan, due Feb. 2024	247,170	247,170	—	—
2.40% Term loan	5,216	5,310	5,725	5,836
2.05% Term loan	23,987	24,325	25,972	26,346
1.30% Term Loan	6,821	6,810	7,361	7,341
1.55% Term loan	8,947	8,974	9,470	9,453
Total	\$ 393,256	\$393,704	\$ 413,023	\$412,481

The values set forth above are based on observable inputs and other relevant market data (Level 2). The fair value of financial derivatives is set forth below in Note 17.

17. FINANCIAL DERIVATIVES AND HEDGING ACTIVITIES

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge foreign currency risks associated with forecasted transactions (“cash flow hedges”); or ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables (“foreign currency hedges”).

Derivatives Designated as Hedging Instruments - Cash Flow Hedges We use currency forward contracts as cash flow hedges to manage our exposure to fluctuations in the currency exchange rates on certain forecasted production costs or capital expenditures expected to be incurred. Currency forward contracts involve fixing the exchange for delivery of a specified amount of foreign currency on a specified date. As of March 31, 2019, the maturity of currency forward contracts ranged from one month to 18 months.

We designate certain currency forward contracts as cash flow hedges of forecasted raw material purchases, certain production costs or capital expenditures with exposure to changes in foreign currency exchange rates. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges of foreign exchange risk is deferred as a component of accumulated other comprehensive income in the accompanying condensed consolidated balance sheets. With respect to hedges of forecasted raw material purchases or production costs, the amount deferred is subsequently reclassified into costs of products sold in the period that inventory produced using the

hedged transaction affects earnings. For hedged capital expenditures, deferred gains or losses are reclassified and included in the historical cost of the capital asset and subsequently affect earnings as depreciation is recognized.

We had the following outstanding derivatives that were used to hedge foreign exchange risks associated with forecasted transactions and designated as hedging instruments:

<i>In thousands</i>	March 31 2019	December 31 2018
Derivative		
<i>Sell/Buy - sell notional</i>		
Philippine Peso / British Pound	—	13,140
Philippine Peso / Euro	14,625	16,446
Euro / British Pound	15,103	15,250
U.S. Dollar / Euro	1,328	88
<i>Sell/Buy - buy notional</i>		
Euro / Philippine Peso	1,037,683	1,069,006
British Pound / Philippine Peso	964,867	980,137
Euro / U.S. Dollar	94,646	76,417
U.S. Dollar / Canadian Dollar	34,304	35,154
British Pound / Euro	—	216

Derivatives Not Designated as Hedging Instruments - Foreign Currency Hedges We also entered into forward foreign exchange contracts to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities. None of these contracts are designated as hedges for financial accounting purposes and, accordingly, changes in value of the foreign exchange forward contracts and in the offsetting underlying on-balance-sheet transactions are reflected in the accompanying condensed consolidated statements of income under the caption “Other, net.”

The following sets forth derivatives used to mitigate the impact changes in currency exchange rates have on balance sheet monetary assets and liabilities:

<i>In thousands</i>	March 31 2019	December 31 2018
Derivative		
<i>Sell/Buy - sell notional</i>		
U.S. Dollar / British Pound	18,000	25,500
British Pound / Euro	3,000	2,000
<i>Sell/Buy - buy notional</i>		
Euro / U.S. Dollar	15,000	11,000
British Pound / Euro	4,000	8,000

These contracts have maturities of one month from the date originally entered into.

Fair Value Measurements The following table summarizes the fair values of derivative instruments for the period indicated and the line items in the accompanying condensed consolidated balance sheets where the instruments are recorded:

<i>In thousands</i>	March 31	December 31	March 31	December 31
	2019	2018	2019	2018
Balance sheet caption	Prepaid Expenses and Other		Other	
	Current Assets		Current Liabilities	
Designated as hedging:				
Forward foreign currency exchange contracts	\$ 6,002	\$ 4,381	\$ 722	\$ 1,548
Not designated as hedging:				
Forward foreign currency exchange contracts	\$ 289	\$ 103	\$ 380	\$ 122

The amounts set forth in the table above represent the net asset or liability giving effect to rights of offset with each counterparty. The effect of netting the amounts presented above did not have a material effect on our consolidated financial position.

The following table summarizes the amount of income or (loss) from derivative instruments recognized in our results of operations for the periods indicated and the line items in the accompanying condensed consolidated statements of income where the results are recorded:

<i>In thousands</i>	Three months ended	
	2019	2018
Designated as hedging:		
Forward foreign currency exchange contracts:		
Effective portion – cost of products sold	\$ 585	\$ (1,959)
Ineffective portion – other – net	—	(322)
Not designated as hedging:		
Forward foreign currency exchange contracts:		
Other – net	\$ 292	\$ 297

The impact of activity not designated as hedging was substantially all offset by the remeasurement of the underlying on-balance-sheet item.

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The fair values of the foreign exchange forward contracts are considered to be Level 2. Foreign currency forward contracts are valued using foreign currency forward and interest rate curves. The fair value of each contract is determined by comparing the contract rate to the forward rate

and discounting to present value. Contracts in a gain position are recorded in the condensed consolidated balance sheets under the caption “Prepaid expenses and other current assets” and the value of contracts in a loss position is recorded under the caption “Other current liabilities.”

A rollforward of fair value amounts recorded as a component of accumulated other comprehensive income (loss), before taxes, is as follows:

<i>In thousands</i>	2019	2018
Balance at January 1,	\$ 3,004	\$ (5,640)
Deferred (losses) gains on cash flow hedges	3,641	(4,344)
Reclassified to earnings	(585)	1,959
Balance at March 31,	\$ 6,060	\$ (8,025)

We expect substantially all of the amounts recorded as a component of accumulated other comprehensive income will be recorded as a component of the capital asset or realized in results of operations within the next 12 to 18 months and the amount ultimately recognized will vary depending on actual market rates.

Credit risk related to derivative activity arises in the event the counterparty fails to meet its obligations to us. This exposure is generally limited to the amounts, if any, by which the counterparty’s obligations exceed our obligation to them. Our policy is to enter into contracts only with financial institutions which meet certain minimum credit ratings.

18. COMMITMENTS, CONTINGENCIES AND LEGAL PROCEEDINGS

Fox River - Neenah, Wisconsin

Background. We previously reported we faced significant uncertainties associated with environmental claims arising out of the presence of polychlorinated biphenyls (“PCBs”) in sediments in the lower Fox River, on which our former Neenah facility was located, and in the Bay of Green Bay Wisconsin (collectively, the “Site”). We have resolved these uncertainties as described below.

Since the early 1990s, the United States, the State of Wisconsin (collectively, the “Governments”) and two Indian tribes have pursued the cleanup of a 39-mile stretch of river from Little Lake Butte des Morts into Green Bay and natural resource damages (“NRDs”).

The United States Environmental Protection Agency (“EPA”) has divided the Site into five “operable units”, including the most upstream portion of the Site on which our facility was located (“OU1”) and four downstream reaches of the river and bay (“OU2-5”).

The United States originally notified several entities that they were potentially responsible parties (“PRPs”). We, with

contributions of certain other PRPs, implemented the remedial action in OU1 under a consent decree with the Governments. That work is complete, other than on-going monitoring and maintenance.

For OU2-5, after giving effect to settlements reached with the Governments, the remaining PRPs exposed to continuing obligations to implement the remainder of the cleanup consisted of us, Georgia Pacific Consumer Products, L.P. (“Georgia Pacific”) and NCR Corporation (“NCR”). The majority of the work in OU 2-5 has been funded or conducted by parties other than us. The cleanup is expected to continue at least through 2019, followed by decommissioning and post-remediation long-term monitoring and maintenance.

In 2017, the United States entered into a consent decree with the State of Wisconsin, NCR, and Appvion under which NCR agreed to complete the remaining cleanup and both NCR and Appvion agreed not to seek to recover from us or anyone else any amounts they have spent or would spend, and we and others would be barred from seeking claims against NCR or Appvion. Under the consent decree, the Governments agreed to seek long term monitoring and maintenance in OU2-5 from us and Georgia Pacific; as the result of earlier settlements, Georgia Pacific was only responsible for that work in the most downstream three miles of the river (“OU4b”) and the bay of Green Bay (“OU5”). The Governments agreed to seek their past and future oversight costs only from us.

We and Georgia Pacific had claims against each other to reallocate the costs that we had each incurred or would incur. In 2017, we entered into a settlement agreement with Georgia Pacific to settle these claims. Georgia Pacific agreed to implement the monitoring and maintenance in OU4b and OU5 and we agreed to monitoring and maintenance of all other upstream operable units. We paid Georgia Pacific \$9.5 million in August 2017 in connection with this settlement.

After years of extensive and complex litigation, in January 2019, we reached an agreement with the United States, the State of Wisconsin, and Georgia-Pacific to resolve all remaining claims among those parties. A consent decree (“Glatfelter consent decree”) documenting that agreement was entered in the federal district court on March 14, 2019. Under the Glatfelter consent decree, we paid \$20.5 million to settle the United States’ and Wisconsin’s claims for response costs incurred by them prior to October 2018 and for NRDs. We also agreed to reimburse the governments for future oversight costs incurred over the next 30 years. We anticipate that a significant portion of the oversight costs will be incurred in the next few years while the remediation is being completed. Once finished, costs will be an order of magnitude lower in

most years during the period of long-term monitoring and maintenance. In addition to our previous agreement to be responsible for long-term monitoring and maintenance of OU-1, under this consent decree, we agreed to be primarily responsible for long-term monitoring and maintenance in OU2-OU4a.

Long term monitoring and maintenance will continue over a period of at least 30 years. The monitoring activities consist of, among others, testing fish tissue, sampling water quality and sediment, and inspections of the engineered caps. In the first quarter of 2018, we entered into a fixed-price, 30-year agreement with a third party for the performance of all of our monitoring and maintenance obligations in OU1 through OU4a with limited exceptions, such as, for extraordinary amounts of cap maintenance or replacement. Our obligation under this agreement is included in our total reserve for the Site. We are permitted to pay for this contract using the remaining balance of an escrow account established by us and WTM I Company under the OU1 consent decree during any period that the balance in that account exceeds the amount due under our fixed-price contract. The difference at present is approximately \$2 million. We are also required to secure the payment of that difference with a renewal letter of credit or another instrument in the interim.

Reserves for the Site. Our reserve for past and future government oversight costs and long-term monitoring and maintenance is set forth below:

<i>In thousands</i>	Three months ended	
	March 31	
	2019	2018
Balance at January 1,	\$ 45,001	\$ 43,144
Payments	(20,535)	(2,536)
Reserve adjustment	(2,509)	—
Accretion	56	—
Balance at March 31,	\$ 22,013	\$ 40,608

Of our total reserve for the Fox River, \$5.0 million is recorded in the accompanying March 31, 2019 condensed consolidated balance sheet under the caption “Environmental liabilities” and the remaining \$17.0 million is recorded under the caption “Other long term liabilities.” In connection with the court approval of our January 2019 consent decree, we reduced our reserve by \$2.5 million and recorded the adjustment as a reduction in “Selling, general and administrative” expenses in the condensed consolidated statements of income.

19. SEGMENT INFORMATION

The following tables set forth financial and other information by business unit for the period indicated:

Three months ended March 31 <i>Dollars in millions</i>	Composite Fibers		Advanced Airlaid Materials		Other and Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	\$ 128.7	\$ 141.6	\$ 100.4	\$ 69.6	\$ —	\$ —	\$ 229.1	\$ 211.2
Cost of products sold	106.6	114.7	86.0	59.7	0.9	0.2	193.5	174.6
Gross profit (loss)	22.1	26.9	14.4	9.9	(0.9)	(0.2)	35.6	36.6
SG&A	10.8	11.6	4.4	2.7	9.4	15.6	24.6	29.9
(Gains) losses on dispositions of plant, equipment and timberlands, net	—	—	—	—	(0.7)	(1.1)	(0.7)	(1.1)
Total operating income (loss)	11.3	15.3	10.0	7.2	(9.6)	(14.8)	11.7	7.7
Non-operating expense	—	—	—	—	(5.2)	(3.7)	(5.2)	(3.7)
Income (loss) before income taxes	\$ 11.3	\$ 15.3	\$ 10.0	\$ 7.2	\$ (14.8)	\$ (18.5)	\$ 6.5	\$ 4.0
Supplementary Data								
Net tons sold (thousands)	31.5	36.3	33.2	23.8	—	—	64.7	60.1
Depreciation, depletion and amortization	\$ 6.7	\$ 7.4	\$ 5.3	\$ 2.8	\$ 0.8	\$ 1.1	\$ 12.8	\$ 11.3
Capital expenditures	3.2	5.1	2.2	13.2	0.5	1.8	5.9	20.1

The sum of individual amounts set forth above may not agree to the condensed consolidated financial statements included herein due to rounding.

Business Units Results of individual business units are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual business units are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the business units. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the business unit are allocated primarily based on an estimated utilization of support area services or are included in “Other and Unallocated” in the table set forth above.

Management evaluates results of operations of the business units before certain corporate level costs and the effects of

certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of business units and the extent of cash flow generated from these core operations. Such amounts are presented under the caption “Other and Unallocated.” In the evaluation of business unit results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company’s performance is evaluated internally and by the Company’s Board of Directors.

Specialty Papers’ results of operations are reported as discontinued operations. In addition, corporate shared services costs previously included in Specialty Papers’ results are required to be included in income from continuing operations and are reported as “other and unallocated”.

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

The following discussion should be read in conjunction with the information in the unaudited condensed consolidated financial statements and notes thereto included herein and Glatfelter's Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2018 Annual Report on Form 10-K.

Forward-Looking Statements This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding industry prospects and future consolidated financial position or results of operations, made in this Report on Form 10-Q are forward looking. We use words such as "anticipates", "believes", "expects", "future", "intends" and similar expressions to identify forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from such expectations. The following discussion includes forward-looking statements all of which are inherently difficult to predict. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations. Accordingly, we identify the following important factors, among others, which could cause our results to differ from any results that might be projected, forecasted or estimated in any such forward-looking statements:

- i. variations in demand for our products including the impact of unplanned market-related downtime, variations in product pricing, or product substitution;
- ii. the impact of competition, changes in industry production capacity, including the construction of new mills or new machines, the closing of mills and incremental changes due to capital expenditures or productivity increases;
- iii. risks associated with our international operations, including local economic and political environments and fluctuations in currency exchange rates;
- iv. geopolitical matters, including any impact to our operations from events in Russia, Ukraine and Philippines;
- v. our ability to develop new, high value-added products;
- vi. changes in the price or availability of raw materials we use, particularly woodpulp, pulp substitutes, synthetic pulp, and abaca fiber;
- vii. changes in energy-related prices and commodity raw materials with an energy component;
- viii. the impact of unplanned production interruption at our facilities or at any of our key suppliers;

- ix. disruptions in production and/or increased costs due to labor disputes;
- x. the gain or loss of significant customers and/or on-going viability of such customers;
- xi. the impact of war and terrorism;
- xii. the impact of unfavorable outcomes of audits by various state, federal or international tax authorities or changes in pre-tax income and its impact on the valuation of deferred taxes;
- xiii. enactment of adverse state, federal or foreign tax or other legislation or changes in government legislation, policy or regulation; and
- xiv. our ability to finance, consummate and integrate acquisitions.

Introduction We manufacture a wide array of engineered materials. We manage our company along two business units:

- *Composite Fibers* with revenue from the sale of single-serve tea and coffee filtration papers, nonwoven wallcovering base materials, metallized products, composite laminate papers, and many technically special papers including substrates for electrical applications; and
- *Advanced Airlaid Materials* with revenue from the sale of airlaid nonwoven fabric-like materials used in feminine hygiene and adult incontinence products, specialty wipes, home care products and other airlaid applications.

Specialty Papers' results of operations and financial condition are reported as discontinued operations. Following is a discussion and analysis primarily of the financial results of operations and financial condition of our continuing operations.

RESULTS OF OPERATIONS

Three months ended March 31, 2019 versus the three months ended March 31, 2018

Overview For the first three months of 2019, we reported a net income of \$5.3 million, or \$0.12 per share compared with net income of \$5.7 million and \$0.13 per diluted share in the year earlier period.

On October 1, 2018, we acquired Georgia-Pacific's European nonwovens business based in Steinfurt, Germany ("Steinfurt"). The results of Steinfurt, whose annual revenue approximates \$99 million, are included prospectively from the date of acquisition. The former Specialty Papers business unit, which was sold on October 31, 2018, is classified as discontinued operations for all periods presented.

The following table sets forth summarized consolidated results of operations:

<i>In thousands, except per share</i>	Three months ended March 31	
	2019	2018
Net sales	\$ 229,133	\$ 211,207
Gross profit	35,617	36,560
Operating income	11,664	7,745
Continuing operations		
Income	4,603	2,264
Earnings per share	0.10	0.05
Discontinued operations		
Income from discontinued operations	683	3,452
Earnings per share	0.02	0.08
Net income	5,286	5,716
Earnings per share	\$ 0.12	\$ 0.13

In addition to the results reported in accordance with GAAP, we evaluate our performance using adjusted earnings and adjusted earnings per diluted share. We disclose this information to allow investors to evaluate our performance exclusive of certain items that impact the comparability of results from period to period and we believe it is helpful in understanding underlying operating trends and cash flow generation.

Adjusted earnings from continuing operations for the first three months of 2019 were \$7.3 million, or \$0.16 per diluted share compared with \$3.9 million, or \$0.09 per diluted share, for the same period a year ago. The improved results reflect i) growth in Advanced Airlaid Materials, as revenue and operating income each improved nearly 40%; ii) lower corporate costs in connection with cost reduction initiatives; and iii) a lower income tax rate. Adjusted earnings consists of net income determined in accordance with GAAP adjusted to exclude the impact of the following:

Strategic initiatives. These adjustments primarily reflect

one-time professional and legal fees incurred directly related to evaluating and executing certain strategic initiatives substantially related to acquisitions.

Airlaid capacity expansion costs. These adjustments reflect non-capitalized, one-time costs incurred related to the start-up of a new airlaid production facility in Fort Smith, Arkansas and implementation of a new business system.

Cost optimization actions. These adjustments reflect charges incurred in connection with initiatives to optimize the cost structure of Composite Fibers in response to changes in business conditions and costs related to the organizational change to a functional operating model. The costs are primarily related to executive separation, other headcount reduction efforts, professional fees, asset write-offs and certain contract termination costs.

Debt refinancing costs. Represents a charge to write-off unamortized debt issuance costs in connection with the redemption of the Company's \$250 million, 5.375% Notes.

Fox River environmental matter. This adjustment reflects a decrease in the Company's overall reserve included in income for the Fox River matter primarily due to the resolution of the litigation in the first quarter of 2019.

Timberland sales and related costs. These adjustments exclude gains from the sales of timberlands as these items are not considered to be part of our core business, ongoing results of operations or cash flows. These adjustments are irregular in timing and amount and may significantly impact our operating performance.

U.S. Tax Reform. These adjustments reflect amounts estimating the impact of the Tax Cuts and Jobs Act ("TCJA") which was signed into law on December 22, 2017.

Adjusted earnings and adjusted earnings per share are considered measures not calculated in accordance with GAAP, and therefore are non-GAAP measures. The non-GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with GAAP. The following table sets forth the reconciliation of net income to adjusted earnings for the three months ended March 31, 2019 and 2018:

Three months ended March 31

<i>In thousands, except per share</i>	2019		2018	
	Amount	EPS	Amount	EPS
Net income	\$ 5,286	\$ 0.12	5,716	\$ 0.13
Exclude: Net income from discontinued operations	(683)	(0.02)	(3,452)	(0.08)
Income from continuing operations	4,603	0.10	2,264	(0.05)
Adjustments (pre-tax)				
Strategic initiatives	107		468	
Airlaid capacity expansion costs	1,014		3,033	
Cost optimization actions	3,923		-	
Debt refinancing	992		-	
Fox River environmental matter	(2,509)		-	
Timberland sales and related costs	(458)		(1,115)	
Total adjustments (pre-tax)	3,069		2,386	
Income taxes ⁽¹⁾	(389)		(566)	
U.S. Tax Reform	-		(180)	
Total after-tax adjustments	2,680	0.06	1,640	0.04
Adjusted earnings	<u>\$ 7,283</u>	<u>\$ 0.16</u>	<u>\$ 3,904</u>	<u>\$ 0.09</u>

(1) Tax effect on adjustments calculated based on the incremental effective tax rate of the jurisdiction in which each adjustment originated and the related impact of valuation allowances.

The sum of individual per share amounts set forth above may not agree to adjusted earnings per share due to rounding.

Business Unit Performance

Three months ended March 31

Dollars in millions

	Composite Fibers		Advanced Airlaid Materials		Other and Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	\$ 128.7	\$ 141.6	\$ 100.4	\$ 69.6	\$ —	\$ —	\$ 229.1	\$ 211.2
Cost of products sold	106.6	114.7	86.0	59.7	0.9	0.2	193.5	174.6
Gross profit (loss)	22.1	26.9	14.4	9.9	(0.9)	(0.2)	35.6	36.6
SG&A	10.8	11.6	4.4	2.7	9.4	15.6	24.6	29.9
(Gains) losses on dispositions of plant, equipment and timberlands, net	—	—	—	—	(0.7)	(1.1)	(0.7)	(1.1)
Total operating income (loss)	11.3	15.3	10.0	7.2	(9.6)	(14.8)	11.7	7.7
Non-operating expense	—	—	—	—	(5.2)	(3.7)	(5.2)	(3.7)
Income (loss) before income taxes	<u>\$ 11.3</u>	<u>\$ 15.3</u>	<u>\$ 10.0</u>	<u>\$ 7.2</u>	<u>\$ (14.8)</u>	<u>\$ (18.5)</u>	<u>\$ 6.5</u>	<u>\$ 4.0</u>
Supplementary Data								
Net tons sold (<i>thousands</i>)	31.5	36.3	33.2	23.8	—	—	64.7	60.2
Depreciation, depletion and amortization	\$ 6.7	\$ 7.4	\$ 5.3	\$ 2.8	\$ 0.8	\$ 1.1	\$ 12.8	\$ 11.3
Capital expenditures	3.2	5.1	2.2	13.2	0.5	1.8	5.9	20.1

The sum of individual amounts set forth above may not agree to the condensed consolidated financial statements included herein due to rounding.

Business Units Results of individual business units are presented based on our management accounting practices and management structure. There is no comprehensive, authoritative body of guidance for management accounting equivalent to accounting principles generally accepted in the United States of America; therefore, the financial results of individual business units are not necessarily comparable with similar information for any other company. The management accounting process uses assumptions and allocations to measure performance of the business units. Methodologies are refined from time to time as management accounting practices are enhanced and businesses change. The costs incurred by support areas not directly aligned with the business unit are allocated primarily based on an estimated utilization of support area services or are included in "Other and Unallocated" in the Business Unit Performance table.

Management evaluates results of operations of the business units before certain corporate level costs, and the effects of certain gains or losses not considered to be related to the core business operations. Management believes that this is a more meaningful representation of the operating performance of its core businesses, the profitability of business units and the extent of cash flow generated from these core operations. Such amounts are presented under the caption "Other and Unallocated." In the evaluation of business unit results, management does not use any measures of total assets. This presentation is aligned with the management and operating structure of our company. It is also on this basis that the Company's performance is evaluated internally and by the Company's Board of Directors.

Sales and Costs of Products Sold

<i>In thousands</i>	Three months ended March 31		
	2019	2018	Change
Net sales	\$ 229,133	\$ 211,207	\$ 17,926
Costs of products sold	193,516	174,647	18,869
Gross profit	\$ 35,617	\$ 36,560	\$ (943)
Gross profit as a percent of Net sales	15.5%	17.3%	

The following table sets forth the contribution to consolidated net sales by each business unit:

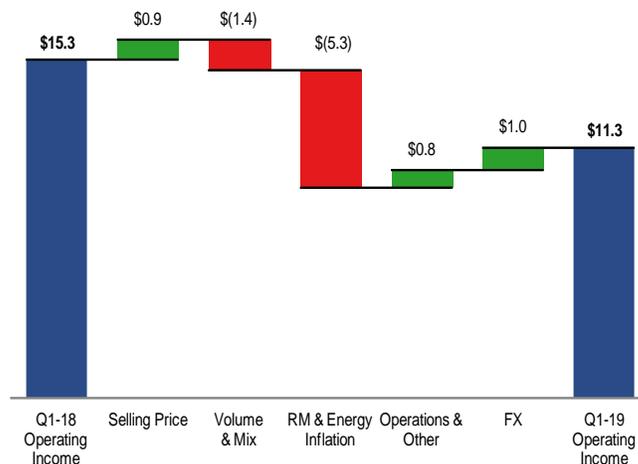
<i>Percent of Total</i>	Three months ended March 31	
	2019	2018
Business Unit		
Composite Fibers	56.2%	67.0%
Advanced Airlaid Material	43.8	33.0
Total	100.0%	100.0%

Net sales totaled \$229.1 million and \$211.2 million in the first three months of 2019 and 2018, respectively. The increase was primarily due to the Steinfurt acquisition and higher selling prices partially offset by unfavorable currency translation. On a constant currency basis and excluding the Steinfurt acquisition, Advanced Airlaid Material's net sales increased 19.2% and Composite Fibers' decreased by 3.3%.

Composite Fibers' net sales decreased \$12.9 million, or 9.1% primarily due to a 13.2% decline in shipping volumes partially offset by higher average selling prices totaling \$0.9 million. Food and beverage shipping volumes were up 4.5% but were more than offset by declines in wallcover and metallized products which were lower by 27% and 22%, respectively. Currency translation was unfavorable by \$8.2 million.

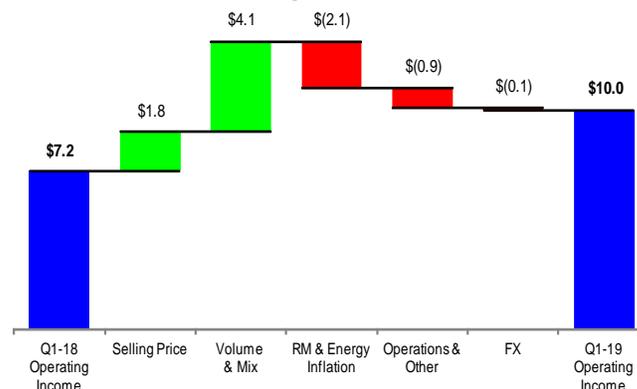
Composite Fibers' operating income for the first three months of 2019 totaled \$11.3 million, a decrease of \$3.9 million compared to the year-earlier quarter. Lower shipping volumes and machine downtime to manage inventory levels impacted results by \$2.9 million. Higher raw material and energy prices of \$5.3 million and costs related to the disruption in the supply of a key raw material were partially mitigated by \$3.0 million in benefit from our cost reduction actions and lower depreciation. Currency was \$1.0 million favorable compared to the year-ago quarter reflecting hedging instruments that matured, more than offsetting the impact of a lower Euro translation rate. The primary drivers are

summarized in the following chart:



Advanced Airlaid Materials' net sales increased \$30.8 million, or 44.3%, primarily due to the Steinfurt acquisition and a 13.4% organic increase in shipping volumes reflecting growth in wipes, hygiene and table top products. Higher average selling prices contributed \$1.8 million and currency translation was unfavorable by \$3.1 million.

Advanced Airlaid Materials' operating income for the first three months of 2019 totaled \$10.0 million, or 38.9% higher than the comparable period a year ago. The increase was primarily due to higher shipping volumes which contributed \$4.1 million. Higher selling prices were offset by \$2.1 million of higher raw material and energy costs. Higher depreciation from the new capacity at Fort Smith negatively impacted income by \$0.9 million. The primary drivers are summarized in the following chart:



Other and Unallocated The amount of “Other and Unallocated” expense in our table of Business Unit Performance totaled \$9.6 million in the first three months of 2019 compared with \$14.8 million in the first three months of 2018. The decrease in Other and Unallocated expenses, excluding the impact of gains from timberland sales, primarily reflects reduced corporate costs, lower start-up costs related to the Advanced Airlaid Materials capacity expansion program and the reduction in our reserve for the Fox River matter. Other and Unallocated expenses during the first quarter of 2019, include \$3.9 million costs related to cost optimization including changes in our business model and the associated executive separation.

Income taxes In the first quarters of 2019 and 2018, we recorded an income tax provision of \$1.9 million and \$1.8 million, respectively, on income from continuing operations of \$6.5 million and \$4.0 million, respectively. The lower effective tax rate in the first quarter of 2019 was primarily due to the closure of certain tax audits.

Foreign Currency We own and operate facilities in Canada, Germany, France, the United Kingdom and the Philippines. The functional currency of our Canadian operations is the U.S. dollar. However, in Germany and France it is the Euro, in the UK, it is the British Pound Sterling, and in the Philippines the functional currency is the Peso. On an annual basis, our euro denominated revenue exceeds euro expenses by an estimated €160 million. For the first three months of 2019, the average currency exchange rate was 1.14 dollar/euro compared with 1.23 in the same period of 2018. With respect to the British Pound Sterling, Canadian Dollar, and Philippine Peso, we have differing amounts of inflows and outflows of these currencies, although to a lesser degree than the euro. As a result, we are exposed to changes in currency exchange rates and such changes could be significant. The translation of the results from international operations into U.S. dollars is subject to changes in foreign currency exchange rates.

The table below summarizes the translation impact on reported results that changes in currency exchange rates had on our non-U.S. based operations from the conversion of these operation’s results for the first three months of 2019.

<i>In thousands</i>	Three months ended March 31, 2019
	Favorable (unfavorable)
Net sales	\$ (11,286)
Costs of products sold	11,310
SG&A expenses	908
Income taxes and other	(107)
Net income	\$ 825

The above table only presents the financial reporting impact of foreign currency translations assuming currency exchange rates in 2019 were the same as 2018. It does not

present the impact of certain competitive advantages or disadvantages of operating or competing in multi-currency markets.

Discontinued Operations We completed the sale of our Specialty Papers business unit on October 31, 2018. Its results of operations are reported as discontinued operations for all periods presented. For the three months ended March 31, 2019, we reported income from discontinued operations of \$0.7 million compared with \$3.4 million in the same quarter of 2018. The results for the first quarter of 2019 reflect a \$1.3 million insurance settlement related to an equipment failure partially offset by professional fees.

LIQUIDITY AND CAPITAL RESOURCES

Our business requires significant expenditures for new or enhanced equipment, to support our research and development efforts, and to support our business strategy. In addition, we have mandatory debt service requirements of both principal and interest. The following table summarizes cash flow information for each of the periods presented:

<i>In thousands</i>	Three months ended March 31	
	2019	2018
Cash and cash equivalents at beginning of period	\$ 142,685	\$ 116,219
Cash provided (used) by		
Operating activities	(24,145)	(7,149)
Investing activities	(7,240)	(18,939)
Financing activities	(23,611)	15,842
Effect of exchange rate changes on cash	(658)	2,458
Change in cash and cash equivalents from discontinued operations	(10,365)	8,847
Net cash provided (used)	(66,019)	1,059
Cash and cash equivalents at end of period	\$ 76,666	\$ 117,278

At March 31, 2019, we had \$76.7 million in cash and cash equivalents held by both domestic and foreign subsidiaries. Unremitted earnings of our foreign subsidiaries as of January 1, 2018 and forward are deemed to be indefinitely reinvested and therefore no U.S. tax liability is reflected in the accompanying condensed consolidated financial statements. Approximately 60% of our cash and cash equivalents is held by our foreign subsidiaries but could be repatriated without incurring a significant amount of additional taxes.

Cash used by operating activities in the first three months of 2019 totaled \$24.1 million compared with \$7.1 million in the same period a year ago. The decrease was primarily due to a \$20.5 million payment made in the first quarter of 2019 in connection with the resolution of the Fox River environmental matter.

Net cash used by investing activities decreased by \$11.7 million in the year-over-year comparison due to lower capital expenditures driven by the completion of the airlaid capacity expansion in early 2018.

Net cash used by financing activities totaled \$23.6 million in the first three months of 2019 compared with \$15.8 million provided by financing activities in the same period of 2018. The increase in cash used by financing activities primarily reflects net additional borrowings under our revolving credit facility.

The following table sets forth our outstanding long-term indebtedness:

<i>In thousands</i>	March 31 2019	December 31 2018
Revolving credit facility, due Mar. 2020	\$ —	\$ 114,495
Revolving credit facility, due Feb. 2024	\$ 101,115	
5.375% Notes, due Oct. 2020	—	250,000
Term loan, due Feb. 2024	247,170	—
2.40% Term Loan, due Jun. 2022	5,216	5,725
2.05% Term Loan, due Mar. 2023	23,987	25,972
1.30% Term Loan, due Jun. 2023	6,821	7,361
1.55% Term Loan, due Sep. 2025	8,947	9,470
Total long-term debt	393,256	413,023
Less current portion	(19,852)	(10,785)
Unamortized deferred issuance costs	(2,830)	(1,276)
Long-term debt, net of current portion	\$ 370,574	\$ 400,962

In the first quarter of 2019, we significantly changed our debt capital structure. On February 8, 2019, we entered into a new credit facility with a consortium of financial institutions. The new five-year facility (the “2019 Facility”) replaces our then existing revolving credit facility and consists of a \$400 million variable rate revolver and a €220 million, amortizing term loan. The other terms of the 2019 Facility are substantially similar to our previous revolving credit facility. On February 28, 2019, we redeemed all outstanding 5.375% Notes with proceeds from the new term loan.

The 2019 Facility contains a number of customary compliance covenants, the most restrictive of which is a maximum leverage ratio of 4.0x provided that such ratio increases to 4.5x during the period of four fiscal quarters immediately following a material acquisition such as Steinfurt. As of March 31, 2019, the leverage ratio, as calculated in accordance with the definition in our amended credit agreement, was 3.5x, within the limits set forth in our credit agreement. Based on our expectations of future results of operations and capital needs, we do not believe the debt covenants will impact our operations or limit our ability to undertake financings that may be necessary to meet our capital needs.

Financing activities include cash used for common stock

dividends. In both the first three months of 2019 and 2018, we used \$5.7 million of cash for dividends on our common stock. Our Board of Directors determines what, if any, dividends will be paid to our shareholders. Dividend payment decisions are based upon then-existing factors and conditions and, therefore, historical trends of dividend payments are not necessarily indicative of future payments.

We are subject to various federal, state and local laws and regulations intended to protect the environment as well as human health and safety. At various times, we have incurred significant costs to comply with these regulations and we could incur additional costs as new regulations are developed or regulatory priorities change.

We expect to meet all of our near and long-term cash needs from a combination of operating cash flow, cash and cash equivalents, our existing credit facility and other long-term debt.

Off-Balance-Sheet Arrangements As of March 31, 2019 and December 31, 2018, we had not entered into any off-balance-sheet arrangements. Financial derivative instruments, to which we are a party, and guarantees of indebtedness, which solely consist of obligations of subsidiaries, are reflected in the condensed consolidated balance sheets included herein in Item 1 – Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

<i>Dollars in thousands</i>	Year Ended December 31					March 31, 2019	
	2019	2020	2021	2022	2023	Carrying Value	Fair Value
Long-term debt							
Average principal outstanding							
At fixed interest rates – Term Loans	52,463	43,076	32,493	21,910	11,928	44,971	45,419
At variable interest rates	343,651	332,837	320,478	308,120	295,761	348,285	348,285
						<u>\$ 393,256</u>	<u>\$ 393,704</u>
Weighted-average interest rate							
On fixed rate debt – Term Loans	1.88%	1.88%	1.86%	1.83%	1.77%		
On variable rate debt	1.50%	1.50%	1.50%	1.50%	1.50%		

The table above presents the average principal outstanding and related interest rates for the next five years for debt outstanding as of March 31, 2019. Fair values included herein have been determined based upon rates currently available to us for debt with similar terms and remaining maturities.

Our market risk exposure primarily results from changes in interest rates and currency exchange rates. At March 31, 2019, we had \$390.4 million of long-term debt, net of unamortized debt issuance costs, of which 89.2% was at variable interest rates. Variable-rate debt outstanding represents borrowings under the 2019 Facility including both revolving credit borrowings and the amortizing term loan. Interest accrues based on LIBOR plus a margin. At March 31, 2019, the interest rate paid was approximately 1.50%. A hypothetical 100 basis point increase or decrease in the interest rate on variable rate debt would increase or decrease annual interest expense by \$3.5 million.

As part of our overall risk management practices, we enter into financial derivatives primarily designed to either i) hedge foreign currency risks associated with forecasted transactions – “cash flow hedges”; or ii) mitigate the impact that changes in currency exchange rates have on intercompany financing transactions and foreign currency denominated receivables and payables – “foreign currency hedges.” For a more complete discussion of this activity, refer to Item 1 – Financial Statements – Note 16.

We are subject to certain risks associated with changes in foreign currency exchange rates to the extent our operations are conducted in currencies other than the U.S. Dollar. On an annual basis, our euro denominated revenue exceeds euro expenses by an estimated €160 million. With respect to the British Pound Sterling, Canadian Dollar, and Philippine Peso, we have differing amounts of inflows and outflows of these currencies, although to a lesser degree than the euro. As a result, particularly with respect to the euro, we are exposed to changes in currency exchange rates and such changes could be significant.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures Our chief executive officer and our principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2019, have concluded that, as of the evaluation date, our disclosure controls and procedures are effective.

Changes in Internal Controls There were no changes in our internal control over financial reporting during the three months ended March 31, 2019, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II

ITEM 6. EXHIBITS

The following exhibits are filed herewith or incorporated by reference as indicated.

- | | |
|---------|---|
| 10.1 | Separation Agreement and General Release between John P. Jacunski and P. H. Glatfelter Company, filed herewith. |
| 10.2 | Consent Decree between P. H. Glatfelter Company, Georgia-Pacific Consumer Products LP, the United States of America and the State of Wisconsin, dated March 14, 2019, filed herewith. |
| 31.1 | Certification of Dante C. Parrini, Chairman and Chief Executive Officer of Glatfelter, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 31.2 | Certification of Samuel L. Hillard, Senior Vice President and Chief Financial Officer, pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 32.1 | Certification of Dante C. Parrini, Chairman and Chief Executive Officer of Glatfelter, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith. |
| 32.2 | Certification of Samuel L. Hillard, Senior Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, furnished herewith. |
| 101.INS | XBRL Instance Document, filed herewith. |
| 101.SCH | XBRL Taxonomy Extension Schema, filed herewith. |
| 101.CAL | XBRL Extension Calculation Linkbase, filed herewith. |
| 101.DEF | XBRL Extension Definition Linkbase, filed herewith. |
| 101.LAB | XBRL Extension Label Linkbase, filed herewith. |
| 101.PRE | XBRL Extension Presentation Linkbase, filed herewith. |

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.

P. H. GLATFELTER COMPANY
(Registrant)

April 30, 2019

By /s/ David C. Elder
David C. Elder
Vice President, Finance

**SEPARATION AGREEMENT
AND GENERAL RELEASE**

**(INCLUDING WAIVER OF CLAIMS UNDER THE AGE
DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED)**

**PLEASE READ THIS AGREEMENT CAREFULLY. IT INCLUDES A RELEASE OF
CLAIMS.**

JOHN P. JACUNSKI (“I,” “me,” “my,” or “myself”) and P. H. GLATFELTER COMPANY (“Glatfelter” or “Company”) hereby enter into this Separation Agreement and General Release (“Agreement”), which was presented to me by Glatfelter for my consideration on February 28, 2019, concerning my separation from Glatfelter effective March 31, 2019 (the “Separation Date”). I agree to the terms of this Agreement on behalf of myself, my spouse, and my heirs, estate, executors, administrators, successors and assigns. Glatfelter enters into this Agreement on behalf of P. H. Glatfelter Company and its directors, officers, agents, employees, consultants and insurers, and its respective past, present, and future parents, affiliated companies, subsidiaries, successors, and assigns (“Releasees”). Glatfelter and I have agreed to the following terms to resolve, settle and terminate any dispute or claim I may have about my employment with Glatfelter, including, but not limited to, claims related to my separation from the Company. I acknowledge and understand that my decision to accept or decline the terms and conditions set forth in this Agreement does not affect my Separation Date. The severance pay described in this Agreement is provided under the Company’s Executive Severance Guidelines (the “Severance Guidelines”).

1. Separation Date and Consideration.

(a) Regardless of whether I enter into and do not revoke this Agreement, (i) I acknowledge that I have ceased to hold any position as an officer or director of the Company and its subsidiaries and affiliates, effective as of March 1, 2019, and (ii) I will continue in employment as an employee, and the Company will continue to pay my current base salary and provide the employee benefits currently in effect, until my Separation Date, and (iii) my employment will terminate as of the Separation Date. From March 1, 2019 until the Separation Date, I will provide transition services as reasonably requested by the Chief Executive Officer or his designees, and I will not be required or expected to come to the Company’s offices.

(b) Subject to the terms of this Agreement, if I enter into and do not revoke this Agreement, the Company will pay or provide the following, which I agree constitutes good and valuable consideration to which I am not otherwise entitled:

(i) The Company will provide severance pay in the aggregate amount of \$997,293 (which is comprised of (x) 15 months of my monthly base salary plus (y) 15 months times 1/12 of the average annual bonus paid to me with respect to the prior three years). The severance pay shall be paid as follows, consistent with the Severance Guidelines:

(1) \$560,000 of the severance pay shall be paid in installments in accordance with the Company's normal payroll practices over the 15-month period following the Separation Date (the "Severance Period"). The first payment will be made on the first payroll date that is administratively practicable after the Separation Date (and within 60 days after the Separation Date) and will include unpaid installments for the period from the Separation Date to the first payment date.

(2) \$437,293 of the severance pay shall be paid on October 31, 2019 (the last day of the seventh month following the Separation Date).

(ii) During the Severance Period, if I timely elect to receive continued health coverage (medical, prescription and dental) under the Company's health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") and I pay the full monthly COBRA premium cost for such health coverage, the Company will reimburse me monthly an amount equal to the monthly COBRA premium that I pay, less the premium charge that is paid by the Company's active executives for such coverage as in effect on the Separation Date (the "COBRA Reimbursement"). The COBRA Reimbursement payments shall commence on the first payroll date that is administratively practicable after the Separation Date (and within 60 days after the Separation Date). The first payment shall include any payments for the period from the Separation Date to the commencement date. The Company shall reimburse me under this subsection only for the portion of the Severance Period during which I continue COBRA coverage under the Company's health plan. The COBRA health care continuation coverage period under section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") shall run concurrently with the Severance Period.

(iii) I will continue to be eligible to participate in the Employee Assistance Program ("EAP") following the Separation Date for up to three sessions during the six-month period following the Separation Date, consistent with the EAP terms.

(iv) I have elected to receive a gross payment of \$30,000 in lieu of outplacement services.

(v) My Restoration Pension under the P.H. Glatfelter Supplemental Executive Retirement Plan ("SERP") shall be calculated based on my compensation and years of service as of the Separation Date and using the early retirement reduction factors that apply to a participant who has attained age 55, instead of the reduction factors that apply to a terminated vested (under age 55) participant. The Restoration Pension shall be paid in the form, and commencing on the date, specified in the SERP.

(vi) The Company will make (A) a cash payment to me of \$89,500 in lieu of any 2019 annual cash bonus, and (B) an additional cash payment to me of \$500,000. The cash payments shall be made on the first payroll date that is administratively practicable after the Separation Date (and within 60 days after the Separation Date).

2. Benefits to Be Provided Without Regard to this Agreement. Subject to the terms of this Agreement, the Company will provide the following benefits following the Separation Date, without regard to whether I enter into this Agreement or I revoke this Agreement:

(a) Accrued and Unpaid Salary and Vacation: The Company will pay me any accrued but unpaid salary, and any accrued but unused vacation, as of the Separation Date in the final paycheck following the Separation Date.

(b) COBRA Benefits: The health insurance coverage provided through the Company's health plan for my covered dependents and me will terminate on the Separation Date, subject to my ability to elect COBRA coverage. I acknowledge that, in accordance with COBRA, I have the right, at my cost and expense, to continue health insurance benefits for up to 18 months following the Separation Date, pursuant to the terms of COBRA. I will receive a separate COBRA Notice which describes in detail my right to elect COBRA continuation coverage, the details, limitations and cost of such coverage, and how to elect and pay for such coverage. I understand that I will not be able to receive COBRA continuation coverage unless I affirmatively elect such coverage in a timely manner as described in the COBRA Notice.

(c) 401(k) Plan: I understand that employee contributions to the Company's 401(k) plan and any matching employer 401(k) contributions apply only to my 401(k) plan compensation attributable to my actual employment up to the Separation Date.

(d) Defined Benefit Plan and Supplemental Plan: Any vested benefit under a Company defined benefit plan or supplemental retirement plan will be determined in accordance with the governing plan document.

(e) Equity Grants: Any outstanding equity grants that have vested as of the Separation Date will be payable or exercisable, as applicable, in accordance with the terms of the Glatfelter Long Term Incentive Plan and the applicable grant agreements.

(f) Clawback: I understand that any incentive compensation provided by the Company is subject to the Company's Executive and Key Manager Compensation Clawback Policy, to the extent applicable.

3. Release of Claims.

(a) In exchange for the payments and benefits described in Section 1(b) above, on behalf of myself and my heirs, estate, executors, administrators, successors, and assigns, I hereby release and waive all claims available under federal, state or local law against the Releasees arising out of my employment with the Company or the termination of that employment, including but not limited to all claims arising under the Americans with Disabilities Act, the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"), the Older Workers Benefit Protection Act ("OWBPA"), the Civil Rights Act of 1991, the Employee Retirement Income Security Act, the Equal Pay Act, the Genetic Information Non-discrimination Act, the Family and Medical Leave Act, Section 1981 of the United States Code, Title VII of the Civil Rights Act, the Pennsylvania Human Relations Act, the Pennsylvania Equal Pay Law, the Pennsylvania Whistleblower Law, the Pennsylvania Pregnancy, Childbirth and Childrearing Law, all as amended, as well as wrongful termination claims, breach of contract claims, discrimination claims, harassment claims, retaliation claims, whistleblower claims (to the fullest extent they may be released under applicable law), defamation or other tort claims, and claims for attorneys' fees and costs.

(b) I am not waiving (i) my right to vested accrued benefits under the terms of the Company's employee benefit plans according to the terms of such plans, (ii) amounts payable or provided under this Agreement, (iii) claims for unemployment, workers' compensation, state disability and/or paid family leave insurance benefits, (iv) any medical claim incurred during my employment that is payable under an applicable medical plan, (v) any right to indemnification under the charter or bylaws of the Company, under any directors and officers insurance policy, or under the Indemnification Agreement dated December 14, 2017 between the Company and me (the "Indemnification Agreement"), with respect to the performance of my duties as an officer or director of the Company or its subsidiaries or affiliates, (vi) claims arising after the date on which I sign this Agreement, or (vii) claims that are not otherwise waivable under applicable law.

(c) I have not filed any claims against Releasees based on any event that took place on or before the date I execute this Agreement, and I have not previously purported to have assigned or transferred, to any person or entity, any claim released by me under this Agreement. I acknowledge that I have not made any claims or allegations related to sexual harassment or sexual abuse and none of the benefits set forth in this Agreement are related to sexual harassment or sexual abuse.

4. Other Agreements.

(a) I agree that (i) the consideration and payments made to me by the Company represent the sole and exclusive payments and undertakings to be provided to me; (ii) these payments include any and all outstanding and accrued compensation, wages, and benefits that may be due and owing to me; and (iii) the Company has no further obligation to provide me with any compensation of any sort, or any non-monetary or monetary benefits in addition to that which is set forth above. I agree that the Company has paid, or as described above in this Agreement has agreed to pay, to me all salary, bonuses, commissions, wages, allowances, paid time off and other benefits and amounts to which I am entitled as a result of my employment with the Company. I understand that the payments and benefits under Section 1(b) are in addition to any other payment or benefit to which I otherwise may be entitled under any of Glatfelter's benefit plans and are a valuable benefit to which I would not otherwise be entitled if I do not enter into this Agreement or I revoke this Agreement. I understand that any payments made or benefits provided under this Agreement are not in lieu of any applicable unemployment compensation benefits I may otherwise be entitled to receive.

(b) This Agreement does not constitute an admission by the Company that it has violated any contract, law, or regulation, or in any way infringed my rights or privileges. The Company and I are making this Agreement in order to end my employment through the Separation Date on an amicable basis. Because this Agreement is being offered to me, in part, to settle or compromise any possible disputed employment or contract claims that I may have against the Company, I agree that I may not use it as evidence for any purpose except where it is alleged that the Agreement itself has been breached in some manner.

(c) I agree that I am not a Medicare beneficiary as of the time I enter into this Agreement. To the extent that I am a Medicare beneficiary, I agree to contact a Company Human Resources Representative for further instruction.

(d) I agree that all payments under this Agreement shall be subject to applicable tax withholding, and the Company shall withhold from any payments under this Agreement all federal, state and local taxes as the Company is required to withhold pursuant to any law or governmental rule or regulation. I am responsible for all taxes applicable to amounts payable under this Agreement

5. Employee's Agreement; Non-Solicitation; Non-Competition.

(a) Employee's Agreement; Confidentiality. I agree to continue to comply with the Employee's Agreement with the Company dated October 22, 2003, a copy of which is attached as Exhibit A (the "Employee's Agreement"). At all times, I will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Confidential Information (defined below) of the Company or any of its subsidiaries or affiliates, except as such disclosure, use or publication may be required in connection with my work for the Company or as described in Section 7 below, or unless the Company expressly authorizes such disclosure in writing. "Confidential Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company and its subsidiaries or affiliates and shareholders, including but not limited to information relating to financial matters, investments, budgets, business plans, marketing plans, personnel matters, business contacts, products, processes, know-how, designs, methods, improvements, discoveries, inventions, ideas, data, programs, and other works of authorship.

(b) Non-Solicitation. I agree that during my employment with the Company and during the 15-month period following my termination of employment for any reason (the "Restriction Period"), I will not, directly or indirectly, employ, solicit, recruit or attempt to persuade any person to leave his or her employment or service with the Company or any of its subsidiaries or affiliates, nor will I have any contact with such persons for the purpose of discussing or aiding their departure or termination from employment or service with the Company or any of its subsidiaries or affiliates, even if such persons initiate the contact.

(c) Non-Competition. I agree that during the Restriction Period, I will not, without the Company's express written consent, engage (directly or indirectly) in any employment or business activity anywhere in the world whose primary business is engaged in the research, development, manufacture, marketing, or sale of products which are similar to any service or product that, during my employment, the Company provides or is actively engaged in developing; provided however, the foregoing restriction shall only apply to such service or product for which I had access to Confidential Information or otherwise have had active involvement. I further agree that, given the nature of the business of the Company and my position with the Company, a worldwide geographic scope is appropriate and reasonable. Any request for a waiver of the non-competition covenant with respect to a particular situation shall be submitted to the Chief Legal Officer of the Company and is subject to approval by the Chairman and Chief Executive Officer.

(d) As long as the covenants in this Section 5 are in effect, I agree to share the applicable covenant language with my prospective employers.

6. Return of Company Property; Non-Disparagement; Cooperation.

(a) I agree that on or before the Separation Date, I will deliver to the Company all Company documents, keys, access cards, computers, passwords and other materials or property which came into my possession during the course of my employment with the Company except for my cell phone which I have elected to keep. To the extent that I made use of my own personal computing devices (e.g., PDA, laptop, thumb drive, etc.) during my employment with the Company, I will deliver such personal computing devices to the Company for review before the Separation Date and will permit the Company to delete all Company property and information from such personal computing devices, and/or permit the Company to remotely delete all Company property and information from such personal computing devices.

(b) I agree that I will not engage in any activities or make any statements that disparage or reflect negatively on the Company or its subsidiaries, affiliates, officers, directors, or employees. This provision shall include, but not be limited to, Internet postings under an alias, as well as anonymous media contacts.

(c) I agree to cooperate with any reasonable request of the Company to participate in the preparation for, response to, prosecution of and/or defense of any pending, actual, or threatened litigation involving the Company or its subsidiaries or affiliates. Upon submission of appropriate documentation, the Company will reimburse me for all reasonable out-of-pocket expenses that I may incur as a result of such cooperation.

7. Reports to Government Entities.

(a) I acknowledge that nothing in this Agreement, including Sections 3, 5 and 6 herein, restricts or prohibits me from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or filing a claim or assisting with an investigation directly with a self-regulatory organization or a government agency or entity, including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. Nor does this Agreement require me to obtain prior authorization from the Company before engaging in any conduct described in this Section 7(a), or to notify the Company that I have engaged in any such conduct. I acknowledge and agree, however, that, to the maximum extent permitted by law, I am waiving and releasing any claim or right to recover from the Company any monetary damages or any other form of personal relief based on any claim, charge, complaint or action against the Company or any others covered by the release of claims in Section 3. Nothing in this Agreement is intended to or shall prevent, impede or interfere with my non-waivable right to receive and fully retain a monetary award from a government-administered whistleblower award program for providing information directly to a government agency.

(b) I understand that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorneys, courts, or a government officials in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected

violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

8. Breach of Agreement.

(a) I agree that the Company's obligation to make the payments and provide the benefits described in Section 1(b) shall terminate if:

(i) I breach the Employee's Agreement or the confidentiality, non-solicitation, non-competition, non-disparagement or other terms of this Agreement; or

(ii) I misappropriate or fail to return Company materials or property, misuse Company materials or property (such as, but not limited to, Internet access).

(b) I understand and agree that should I breach the obligations in Section 5, the Company is entitled to require that I repay to the Company all payments made pursuant to Section 1(b). In addition, I understand and agree that should I breach the obligations in Section 5, the Restriction Period will be extended by the length of time that I am in breach.

9. Entire Agreement. The terms of this Agreement, including the terms of the attachments hereto, which are incorporated herein, represent the entire agreement between the Company and me related to the subject matter hereof, and this Agreement supersedes any conflicting agreements between the Company and me, with the exception of the Employee's Agreement and the Indemnification Agreement. The Change in Control Employment Agreement dated March 7, 2008 between the Company and me shall terminate as of the Separation Date, and my separation from the Company is not in connection with or in anticipation of a change in control of the Company. No other promises, consideration, agreement, plan, representation, oral statement, understanding, or course of conduct not expressly set forth in this Agreement have been made between Glatfelter and me to cause either of us to sign this Agreement.

10. Enforcement.

(a) The provisions of this Agreement (except the release of claims in Section 3) are severable. If any provision of this Agreement is determined to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Agreement shall continue in full force and effect and the voided provision(s) shall be amended, if possible, to the extent necessary to render it valid and enforceable according to the original intent of the parties.

(b) For violations of Section 5 or 6 of this Agreement, in addition to the remedies described in Section 8, I agree that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of posting a bond or other security or proving actual damages, as well as an equitable accounting of all earnings, profits and other benefits arising from any violation of Section 5 or 6, which rights shall be cumulative and in addition to any other rights or remedies to which Company may be entitled. All matters relating to the interpretation, construction, and enforcement of this Agreement shall be governed by and construed according to the laws of Pennsylvania, without giving effect to such state's principles of conflicts of law, to the extent that the laws of the United States of America do not preempt such laws. I further agree that jurisdiction shall be proper in, and limited to, any appropriate state or federal court in the

Commonwealth of Pennsylvania. I further agree that I knowingly and voluntarily waive my right to a jury trial for any claims arising from or related to this Agreement.

11. Amendment. This Agreement may not be amended except by a written agreement that has been executed by an authorized officer of Glatfelter on behalf of Glatfelter and by me.

12. Section 409A. This Agreement is intended to comply with section 409A of the Code, or an exemption, and the provisions of this Section 12 shall apply notwithstanding any provisions of this Agreement to the contrary. Severance benefits under this Agreement are intended to be exempt from section 409A of the Code under the “short-term deferral” exception, to the maximum extent applicable, and then under the “separation pay” exception, to the maximum extent applicable. All payments to be made upon a termination of employment under this Agreement may only be made upon a “separation from service” under section 409A of the Code. For purposes of section 409A of the Code, the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments and each payment shall be treated as a separate payment. With respect to any payments that are subject to section 409A of the Code, in no event may I, directly or indirectly, designate the calendar year of a payment. With respect to any payments that are subject to section 409A of the Code, in no event shall the timing of my execution of this Agreement, directly or indirectly, result in my designating the calendar year of payment of any amount set forth in Section 1(b) above, and if a payment of any amount set forth in Section 1(b) above is subject to section 409A of the Code and could be made in more than one taxable year, based on timing of the execution of this Agreement, payment shall be made in the later taxable year. Any reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code.

13. Acknowledgements. The Company and I intend that this Agreement comply with §201 of the OWPBA. Accordingly, I knowingly and voluntarily agree to waive any rights or claims arising out of or relating to the ADEA. I acknowledge and represent as follows:

- (a) I waive any and all rights or claims that I may have arising under the ADEA;
- (b) The Company hereby advises me to consult with an attorney before executing this Agreement regarding this Agreement, my rights and my waiver of ADEA rights;
- (c) I know and understand that I am not waiving any rights or claims that may arise after the date this waiver of ADEA rights is executed;
- (d) I know and understand that in exchange for the waiver of my rights under ADEA, I am receiving consideration in addition to any consideration to which I am already entitled;
- (e) I am hereby informed that I have 45 days from the date of receipt of this Agreement within which to consider this Agreement and to consider my waiver of ADEA rights;
- (f) I am hereby informed of my right, for a period of seven calendar days following the execution of this Agreement to revoke this waiver (“Revocation Period”), and that this Agreement shall not become effective or enforceable until the Revocation Period has expired; and

(g) I am hereby informed that in the event of any such revocation of this waiver contained in this Section 13, this Agreement and the Company's obligations contained herein shall be null and void and of no further force and effect, including any obligation to make any payments under this Agreement.

(h) I am hereby informed that any revocation must be in writing and delivered to Eileen Beck at P. H. Glatfelter Company, 96 S. George St., Suite 500, York, PA 17401, before the end of the Revocation Period.

(i) I have received an attachment to this Agreement that identifies:

(i) the decisional unit, which means the class, unit, or group of individuals covered by the offer of the payment(s) in consideration for signing this Agreement as a part of a group termination;

(ii) the factors the Company used to determine who was eligible or selected for the employment termination program;

(iii) the time limits for the employment termination program;

(iv) the job titles and ages of all individuals within the decisional unit who were made eligible or selected; and

(v) the job titles and ages of all individuals within the decisional unit who were not selected or made eligible.

(j) I have read and I fully understand this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement, as of the dates indicated below.

John P. Jacunski

Signed: /s/ JohnP. Jacunski

Date: 3/27/2019

P. H. Glatfelter Company

By: Eileen L. Beck

Title: Vice President, Human Resources

Signed: /s/ Eileen L. Beck

Date: 3/27/2019

EXHIBIT A
EMPLOYEE'S AGREEMENT

TABLE OF CONTENTS

<u>I.</u>	<u>BACKGROUND</u>	1
<u>II.</u>	<u>JURISDICTION</u>	3
<u>III.</u>	<u>PARTIES BOUND</u>	3
<u>IV.</u>	<u>DEFINITIONS</u>	4
<u>V.</u>	<u>GENERAL PROVISIONS</u>	11
<u>VI.</u>	<u>PERFORMANCE OF THE WORK</u>	18
<u>VII.</u>	<u>REMEDY REVIEW</u>	21
<u>VIII.</u>	<u>FINANCIAL ASSURANCE</u>	21
<u>IX.</u>	<u>PAYMENTS FOR RESPONSE COSTS AND NRD</u>	26
<u>X.</u>	<u>INDEMNIFICATION AND INSURANCE</u>	30
<u>XI.</u>	<u>FORCE MAJEURE</u>	31
<u>XII.</u>	<u>DISPUTE RESOLUTION</u>	32
<u>XIII.</u>	<u>STIPULATED PENALTIES</u>	34
<u>XIV.</u>	<u>COVENANTS BY PLAINTIFFS</u>	38
<u>XV.</u>	<u>COVENANTS BY SDs</u>	43
<u>XVI.</u>	<u>EFFECT OF SETTLEMENT; CONTRIBUTION</u>	44
<u>XVII.</u>	<u>RELATIONSHIP TO OTHER SETTLEMENTS WITH SDs</u>	46
<u>XVIII.</u>	<u>ACCESS TO INFORMATION</u>	46
<u>XIX.</u>	<u>RETENTION OF RECORDS</u>	47
<u>XX.</u>	<u>NOTICES AND SUBMISSIONS</u>	48
<u>XXI.</u>	<u>RETENTION OF JURISDICTION</u>	50
<u>XXII.</u>	<u>APPENDICES</u>	50
<u>XXIII.</u>	<u>MODIFICATION</u>	52
<u>XXIV.</u>	<u>LODGING AND OPPORTUNITY FOR PUBLIC COMMENT</u>	52
<u>XXV.</u>	<u>SIGNATORIES/SERVICE/EFFECTIVENESS</u>	52
<u>XXVI.</u>	<u>FINAL JUDGMENT</u>	53

I. BACKGROUND

A. The United States of America (“United States”), on behalf of the Administrator of the United States Environmental Protection Agency (“EPA”), and the State of Wisconsin (the “State”), on behalf of the Wisconsin Department of Natural Resources (“WDNR”), filed a Complaint and an Amended Complaint in this matter pursuant to Sections 106 and 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 U.S.C. §§ 9606 and 9607. The Defendants named in the Amended Complaint included P. H. Glatfelter Company (“Glatfelter”) and Georgia-Pacific Consumer Products LP (“Georgia-Pacific”) (collectively the “Settling Defendants” or “SDs”).

B. In the Amended Complaint, the United States sought, *inter alia*: (1) reimbursement of costs incurred by EPA and the Department of Justice (“DOJ”) for response actions at the Lower Fox River and Green Bay Superfund Site in northeastern Wisconsin (“Site”), together with accrued interest; and (2) performance of response actions at the Site by the defendants consistent with the National Contingency Plan, 40 C.F.R. Part 300 (“NCP”). In the Amended Complaint, the State sought, *inter alia*, reimbursement of costs incurred by WDNR and the Wisconsin Department of Justice (“WDOJ”) for response actions at the Site, together with accrued interest. Certain submissions to the Court in this case are referenced herein by their docket number (abbreviated as “Dkt. ”) or exhibit number from the 2012 trial in this case (abbreviated as “2012 Tr. Ex. ”). The Amended Complaint is Dkt. 30.

C. The Plaintiffs’ Amended Complaint also asserted a joint claim for natural resource damages (“Natural Resource Damages” or “NRD”) under CERCLA, brought on behalf of the U.S. Department of the Interior (“DOI”) and WDNR. After receipt of NRD settlement recoveries valued at approximately \$105 million, the Plaintiffs withdrew their NRD claim with leave of Court in 2015. Of that total NRD settlement recovery, approximately \$15 million was contributed by the SDs. In addition, SDs contributed approximately \$10.25 million of a total \$19.75 million used to fund studies and demonstration restoration projects under an Agreement Between the State of Wisconsin and Certain Companies Concerning the Fox River dated January 31, 1997. Paragraph IV.C of that 1997 Agreement provides, in part: “Expenditures by the Companies pursuant to this Agreement will be credited against any final judgment or settlement obtained by the trustee(s) relating to claims for response actions or costs or natural resource damages arising from releases to the Fox River.” The United States is not a party to that 1997 Agreement.

D. As a result of the release or threatened release of hazardous substances, EPA and WDNR have undertaken response actions at or in connection with the Site under Section 104 of CERCLA, 42 U.S.C. § 9604, and will undertake response actions in the future. In performing these response actions, EPA and WDNR have incurred and will continue to incur response costs at or in connection with the Site. These response actions include, *inter alia*: (1) the performance of a Remedial Investigation and Feasibility Study at the Site; (2) the selection of an overall remedy for the Site that involves containment and removal of sediment contaminated with polychlorinated biphenyls (“PCBs”) through a combination of capping, dredging, dewatering,

and upland landfill disposal, as set forth in two Records of Decision (as amended); (3) oversight of response actions implemented; and (4) various enforcement actions.

E. On July 28, 1998 (63 Fed. Reg. 40,247), pursuant to Section 105 of CERCLA, 42 U.S.C. § 9605, EPA proposed to place the Site (also called the “Fox River NRDA/PCB Releases Site”) on the National Priorities List, set forth at 40 C.F.R. Part 300, Appendix B.

F. The Site includes approximately 39 miles of the Lower Fox River (the “Fox River”) as well as the Bay of Green Bay (the “Bay”). The Fox River portion of the Site extends from the outlet of Lake Winnebago and continues downstream to the mouth of the Fox River at the City of Green Bay. The Bay portion of the Site extends from the mouth of the Fox River at the City of Green Bay to the point where the Bay enters Lake Michigan. The Site has been divided into five geographically-defined Operable Units (“OUs”), as described in the Records of Decision and as depicted in Appendix 1 to this Consent Decree: OU 1 - Little Lake Butte des Morts; OU 2 - Appleton to Little Rapids; OU 3 - Little Rapids to De Pere; OU 4 – De Pere to Green Bay; and OU 5 - the Bay of Green Bay.

G. In December 2002, the Response Agencies signed and issued a Record of Decision for OUs 1 and 2 at the Site.

H. In June 2003, the Response Agencies signed and issued a Record of Decision for OUs 3, 4, and 5 at the Site.

I. In June 2007, the Response Agencies signed and issued a Record of Decision Amendment for OU 2 (Deposit DD), OU 3, OU 4, and OU 5 (River Mouth) at the Site.

J. In June 2008, the Response Agencies signed and issued a Record of Decision Amendment for OU 1 at the Site.

K. In February 2010, the Response Agencies signed and issued an Explanation of Significant Differences concerning the selected remedy for OU 2, OU 3, OU 4, and OU 5 (River Mouth) at the Site.

L. The remedial action for OU 1 has been performed pursuant to a judicially- approved Consent Decree with Glatfelter and WTM I Company (“WTM”). Monitoring, maintenance, and post-remedy institutional controls activities are ongoing under that Consent Decree.

M. Phase 1 remediation in OU 4 was performed in 2007 pursuant to a judicially- approved Consent Decree with NCR Corporation (“NCR”) and Sonoco-U.S. Mills Corp. (n/k/a U.S. Paper Mills Corp.).

N. On November 13, 2007, EPA issued a Unilateral Administrative Order (“UAO”) pursuant to 42 U.S.C. § 9606(a) that directed NCR; Appvion, Inc. (“Appvion”) (then known as Appleton Papers Inc.); WTM; Glatfelter; Menasha Corporation; U.S. Paper Mills Corp.; Georgia-Pacific, and CBC Coating, Inc. to implement Phase 2 of the remedial action for OUs 2,

3, 4, and 5 of the Site, as set forth in the Records of Decision addressing those portions of the Site.

O. In 2008, NCR and Appvion commenced two related lawsuits concerning the Site against other parties that were consolidated under the caption *Appleton Papers Inc. and NCR Corp. v. George A. Whiting Paper Co., et al.*, No. 08-CV-16 (E.D. Wis.) (the “Whiting Case”). Many of those other parties filed counterclaims against NCR and Appvion in the *Whiting Case*.

P. Among other things, this Consent Decree (the “Consent Decree” or the “CD,” as defined below) is intended to: (1) facilitate the completion of the remaining sediment dredging, capping, and sand cover work at the Site; (2) ensure the completion of Institutional Controls Work and Long-Term Monitoring and Maintenance Work by the SDs; (3) provide for reimbursement of certain past and future costs of Plaintiffs and payment of Natural Resource Damages; (4) resolve or eliminate certain potential claims and claims raised in this lawsuit and the related *Whiting Case*; (5) eliminate litigation risk that both Plaintiffs and SDs face if they continued this litigation, and (6) provide contribution protection for the SDs pursuant to Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2).

Q. Nothing in this Consent Decree is intended to alter the covenants or contribution protection provided by the Plaintiffs’ prior settlements for the Site with persons who are not Parties to this Consent Decree.

R. Except as expressly provided herein, the Settling Defendants do not admit any liability to Plaintiffs arising out of the transactions or occurrences alleged in the Complaint or Amended Complaint in this case. The Parties recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith, that implementation of this Consent Decree will expedite the cleanup of the Site and will simplify and shorten prolonged and complicated litigation, and that this Consent Decree is procedurally and substantively fair, reasonable, and in the public interest.

NOW, THEREFORE, it is hereby Ordered, Adjudged, and Decreed:

II. JURISDICTION

1. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. §§ 9606, 9607, and 9613(b). This Court also has personal jurisdiction over SDs. Solely for the purposes of this CD and the underlying Amended Complaint, SDs waive all objections and defenses that they may have to jurisdiction of the Court or to venue in this District. SDs shall not challenge the terms of this CD or this Court’s jurisdiction to enter and enforce this CD.

III. PARTIES BOUND

2. This CD is binding upon the United States and the State and upon SDs and their successors, and assigns. Any change in ownership or corporate or other legal status of a SD including, but not limited to, any transfer of assets or real or personal property, shall in no way alter such SD’s responsibilities under this CD.

3. The SDs shall provide a copy of this CD to each contractor hired to perform the Work and to each person representing the SDs with respect to the Site or the Work, and shall condition all contracts entered into hereunder upon performance of the Work in conformity with the terms of this CD. The SDs or their contractors shall provide written notice of the CD to all subcontractors hired to perform any portion of the Work. Each SD shall nonetheless be responsible for ensuring that its contractors and subcontractors perform the Work in accordance with the terms of this CD. With regard to the activities undertaken pursuant to this CD, each contractor and subcontractor shall be deemed to be in a contractual relationship with the SDs within the meaning of Section 107(b)(3) of CERCLA, 42 U.S.C. § 9607(b)(3).

IV. DEFINITIONS

4. Unless otherwise expressly provided in this CD, terms used in this CD that are defined in CERCLA or in regulations promulgated under CERCLA shall have the meaning assigned to them in CERCLA or in such regulations. Whenever terms listed below are used in this CD or its appendices, the following definitions shall apply solely for purposes of this CD:

“100% Design” shall mean: (i) the Lower Fox River Remedial Design, 100 Percent Design Report for 2010 and Beyond Remedial Actions, Volume 2 of 2, as approved by the Response Agencies in October 2012, including its Appendices (2012 Tr. Ex. 2000-2014); and (ii) any modifications or supplements to that plan approved by the Response Agencies.

“2011 Georgia-Pacific Consent Decree” shall mean the Consent Decree among Plaintiffs and Georgia-Pacific that was lodged in this case in 2010 (Dkt. 2-1) and entered by the Court in 2011 (Dkt. 130).

“Appvion” shall mean Appvion, Inc. Appvion was formerly known as Appleton Papers Inc. and is now known as Appvion Operations, Inc.

“ATSDR” shall mean the Agency for Toxic Substances and Disease Registry and its successor departments, agencies, or instrumentalities.

“CD Enforcement Costs” shall mean all Future Non-OU 1 Federal Costs and all Future Non-OU 1 State Costs incurred in enforcing this Consent Decree, including all costs incurred pursuant to Section XII (Dispute Resolution) and all litigation costs incurred in enforcing this Consent Decree.

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601-9675.

“Consent Decree” or “CD” shall mean this consent decree and all appendices attached hereto (listed in Section XXII). In the event of conflict between this CD and any appendix, this CD shall control.

“Date of Lodging” shall mean the day on which this proposed Consent Decree is lodged with the Court, before commencement of the public comment period described in Section XXIV.

“Day” or “day” shall mean a calendar day. In computing any period of time under this CD, where the last day would fall on a Saturday, Sunday, or federal or State holiday, the period shall run until the close of business of the next working day.

“DOI” shall mean the United States Department of the Interior and any successor departments, agencies or instrumentalities of the United States. DOI acts in consultation with NOAA with respect to the Site and NOAA has formally deferred to DOI as the lead federal trustee for the Site.

“DOJ” shall mean the United States Department of Justice and its successor departments, agencies, or instrumentalities.

“Effective Date” shall mean the date upon which the approval of this CD is recorded on the Court’s docket, as provided by Section XXV.

“EPA” shall mean the United States Environmental Protection Agency and its successor departments, agencies, or instrumentalities.

“EPA Hazardous Substance Superfund” shall mean the Hazardous Substance Superfund established by the Internal Revenue Code, 26 U.S.C. § 9507.

“Former Fort Howard Facility” shall mean Georgia-Pacific’s paper production facility located at 1919 South Broadway in the City of Green Bay, which was owned and operated by Fort Howard Corporation – Georgia-Pacific’s predecessor by merger – until 1997.

“Fort James Consent Decree” shall mean the 2004 Consent Decree among Fort James Operating Company (a corporate predecessor of Georgia-Pacific) and other parties entered in *United States and the State of Wisconsin v. Fort James Operating Co.*, No. 02-cv-602 (E.D. Wis.) (Dkt. 174-62).

“Fox River Group” shall mean the parties, or their predecessors, that entered into the Funding and Interim Implementation Agreement, effective as of January 31, 1997, and/or the Agreement on Interim Allocation, effective as of July 27, 1999.

“Future Non-OU 1 Federal Costs” shall mean all response costs, including, but not limited to, direct and indirect costs, that the United States pays on EPA’s, ATSDR’s, and DOJ’s behalf at or in connection with the Site after September 30, 2018, including for oversight activities, other than costs associated solely with Operable Unit 1 of the Site, plus Interest on Past Response Costs and Future Non-OU 1 Federal Costs that accrues pursuant to 42 U.S.C. § 9607(a) after September 30, 2018.

“Future Non-OU 1 State Costs” shall mean all response costs, including, but not limited to, direct and indirect costs, that the State pays on WDNR’s and WDOJ’s behalf at or in connection with the Site after October 31, 2018, including for oversight activities, other than costs associated solely with Operable Unit 1 of the Site, plus Interest on such costs that accrues pursuant to 42 U.S.C. § 9607(a) after October 31, 2018.

“Future Oversight Costs” shall mean all costs, including but not limited to, direct and indirect costs, that EPA incurs or has incurred after September 30, 2018, or that WDNR incurs or has incurred after October 31, 2018, in monitoring and supervising potentially responsible parties’ performance of response activities at the Site to determine whether such performance is consistent with the requirements of the UAO, the NCR/Appvion Consent Decree, this CD, and/or the RODs, including: (i) costs incurred in reviewing plans, reports, and other deliverables submitted pursuant to the UAO, the NCR/Appvion Consent Decree, or this CD; (ii) costs incurred in overseeing implementation of the response work performed under the UAO, the NCR/Appvion Consent Decree, or this CD, and (iii) costs incurred in enforcing the UAO, the NCR/Appvion Consent Decree, or this CD; provided, however, that the term Future Oversight Costs does not include the costs incurred by the United States or the State in enforcing the terms of this Consent Decree or enforcing the UAO against Georgia-Pacific.

“Georgia-Pacific” shall mean Settling Defendant Georgia-Pacific Consumer Products LP.

“Glatfelter” shall mean Settling Defendant P. H. Glatfelter Company.

“Institutional Controls Work” shall mean the response work required to assure the protectiveness of the remedy, as prescribed by: (i) the Institutional Control Implementation and Assurance Plan (“ICIAP”) approved by the Response Agencies in October 2012 (Appendix G of the 100% Design – 2012 Tr. Ex. 2008); and (ii) any modifications or supplements to that Plan approved by the Response Agencies. The “Institutional Controls Work” is divided in time between: (i) the work to be performed before completion of the RA Work (“Interim Institutional Controls Work”); and (ii) the work to be performed after completion of the RA Work (“Post-RA Institutional Controls Work”).

“Interest” shall mean interest at the rate specified for interest on investments of the EPA Hazardous Substance Superfund, compounded annually on October 1 of each year, in accordance with 42 U.S.C. § 9607(a). The applicable rate of interest shall be the rate in effect at the time the interest accrues. The rate of interest is subject to change on October 1 of each year. Rates are available online at <https://www.epa.gov/superfund/superfund-interest-rates>.

“Long-Term Monitoring and Maintenance Work” shall mean the response action work in OUs 2-5 prescribed by: (i) the Cap Operations, Maintenance, and Monitoring Plan approved by the Response Agencies in October 2012 (Appendix H of the 100% Design – 2012 Tr. Ex. 2009) (ii) the Long-Term Monitoring Plan approved by the Response Agencies in October 2012 (Appendix I of the 100% Design – 2012 Tr. Ex. 2010); (iii) Wetlands and River Habitat Replacement Work Plan, to be approved by the Response Agencies, or any similar plan approved by the Response Agencies; and (iv) any modifications or supplements to those Plans approved by the Response Agencies.

“NOAA” shall mean the National Oceanographic and Atmospheric Administration, an instrumentality of the United States Department of Commerce, and any successor departments, agencies or instrumentalities of the United States.

“National Contingency Plan” or “NCP” shall mean the National Oil and Hazardous Substances Pollution Contingency Plan promulgated pursuant to Section 105 of CERCLA, 42 U.S.C. § 9605, codified at 40 C.F.R. Part 300, and any amendments thereto.

“Natural Resource” or “Natural Resources” means land, resident and anadromous fish, resident and migratory wildlife, biota, air, water, ground water, sediments, wetlands, drinking water supplies, and other such resources, belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States or the State.

“Natural Resource Damages” or “NRD” means any damages recoverable by the United States or the State on behalf of the public for injury to, destruction of, or loss or impairment of Natural Resources at the Site as a result of a release of hazardous substances, including but not limited to: (i) the costs of assessing such injury, destruction, or loss or impairment arising from or relating to such a release; (ii) the costs of restoration, rehabilitation, or replacement of injured or lost natural resources or of acquisition of equivalent resources; (iii) the costs of planning such restoration activities; (iv) compensation for injury, destruction, loss, impairment, diminution in value, or loss of use of natural resources; and (v) each of the categories of recoverable damages described in 43 C.F.R. § 11.15 and applicable state law.

“NCR” shall mean NCR Corporation.

“NCR/Appvion Consent Decree” shall mean the Consent Decree with NCR and Appvion entered in this case on August 23, 2017 (Dkt. 1206).

“NCR Enforcement Costs” shall mean all Future Non-OU 1 Federal Costs and all Future Non-OU 1 State Costs incurred in enforcing the NCR/Appvion Consent Decree, including all costs incurred pursuant to Section XII of that Decree (Dispute Resolution) and all litigation costs incurred in enforcing that Decree.

“Operable Unit 1” or “OU 1” shall mean the Little Lake Butte des Morts reach of the Lower Fox River, as delineated by the Record of Decision signed by WDNR and EPA in December 2002 (Dkt. 439-12). More specifically, OU 1 is the portion of the Lower Fox River (and the underlying River sediment) starting at the outlet of Lake Winnebago at the Neenah Dam and the Menasha Dam downstream to the Upper Appleton Dam, including sediment deposits A through H and POG.

“Operable Unit 2” or “OU 2” shall mean the Appleton to Little Rapids reach of the Lower Fox River, as delineated by the Record of Decision signed by WDNR and EPA in December 2002 (Dkt. 439-12). More specifically, OU 2 is the portion of the Lower Fox River (and the underlying River sediment) from the Upper Appleton Dam downstream to the Little Rapids Dam.

“Operable Unit 3” or “OU 3” shall mean the Little Rapids to De Pere reach of the Lower Fox River, as delineated by the Record of Decision signed by WDNR and EPA in June 2003 (Dkt. 404-2). More specifically, OU 3 is the portion of the Lower Fox River (and the underlying River sediment) from the Little Rapids Dam downstream to the De Pere Dam.

“Operable Unit 4” or “OU 4” shall mean the De Pere to Green Bay reach of the Lower Fox River, as delineated by the Record of Decision signed by WDNR and EPA in June 2003 (Dkt. 404-2). More specifically, OU 4 is the portion of the Lower Fox River (and the underlying River sediment) from the De Pere Dam downstream to the River’s mouth at Green Bay. In addition:

“Lower OU 4” shall mean the portion of OU 4 downstream from the line drawn on the map attached as Appendix 2 to this CD. As depicted on that map, Lower OU 4 comprises the portion of OU 4 that is north and east of a line drawn roughly parallel to – and approximately 1,050 feet southwest of – the riverfront bulkhead line along the southwestern end of the Former Fort Howard Facility.

“Upper OU 4” shall mean the portion of OU 4 upstream from the line drawn on the map attached as Appendix 2 to this CD. As depicted on that map, Upper OU 4 comprises the portion of OU 4 that is south and west of a line drawn roughly parallel to – and approximately 1,050 feet southwest of – the riverfront bulkhead line along the southwestern end of the Former Fort Howard Facility.

“Operable Unit 5” or “OU 5” shall mean the Green Bay portion of the Site, including the OU 5 River Mouth area, as delineated by the Record of Decision signed by WDNR and EPA in June 2003 (Dkt. 404-2) and the Record of Decision Amendment signed by WDNR and EPA in June 2007 (Dkt. 276-6). More specifically, OU 5 is the bay of Green Bay from the mouth of the Fox River at the City of Green Bay to the point where the bay enters Lake Michigan.

“OU 1 Consent Decree” shall mean the 2004 Consent Decree for OU 1 and the 2008 Amended Consent Decree for OU 1 (Dkt. 276-13) entered in *United States and the State of Wisconsin v. P.H. Glatfelter Co. and WTM I Co.*, No. 03-cv-949 (E.D. Wis.).

“OU 1 Escrow Account” shall mean the Fox River OU1 Escrow Account trust fund established pursuant to the OU 1 Consent Decree.

“OUs 2-5,” “OU 2-5,” or “Operable Units 2-5” shall mean OU 2, OU 3, OU 4, and OU 5, collectively.

“Paragraph” or “¶” shall mean a portion of this CD identified by an Arabic numeral or an upper or lower case letter.

“Parties” shall mean the United States, the State, and SDs.

“Past EPA Response Costs” shall mean all response costs, including, but not limited to, direct and indirect costs, that the United States paid on EPA’s, ATSDR’s, and DOJ’s behalf at or in connection with the Site through September 30, 2018, plus Interest on all such costs that has accrued pursuant to 42 U.S.C. § 9607(a) through that date.

“Past State Response Costs” shall mean all response costs, including, but not limited to, direct and indirect costs, that the State paid on WDNR’s and WDOJ’s behalf in connection with

the Site through October 31, 2018, plus Interest on all such costs that has accrued pursuant to 42 U.S.C. § 9607(a) through that date.

“PCBs” shall mean polychlorinated biphenyls in any form and any break down products of them.

“Performance Standards” or “PS” shall mean the selected remedy requirements and cleanup standards for measuring the achievement of the goals of the Remedial Action, as set forth in the SOW and in: (i) Section XI of the June 2007 Record of Decision Amendment for Operable Unit 2 (Deposit DD), Operable Unit 3, Operable Unit 4, and Operable Unit 5 (River Mouth) (Dkt. 276-6); and (ii) Sections IV and V of the February 2010 Explanation of Significant Differences for Operable Unit 2, Operable Unit 3, Operable Unit 4, and Operable Unit 5 (River Mouth) (Dkt. 404-4).

“Phase 1 Consent Decree” shall mean the 2006 Consent Decree for Performance of Phase 1 of the Remedial Action in Operable Units 2-5 of the Lower Fox River and Green Bay Site entered in *United States and the State of Wisconsin v. NCR Corp. and Sonoco-U.S. Mills, Inc.*, No. 06-cv-484 (E.D. Wis.) (Dkt. 276-17).

“Plaintiffs” shall mean the United States and the State.

“RA Work Plan” shall mean the Phase 2B Work Plan for 2017/2018 and Beyond Remedial Actions for OUs 2-5 as approved by the Response Agencies, including any updates and alterations to the 100% Design made in the approved RA Work Plan.

“RCRA” shall mean the Solid Waste Disposal Act, 42 U.S.C. §§ 6901-6992 (also known as the Resource Conservation and Recovery Act).

“RD AOC” shall mean the 2004 Administrative Order on Consent for Remedial Design of OUs 2-5, No. V-W-04-C-781, entered into by the United States Environmental Protection Agency, the State of Wisconsin, and Fort James Operating Company (Dkt. 439-6), and the Amended Administrative Settlement Agreement and Order on Consent, entered into by the same parties in November 2007 (Dkt. 989-2).

“Records of Decision” or “RODs” shall mean, collectively: (i) the December 2002 Record of Decision for OUs 1 and 2 (Dkt. 439-12); (ii) the June 2003 Record of Decision for OUs 3-5 (Dkt. 404-2); (iii) the June 2007 Record of Decision Amendment for OU 2 (Deposit DD), OU 3, OU 4, and OU 5 (River Mouth) (Dkt. 276-6); (iv) the June 2008 Record of Decision Amendment for OU 1 (Dkt. 439-18); (v) the February 2010 Explanation of Significant Differences for OU 2, OU 3, OU 4, and OU 5 (River Mouth) (Dkt. 404-4); and (vi) the June 2012 Memorandum to File regarding Minor Change to Selected Remedy (Dkt. 439-10).

“Remaining RA Work” shall mean the following currently-uncompleted response actions in Lower OU 4 and OU 5 (River Mouth) that the RODs and the Remedial Design require for construction of the remedial action: (i) sediment removal by dredging; (ii) sediment containment by installation of engineered caps; (iii) placement of remedy sand covers and residual sand covers; (iv) all associated activities, including dewatering and disposal of dredged sediment,

water treatment, and demobilization; and (v) any additional steps required to ensure completion of the RA such that the Performance Standards are achieved.

“Remedial Action” or “RA” shall mean the remedial action for OUs 2-5 selected in the RODs.

“Remedial Design” or “RD” shall mean, collectively: (i) the 100% Design; (ii) the RA Work Plan; and (iii) any remedial design updates or alteration made in any modifications or supplements to the 100% Design or the RA Work Plan that are approved by the Response Agencies.

“Response Agencies” shall mean EPA and WDNR collectively.

“Section” shall mean a portion of this CD identified by an upper case Roman numeral.

“Settling Defendants” or “SDs” shall mean P. H. Glatfelter Company and Georgia-Pacific Consumer Products LP. When a right or duty under this CD pertains to only one Settling Defendant, the term “SDs” and any associated plural terms shall be construed to refer to that one Settling Defendant alone.

“Settling Defendants’ Related Parties” or “Related Parties” shall mean: (i) the Settling Defendants’ predecessors; (ii) the Settling Defendants’ successors and assigns, but only to the extent that the alleged liability of such person is based on the alleged liability of a Settling Defendant; and (iii) the Settling Defendants’ and Related Parties’ former or current officers, directors, employees, elected or appointed officials, or shareholders, but only to the extent that the alleged liability of such person is based on acts and/or omissions which occurred in the scope of the person’s employment or capacity as an officer, director, employee, elected or appointed official, or shareholder of a Settling Defendant or Related Party; (iv) Fort James Corporation and Georgia-Pacific LLC, in their capacity as alleged successors to relevant liabilities of Fort Howard Corporation; and (v) the former or current officers, directors, employees, general partners, limited partners, members, or shareholders of Fort James Corporation and Georgia-Pacific LLC, but only to the extent that the alleged liability of such person is based on the person’s employment or capacity as an officer, director, employee, general partner, limited partner, member, or shareholder of Fort James Corporation or Georgia-Pacific LLC.

“Site” shall mean the Lower Fox River and Green Bay Superfund Site which encompasses: (i) approximately 39 miles of the Lower Fox River from the outlet of Lake Winnebago downstream to the mouth of the Fox River at the City of Green Bay; and (ii) the bay of Green Bay from the mouth of the Fox River at the City of Green Bay to the point where the bay enters Lake Michigan.

“Specified Defendants” shall mean NCR Corporation and Appvion, Inc., and their parents, successors and assigns and any person claiming through or on behalf of them.

“State” shall mean the State of Wisconsin.

“Statement of Work” or “SOW” shall mean the document describing the activities the Settling Defendants must perform to implement the RA Work, Long-Term Monitoring and Maintenance Work, and Institutional Controls Work regarding OUs 2-5 of the Site, which is attached as Appendix 5 to this CD.

“Supervising Contractor” shall mean the principal contractor retained by Settling Defendants to supervise and direct the implementation of the Work under this CD.

“Transfer” shall mean to sell, assign, convey, lease, mortgage, or grant a security interest in, or where used as a noun, a sale, assignment, conveyance, or other disposition of any interest by operation of law or otherwise.

“UAO” shall mean the November 2007 Unilateral Administrative Order for Remedial Action in *In the matter of: Lower Fox River and Green Bay Superfund Site*, Green Bay, WI, Operable Units 2-5, U.S. EPA Docket No. V-W-’08-C-885 (Dkt. 1056-1).

“United States” shall mean the United States of America and each department, agency, and instrumentality of the United States, including EPA and DOI.

“Waste Material” shall mean (1) any “hazardous substance” under Section 101(14) of CERCLA, 42 U.S.C. § 9601(14); (2) any pollutant or contaminant under Section 101(33) of CERCLA, 42 U.S.C. § 9601(33); (3) any “solid waste” under Section 1004(27) of RCRA, 42 U.S.C. § 6903(27); and (4) any “hazardous substance” under Wis. Stat. § 292.01.

“WDNR” shall mean the Wisconsin Department of Natural Resources and its successor departments, agencies, or instrumentalities.

“WDOJ” shall mean the Wisconsin Department of Justice and its successor departments, agencies, or instrumentalities.

“Whiting Case” shall mean the above-referenced lawsuit captioned *Appleton Papers Inc. and NCR Corp. v. George A. Whiting Paper Co., et al.*, Case No. 08-CV-16 (E.D. Wis.), including the consolidated case captioned *NCR Corp. v. Kimberly-Clark Corp., et al.*, No. 08-CV-0895.

“Work” shall mean all activities and obligations that Settling Defendants are required to perform under this CD, except the activities required under Section XIX (Retention of Records).

V. GENERAL PROVISIONS

5. Objectives of the Parties. The objectives of the Parties in entering into this CD are to protect public health or welfare or the environment by the implementation of response

actions at the Site by SDs, to pay past and future response costs of Plaintiffs as provided in this CD, to resolve claims relating to the Site as provided in this CD – including to resolve all previously unsettled NRD claims which the United States and the State may bring, on their own behalf or on behalf of others, against Glatfelter (subject to the reservations in this CD) – and thus eliminate litigation risk that both Plaintiffs and Settling Defendants face if they continued this

litigation, including the risk inherent in appeals of decisions already made and precedents established, and to provide full and complete contribution protection for the SDs pursuant to Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2).

6. Stipulations and Commitments by SDs and Plaintiffs' Commitments to Exercise Enforcement Discretion. As provided by this CD, and as summarized by ¶¶ 6.a-6.g, SDs shall: (i) finance and perform the Work in accordance with this CD, the 100% Design, and all deliverables approved or modified by EPA pursuant to the UAO, the NCR/Appvion Consent Decree, and this CD; (ii) pay the United States for Past EPA Response Costs as provided in this CD; (iii) pay the United States for its Future Non-OU 1 Federal Costs and the State for its Future Non-OU 1 State Costs as provided in this CD; and (iv) pay the Plaintiffs additional Natural Resource Damages as provided in this CD.

a. Glatfelter stipulates and agrees that it is liable to the United States under CERCLA Section 106, 42 U.S.C. § 9606, for performance of all response actions that the UAO requires for OUs 2-5 at the Site, including but not limited to the RA Work, the Institutional Controls Work, and the Long-Term Monitoring and Maintenance Work. As provided by prior court orders in this case, other recipients of the UAO also are liable to the United States for performance of response actions that the UAO requires for OUs 2-5.

b. Glatfelter stipulates and agrees that it is liable to the United States and the State under CERCLA Sections 107 and 113(g)(2), 42 U.S.C. §§ 9607 and 9613(g)(2), for reimbursement of all Future Non-OU 1 Federal Costs incurred by the United States and all Future Non-OU 1 State Costs incurred by the State.

c. In Paragraph 6 of the 2011 Georgia-Pacific Consent Decree, Georgia-Pacific already agreed to certain stipulations regarding its liability under CERCLA and its liability for performance of all response actions that the UAO requires for Lower OU 4 and OU 5 at the Site. Nothing in this CD alters those stipulations in that prior Consent Decree.

d. **Remaining RA Work.** SDs shall be liable for performing and completing the Remaining RA Work as provided by this CD and the SOW. SDs shall perform any aspect of the Remaining RA Work in response to a written demand by EPA (sent after a reasonable opportunity for review and comments by the State). In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Remaining RA requirements only from NCR, and not from Glatfelter or Georgia-Pacific, until completion of the Remaining RA Work.

e. Institutional Controls Work.

(1) Glatfelter shall be liable for performing and completing the Institutional Controls Work in OUs 2-5 as provided by this CD and the SOW.

Georgia-Pacific shall be liable for performing and completing the Institutional Controls Work in OU 4 and OU 5 as provided by this CD and the SOW. SDs shall coordinate with each other to ensure the efficient and effective performance of all Institutional Controls Work.

(2) Primary and Backup Responsibilities for Interim Institutional Controls Work. Subject to the geographic limitations set forth in ¶ 6.e(1), SDs shall perform any aspect of the Interim Institutional Controls Work in response to a written demand by EPA (sent after a reasonable opportunity for review and comments by the State). In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Interim Institutional Controls Work requirements only from NCR, and not from SDs, until completion of the Remaining RA Work.

(3) Primary and Backup Responsibilities for Post-RA Institutional Controls Work.

i. In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Post-RA Institutional Controls Work requirements for OU 2 and OU 3 only from Glatfelter, and not from NCR, after completion of the Remaining RA Work.

ii. In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Post-RA Institutional Controls Work requirements for Upper OU 4 only from Glatfelter, and not from NCR or Georgia-Pacific, after completion of the Remaining RA Work.

iii. In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Post-RA Institutional Controls Work requirements for Lower OU 4 and OU 5 only from Georgia-Pacific, and not from NCR or Glatfelter, after completion of the Remaining RA Work.

f. Long-Term Monitoring and Maintenance Work.

(1) Glatfelter shall be liable for performing and completing the Long-Term Monitoring and Maintenance Work in OUs 2-5 as provided by this CD and the SOW. Georgia-Pacific shall be liable for performing and completing the Long-Term Monitoring and Maintenance Work in OU 4 and OU 5 as provided by

this CD and the SOW. SDs shall coordinate with each other to ensure the efficient and effective performance of all Long-Term Monitoring and Maintenance Work.

(2) Primary and Backup Responsibilities.

i. In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Long-Term Monitoring and Maintenance Work requirements for OU 2 and OU 3 only from Glatfelter, and not from NCR.

ii. In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Long-Term Monitoring and Maintenance Work requirements for Upper OU 4 only from Glatfelter, and not from NCR or Georgia-Pacific.

iii. In their enforcement discretion, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Long-Term Monitoring and Maintenance Work requirements for Lower OU 4 and OU 5 only from Georgia-Pacific, and not from NCR or Glatfelter.

iv. In their enforcement discretion and notwithstanding paragraphs (ii) and (iii) above, the United States and the State will initially seek performance, corrective measures, and penalties for noncompliance with Long-Term Monitoring and Maintenance Work requirements in the monitoring areas depicted on the map attached as Appendix 3 that overlap Upper OU 4 and Lower OU 4 from (A) Glatfelter and not Georgia-Pacific for the monitoring of fish-tissues or fish; and (B) from Georgia-Pacific and not Glatfelter for the monitoring of water or water quality.

g. **Future Response Costs.** SDs shall reimburse the Plaintiffs' Future Non-OU 1 Federal Costs and Future Non-OU 1 State Costs as provided by this CD.

(1) In their enforcement discretion, the United States and the State will initially seek reimbursement of their Future Non-OU 1 Federal Costs and Future Non-OU 1 State Costs (other than NCR Enforcement Costs or CD Enforcement Costs) only from Glatfelter, and not from NCR or Georgia-Pacific.

(2) United States and the State shall not seek reimbursement of any Future Oversight Costs from Georgia-Pacific and Georgia-Pacific shall not be liable for reimbursement of any Future Oversight Costs.

(3) In their enforcement discretion, the United States and the State will seek reimbursement of any CD Enforcement Costs only from SDs, and not from NCR.

(4) In their enforcement discretion, the United States and the State will seek reimbursement of any NCR Enforcement Costs only from NCR, and not from SDs.

(5) SDs hereby waive any argument that any Past EPA Response Costs and any Past State Response Costs are inconsistent with the NCP.

(6) SDs hereby waive any argument that any Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs associated with WDNR oversight activities are inconsistent with the NCP because 40 C.F.R. § 300.400(h) provides that “EPA will provide oversight when the response is pursuant to an EPA order or federal consent decree.”

(7) SDs and the State hereby stipulate and agree as follows:

As of June 30, 2015, the State of Wisconsin had a positive balance of \$4,631,817 from State response cost settlement recoveries and reimbursements, computed as the difference between such recoveries and reimbursements through that date (\$43,336,579) and the uncontested response costs that the State had incurred through that date (\$38,704,762). The State’s positive balance has been eliminated by response cost expenditures between June 30, 2015, and October 31, 2018.

(8) With respect to payments relating to the Site or NRD settlement commitments relating to the Site under administrative or judicially approved settlements with the United States and/or the State, SDs hereby waive any arguments that: (i) any such settlement payments or NRD settlement commitments made before October 1, 2018, reduce the liability of SDs for Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs pursuant to 42 U.S.C. § 9613(f)(3); (ii) the State’s positive balance of \$4,631,817 from State response cost settlement recoveries and reimbursements as of June 30, 2015, reduces the liability of SDs for Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs pursuant to 42 U.S.C. § 9613(f)(3); and (iii) Glatfelter’s payment for NRD under ¶¶ 25 and 26.b reduces the liability of SDs for Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs pursuant to 42 U.S.C. § 9613(f)(3).

(9) Glatfelter contends that Plaintiffs’ prior recoveries on account of damages to natural resources have more than fully compensated the public for those damages and Plaintiffs for the costs of assessing those damages. Plaintiffs disagree. No provision of this Consent Decree, no payment by any SD in compliance with this Consent Decree, no deposit by the United States to the Natural Resource Damages Assessment and Restoration Fund, and no approval by this Court of any of those shall waive Glatfelter’s right to contend or estop Glatfelter from contending in any action that Plaintiffs have been fully

compensated prior to entry into this Consent Decree on behalf of the public for damages to natural resources as the result of releases to the Site, including the costs of assessment of those damages. The Court’s approval of this Consent Decree shall not constitute a finding or determination that Plaintiffs have or have not been fully compensated for damages to natural resources, including the assessment of those damages.

h. **Vacatur of Certain Prior Rulings.** The following prior orders in this case are hereby vacated upon this Consent Decree's entry as a final judgment:

(1) the January 3, 2017, Decision and Order on Plaintiffs' Motion *In Limine* (Dkt. 1167);

(2) the February 5, 2018, Decision and Order on Cross Motions for Summary Judgment on Recovery of Response Costs from P. H. Glatfelter Co. (Dkt. 1217); and

(3) the Decision and Order Denying Plaintiffs' Motion for Reconsideration (Dkt. 1239).

i. **Certain Prior Rulings Merged into Final Judgment.** The following prior orders in this case are merged into this CD upon its entry as a final judgment, but only to the extent that such orders apply to Glatfelter or Georgia-Pacific:

(1) the November 21, 2012, Decision and Order on the Propriety of the Remedy (Dkt. 666);

(2) the November 23, 2012, Decision and Order on Defendants' Liability (Dkt. 668); and

(3) the May 1, 2013, Order Entering Declaratory Judgment (Dkt. 795), to the extent affirmed by *United States v. P. H. Glatfelter Co.*, 768 F.3d 662 (7th Cir. 2014).

j. **Appeals of Prior Rulings.**

(1) Within 14 days after the Date of Lodging, the Parties shall advise the U.S. Court of Appeals for the Seventh Circuit of the lodging of this proposed Consent Decree and request the Seventh Circuit stay Glatfelter's appeal of this Court's entry of the NCR/Appvion Consent Decree, captioned *United States and*

the State of Wisconsin v. P. H. Glatfelter Co., No. 17-3175 (7th Cir.), until such time as this Court has ruled on a motion to enter this Consent Decree. If this Court grants a motion to enter this Consent Decree, within 14 days after the Date of Entry, Glatfelter shall file an agreement or motion under Fed. R. App. P. for voluntary dismissal of that appeal.

(2) The SDs shall not appeal any other orders in this case entered before the Date of Lodging to the extent that such orders apply to the United States or the State, including but not limited to the prior orders listed in ¶ 6.h and ¶ 6.i. The United States and the State shall not appeal any orders in this case entered before the Date of Lodging to the extent that such orders apply to Glatfelter or Georgia-Pacific, including but not limited to the prior orders listed in ¶ 6.h and ¶ 6.i. These obligations not to appeal shall not apply to the extent that a Party is required to file an appeal to preserve appellate rights prior to the Effective Date of this CD; provided, however that any appeals filed to preserve appellate rights shall be withdrawn promptly after the Effective Date of this CD.

7. Compliance with Applicable Law. Nothing in this CD limits SDs' obligations to comply with the requirements of all applicable federal and state laws and regulations. SDs must also comply with all applicable or relevant and appropriate requirements of all federal and state environmental laws as set forth in the RODs and the SOW. The activities conducted pursuant to this CD, if approved by EPA, shall be deemed to be consistent with the NCP as provided in Section 300.700(c)(3)(ii) of the NCP.

8. Permits.

a. As provided in Section 121(e) of CERCLA, 42 U.S.C. § 9621(e), and Section 300.400(e) of the NCP, no permit shall be required for any portion of the Work conducted entirely on-site (i.e., within the areal extent of contamination or in very close proximity to the contamination and necessary for implementation of the Work). Where any portion of the Work that is not on-site requires a federal or state permit or approval, SDs shall submit timely and complete applications and take all other actions necessary to obtain all such permits or approvals.

b. SDs may seek relief under the provisions of Section XI (Force Majeure) for any delay in the performance of the Work resulting from a failure to obtain, or a delay in obtaining, any permit or approval referenced in ¶ 8.a and required for the Work, provided that they have submitted timely and complete applications and taken all other actions necessary to obtain all such permits or approvals.

c. This CD is not, and shall not be construed to be, a permit issued pursuant to any federal or state statute or regulation.

VI. PERFORMANCE OF THE WORK

9. Coordination and Supervision.

a. Project Coordinators.

(1) Each SD shall designate and notify EPA and WDNR of that SD's Project Coordinator. Each Project Coordinator must have sufficient technical expertise to coordinate the Work. An SD's Project Coordinator may not be an attorney representing SDs in this matter and may not act as the Supervising Contractor. SDs' Project Coordinator may assign other representatives, including other contractors, to assist in coordinating the Work.

(2) EPA shall designate and notify WDNR and SDs of EPA's Project Coordinator. EPA may designate other representatives, which may include its employees, contractors and/or consultants, to oversee the Work. EPA's Project Coordinator will have the same authority as a remedial project manager and/or an on-scene coordinator, as described in the NCP. This includes the authority to halt the Work and/or to conduct or direct any necessary response action when he or she determines that conditions at the Site constitute an emergency or may present an immediate threat to public health or welfare or the environment due to a release or threatened release of Waste Material. EPA has designated Pablo Valentin as its current Project Coordinator.

(3) WDNR shall designate and notify EPA and SDs of its Project Coordinator. WDNR may designate other representatives, including its employees, contractors and/or consultants to oversee the Work. For any meetings and inspections in which EPA's Project Coordinator participates, WDNR's Project Coordinator also may participate. WDNR has designated Beth Olson as its current Project Coordinator.

(4) As requested by the Response Agencies, SDs Project Coordinator shall meet, in person or telephonically, with EPA's and WDNR's Project Coordinators.

b. **Supervising Contractor.** An SD's proposed Supervising Contractor must have sufficient technical expertise to supervise the Work and a quality assurance system that complies with ANSI/ASQC E4-2004, Quality Systems for Environmental Data and Technology Programs: Requirements with Guidance for Use (American National Standard).

c. **Procedures for Disapproval/Notice to Proceed.**

(1) SDs shall designate, and notify EPA, of the names, titles, contact information, and qualifications of the SDs' proposed Project Coordinator and Supervising Contractor, whose qualifications shall be subject to EPA's review for verification based on objective assessment criteria (e.g., experience, capacity, technical expertise) and do not have a conflict of interest with respect to the project.

(2) EPA, after a reasonable opportunity for review and comment by WDNR, shall issue notices of disapproval and/or authorizations to proceed regarding the proposed Project Coordinator and Supervising Contractor, as applicable. If EPA issues a notice of disapproval, the SDs shall, within 30 days, submit to EPA a list of supplemental proposed Project Coordinators and/or Supervising Contractors, as applicable, including a description of the qualifications of each. EPA shall issue a notice of disapproval or authorization to proceed regarding each supplemental proposed coordinator and/or contractor. An SD may select any coordinator/contractor covered by an authorization to proceed and shall, within 21 days, notify EPA of the SDs' selection.

(3) SDs may change their Project Coordinator and/or Supervising Contractor, as applicable, by following the procedures of ¶¶ 9.c(1) and 9.c(2).

(4) Notwithstanding the procedures of ¶¶ 9.c(1) through 9.c(3), the SDs have proposed, and EPA has authorized the SDs to proceed, with the following Project Coordinators and Supervising Contractors:

Glatfelter's Project Coordinator:

William A. Hartman

Glatfelter's Supervising Contractor:

Foth Infrastructure & Environment, LLC

Georgia-Pacific's Project Coordinator:

Paul A. Montney

Georgia-Pacific's Supervising Contractor:

Foth Infrastructure & Environment, LLC

10. **Performance of Work in Accordance with SOW.** SDs shall: (a) upon receipt of a written demand from EPA, perform the Remaining RA Work and the Interim Institutional Controls Work, as described by ¶¶ 6.d and 6.e(2) of this CD; and (b) operate, maintain, and monitor the effectiveness of the RA, including performing the Post-RA Institutional Controls Work and the Long-Term Monitoring and Maintenance Work as described by ¶¶ 6.e(3) and 6.f of this CD; all in accordance with the SOW and all EPA-approved, conditionally-approved, or modified deliverables as required by the SOW. All deliverables required to be submitted for approval under the CD or SOW shall be subject to approval by EPA in accordance with ¶ 6.6 (Approval of Deliverables) of the SOW.

11. **Emergencies and Releases.** SDs shall comply with the emergency and release response and reporting requirements under ¶ 4.3 (Emergency Response and Reporting) of the SOW. Subject to Section XIV (Covenants by Plaintiffs), nothing in this CD, including ¶ 4.3 of

the SOW, limits any authority of Plaintiffs: (a) to take all appropriate action to protect human health and the environment or to prevent, abate, respond to, or minimize an actual or threatened release of Waste Material on, at, or from the Site, or (b) to direct or order such action, or seek an order from the Court, to protect human health and the environment or to prevent, abate, respond to, or minimize an actual or threatened release of Waste Material on, at, or from the Site. If, due to SDs failure to take appropriate response action under ¶ 4.3 of the SOW, EPA or, as appropriate, the State takes such action instead, all costs of the response actions shall be classified as CD Enforcement Costs and SDs shall reimburse EPA and the State for all such costs under Section IX (Payments for Response Costs).

12. Community Involvement. If requested by the Response Agencies, SDs shall conduct community involvement activities under the Response Agencies' oversight as provided for in, and in accordance with, Section 2 (Community Involvement) of the SOW. Such activities may include, but are not limited to, designation of a Community Involvement Coordinator. Costs incurred by the United States and the State under this Paragraph constitute Future Response Costs under Section IX (Payments for Response Costs).

13. Modification of SOW or Related Deliverables.

a. If EPA determines that it is necessary to modify the work specified in the SOW and/or in deliverables developed under the SOW in order to achieve and/or maintain the Performance Standards or to carry out and maintain the effectiveness of the RA, and such modification is consistent with the Scope of the Remedy set forth in ¶ 1.3 of the SOW, then EPA may notify SDs of such modification. If SDs object to the modification SDs may, within 30 days after EPA's notification, seek dispute resolution under Section XII.

b. The SOW and/or related work plans shall be modified: (1) in accordance with the modification issued by EPA; or (2) if SDs invoke dispute resolution, in accordance with the final resolution of the dispute. The modification shall be incorporated into and enforceable under this CD, and SDs shall implement all work required by such modification, consistent with ¶¶ 6 and 10 of this CD. SDs shall incorporate the modification into the deliverable required under the SOW, as appropriate.

c. Nothing in this Paragraph shall be construed to limit EPA's authority to require performance of further response actions as otherwise provided in this CD.

14. Nothing in this CD, the SOW, or any deliverable required under the SOW constitutes a warranty or representation of any kind by Plaintiffs that compliance with the work requirements set forth in the SOW or related deliverable will achieve the Performance Standards.

VII. REMEDY REVIEW

15. Periodic Review. Under Section 121(c) of CERCLA, 42 U.S.C. § 9621(c), and applicable regulations, EPA will conduct periodic reviews of whether the RA is protective of human health and the environment.

16. EPA Selection of Further Response Actions. If EPA determines, at any time, that the RA is not protective of human health and the environment, EPA may select further response actions for the Site in accordance with the requirements of CERCLA and the NCP.

17. Opportunity to Comment. SDs and, if required by Sections 113(k)(2) or 117 of CERCLA, 42 U.S.C. § 9613(k)(2) or 9617, the public, will be provided with an opportunity to comment on any further response actions proposed by EPA as a result of the review conducted pursuant to Section 121(c) of CERCLA and to submit written comments for the record during the comment period.

VIII. FINANCIAL ASSURANCE

18. Glatfelter Financial Assurance Arrangements.

a. Glatfelter has completed construction of the remedy in OU 1 and has been implementing long-term monitoring and maintenance and institutional controls in OU 1, all under the OU 1 Consent Decree. Under the OU 1 Consent Decree: (i) costs of ongoing response work in OU 1 are eligible for payment or reimbursement from a pre-funded interest-bearing OU1 Escrow Account; and (ii) if requested by Glatfelter and approved by EPA, Glatfelter may receive partial refund payments from the OU 1 Escrow Account if the partial refund(s) will leave a balance in the Account that will be sufficient to fund the completion of all remaining response work in OU 1. The remaining balance in the OU 1 Escrow Account was approximately \$8.9 million as of September 26, 2018.

b. On February 26, 2018, Glatfelter entered into a Guaranteed Fixed Price Remediation Services Agreement (“GFP Contract”) with Foth Infrastructure & Environment, LLC (“Foth”). Glatfelter describes the arrangements under the GFP Contract as follows:

(1) Under the GFP Contract, Foth will undertake the remaining long-term monitoring and maintenance in OU 1 and the long-term monitoring and maintenance, habitat restoration, and institutional control work for which Glatfelter would be primarily responsible under this Consent Decree. The performance of Foth under the GFP is guaranteed by Foth’s parent company, Foth & Van Dyke, LLC. The GFP Contract requires Glatfelter to fund a stream of fixed payments to the contractor over the thirty (30) year term of the GFP Contract. The stream of unpaid amounts that will be payable in the future under

the GFP Contract (“Future GFP Payments”) and the declining balance due under the GFP Contract on the payment due dates (“Declining Balances”) are specified in Appendix 4. The GFP Contract does not contemplate change orders or price escalations of any kind for the work under the GFP Contract, notwithstanding changes in the prices of commodities or labor, changed site conditions or the discovery of currently unknown pollution conditions. Glatfelter therefore believes that the costs for Glatfelter’s work in OU 1 and under this Consent Decree are therefore substantially known and fixed at this time.

(2) In each invoice requesting a Future GFP Payment, Foth is required to make a fair and reasonable allocation that identifies the portion of the payment that can be attributed to OU 1 work, and to provide reasonable documentation thereof and justification therefor. The portions of Foth's compensation under the GFP Contract attributable to OU 1 work are appropriate to reimburse from the OU 1 Escrow Account. By Glatfelter's estimate, the current balance of the OU 1 Escrow Account exceeds the expected total due to Foth on account of OU 1 work under the GFP Contract by approximately \$7 million.

c. The Plaintiffs and Glatfelter agree that Glatfelter may submit OU 1 Escrow Account disbursement certificates for Future GFP Payments as follows:

(1) OU 1 Escrow Account funds may be disbursed for payment of the portion of any Future GFP Payment attributable to OU 1 based on a fair and reasonable allocation of the full Payment amount that is justified and supported by reasonable documentation. Any such disbursement request shall be classified as request for payment of Allowable RD/RA Costs under the OU 1 Consent Decree, and an escrow disbursement certificate may be submitted in accordance with ¶ 5.a(2) of OU 1 Consent Decree Appendix C.

(2) If the following conditions are met, then OU 1 Escrow Account funds may be disbursed for payment of the portion of a Future GFP Payment attributable to OU 2-Upper OU4 based on a fair and reasonable allocation of the full Payment amount that is justified and supported by reasonable documentation:

i. The funds may only be sought and disbursed after full payment of the 1st Five Year Review Future GFP Payment, for the appropriate portion of a Future GFP Payment due on or after December 15, 2022; and

ii. The funds may only be sought and disbursed if the remaining balance of the OU 1 Escrow Account at the time of the disbursement request exceeds the Declining Balance on the payment due date, as shown in Appendix 4.

If these conditions are met, then any such disbursement request shall be classified as a request for an OU 1 Escrow Account partial refund payment under the OU 1 Consent Decree, and an escrow disbursement certificate may be submitted in accordance with ¶ 5.a(6) of OU 1 Consent Decree Appendix C. Any such disbursement is pre-approved by EPA and pre-determined to leave a balance in the OU 1 Escrow Account that should be sufficient to fund the completion of the OU 1 response work, in light of the conditions specified above.

d. While reserving its right to obtain any partial refund payment from the OU 1 Escrow Account allowed under the preceding ¶ 18.c(2), Glatfelter waives any right to request or obtain any other partial refund payment from the OU 1 Escrow Account – under ¶ 5.a(6) of OU 1 Consent Decree Appendix C or otherwise – before full payment of the 4th Five Year Review Future GFP Payment and before December 15, 2035.

e. In order to ensure completion of the work after a Work Takeover or a major performance default by Glatfelter under this CD or the OU 1 Consent Decree, Glatfelter shall collaterally assign its right, title and interest in and to the GFP Contract to Georgia-Pacific, NCR, or another person as EPA shall direct, as specified in any written assignment demand made by EPA (after a reasonable opportunity for review and comment by WDNR). EPA shall not make any such assignment demand without the consent of the designated assignee. Glatfelter hereby represents and certifies that it has obtained Foth’s prior written consent to an assignment of the GFP Contract to Georgia-Pacific, NCR, or another person as EPA shall direct under these circumstances.

19. Supplemental Financial Assurance Arrangements. In order to ensure completion of the Work, SDs shall separately secure and maintain additional financial assurance for the benefit of EPA. Glatfelter shall secure and maintain additional financial assurance in an amount equal to the difference between (i) the Declining Balance on the GFP Contract and (ii) the balance in the OU 1 Escrow Account. Georgia-Pacific shall secure additional financial assurance in the amount of \$5 million. The financial assurance must be one or more of the mechanisms listed below, in a form substantially identical to the relevant sample documents available from EPA or under the “Financial Assurance - Settlements” category on the Cleanup Enforcement Model Language and Sample Documents Database at <https://cfpub.epa.gov/compliance/models/>, and satisfactory to EPA. Each SD may use multiple mechanisms if they are limited to surety bonds guaranteeing payment, letters of credit, trust funds, and/or insurance policies.

a. A surety bond guaranteeing payment and/or performance of the Work that is issued by a surety company among those listed as acceptable sureties on federal bonds as set forth in Circular 570 of the U.S. Department of the Treasury;

b. An irrevocable letter of credit, payable to or at the direction of EPA, that is issued by an entity that has the authority to issue letters of credit and whose letter-of-credit operations are regulated and examined by a federal or state agency;

c. A trust fund established for the benefit of EPA that is administered by a trustee that has the authority to act as a trustee and whose trust operations are regulated and examined by a federal or state agency; or

d. A policy of insurance that provides EPA with acceptable rights as a beneficiary thereof and that is issued by an insurance carrier that has the authority to issue insurance policies in the applicable jurisdiction(s) and whose insurance operations are regulated and examined by a federal or state agency;

20. Within 30 days after the Effective Date, or 30 days after EPA's approval of the form and substance of each SD's Supplemental Financial Assurance under ¶ 19, whichever is later, SDs shall secure all executed and/or otherwise finalized mechanisms or other documents consistent with the EPA-approved form of financial assurance and shall submit such mechanisms and documents to the EPA Regional Financial Management Officer, to the United States, and to EPA and the State as specified in Section XX (Notices and Submissions).

21. SDs shall diligently monitor the adequacy of the financial assurance. If SDs become aware of any information indicating that the financial assurance provided under this Section is inadequate or otherwise no longer satisfies the requirements of this Section, SDs shall notify EPA of such information within 7 days. If EPA determines that the financial assurance provided under this Section is inadequate or otherwise no longer satisfies the requirements of this Section, EPA will notify SDs of such determination. SDs shall, within 30 days after notifying EPA or receiving notice from EPA under this Paragraph, secure and submit to EPA for approval a proposal for a revised or alternative financial assurance mechanism that satisfies the requirements of this Section. EPA may extend this deadline for such time as is reasonably necessary for SDs, in the exercise of due diligence, to secure and submit to EPA a proposal for a revised or alternative financial assurance mechanism, not to exceed 60 days. SDs shall follow the procedures of ¶ 23 (Modification of Financial Assurance) in seeking approval of, and submitting documentation for, the revised or alternative financial assurance mechanism. SDs inability to secure financial assurance in accordance with this Section does not excuse performance of any other obligation under this CD or the UAO.

22. Access to Financial Assurance.

a. If EPA issues a notice of implementation of a Work Takeover under ¶ 66.b, then, in accordance with any applicable financial assurance mechanism, EPA is entitled to: (1) the performance of the Work; and/or (2) require that any funds guaranteed be paid in accordance with ¶ 22.d.

b. If EPA is notified by the issuer of a financial assurance mechanism that it intends to cancel the mechanism, and SDs fail to provide an alternative financial assurance mechanism in accordance with this Section at least 30 days prior to the cancellation date, the funds guaranteed under such mechanism must be paid prior to cancellation in accordance with ¶ 22.d.

c. If, upon issuance of a notice of implementation of a Work Takeover under ¶ 66.b, EPA is unable for any reason to promptly secure the resources guaranteed under any applicable financial assurance mechanism, whether in cash or in kind, to continue and complete the Work, SDs shall, within 30 days of such demand, pay the amount demanded as directed by EPA.

d. Any amounts required to be paid under this ¶ 22 shall be, as directed by EPA: (i) paid to EPA in order to facilitate the completion of the Work by EPA or by another person; or (ii) deposited into an interest-bearing account, established at a duly chartered bank or trust

company that is insured by the FDIC, in order to facilitate the completion of the Work by another person. If payment is made to EPA, EPA may deposit the payment into the EPA Hazardous Substance Superfund or into the Fox River Site Special Account within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance response actions at or in connection with the Site, or to be transferred by EPA to the EPA Hazardous Substance Superfund.

e. All EPA and WDNR Work Takeover costs not paid under this ¶ 22 must be reimbursed as CD Enforcement Costs under Section IX (Payments for Response Costs).

23. Modification of Amount, Form, or Terms of Financial Assurance. SDs may submit, on any anniversary of the Effective Date or at any other time agreed to by the Parties, a request to reduce the amount, or change the form or terms, of the financial assurance mechanism. Any such request must be submitted to EPA in accordance with ¶ 20, and must include an estimate of the cost of the remaining Work, an explanation of the bases for the cost calculation, and a description of the proposed changes, if any, to the form or terms of the financial assurance. EPA will notify SDs of its decision to approve or disapprove a requested reduction or change pursuant to this Paragraph. SDs may reduce the amount of the financial assurance mechanism only in accordance with: (a) EPA's approval; or (b) if there is a dispute, the agreement, final administrative decision, or final judicial decision resolving such dispute under Section XII (Dispute Resolution). SDs may change the form or terms of the financial assurance mechanism only in accordance with EPA's approval. Any decision made by EPA on a request submitted under this Paragraph to change the form or terms of a financial assurance mechanism shall not be subject to challenge by SDs pursuant to the dispute resolution provisions of this CD or in any other forum. Within 30 days after receipt of EPA's approval of, or the agreement or decision resolving a dispute relating to, the requested modifications pursuant to this Paragraph, SDs shall submit to EPA documentation of the reduced, revised, or alternative financial assurance mechanism in accordance with ¶ 20.

24. Release, Cancellation, or Discontinuation of Financial Assurance. SDs may release, cancel, or discontinue any financial assurance provided under this Section only: (a) if EPA issues a Certification of RA Completion under ¶ 4.5 (Certification of RA Completion) of the SOW; (b) in accordance with EPA's written approval of such release, cancellation, or discontinuation; or (c) if there is a dispute regarding the release, cancellation or discontinuance

of any financial assurance, in accordance with the agreement, final administrative decision, or final judicial decision resolving such dispute under Section XII (Dispute Resolution).

IX. PAYMENTS FOR RESPONSE COSTS AND NRD

25. Glatfelter's Initial Payment to Court Registry Account. Within 14 Days after the Court enters an order in this action authorizing payment by Glatfelter into the Court Registry Account, Glatfelter shall pay a total of \$20,500,000 into the interest-bearing Court Registry Account of the United States District Court for the Eastern District of Wisconsin. Payment shall

be made to the Clerk of the Court by an electronic funds transfer (“EFT”) to the account designated by the Clerk of the Court, in accordance with payment instructions to be provided.

26. Disbursements from Court Registry Account. After entry of this Consent Decree by the District Court and either affirmation on appellate review of such entry or the expiration of time to appeal such entry, the funds deposited into the Court Registry Account under this Consent Decree (and all accrued interest) shall be disbursed as specified by this ¶ 26 pursuant to a separate Withdrawal Order of the Court. The funds shall be disbursed and applied as follows:

a. \$20,000,000 (plus all accrued interest earned on \$20,000,000 of the funds deposited in the Court Registry Account) shall be disbursed to the United States as a payment for Past EPA Response Costs and deposited by EPA in the EPA Hazardous Substance Superfund; and

b. \$500,000 (plus all accrued interest earned on \$500,000 of the funds deposited in the Court Registry Account) shall be disbursed to the United States in payment for Natural Resource Damages and deposited by DOI in a Site-specific sub-account within the DOI’s NRDAR Fund and shall be managed by DOI for the joint benefit and use of the Lower Fox River/Green Bay Natural Resource Trustees to pay for natural resource restoration projects jointly selected by the Trustees and/or to be applied toward natural resource damage assessment costs incurred by DOI and the State.

27. Payments by SDs for Future Response Costs.

a. **Future Non-OU 1 Federal Costs.** Consistent with ¶ 6.g, SDs shall pay to EPA Future Non-OU 1 Federal Costs not inconsistent with the NCP.

b. **Periodic EPA Bills.** On a periodic basis, EPA will send SDs a bill requiring payment that includes an EPA Itemized Cost Summary, which includes direct and indirect costs incurred by EPA, its contractors, subcontractors, and DOJ. Consistent with ¶ 6.g, SDs shall make all payments within 30 days after SDs’ receipt of each bill requiring payment, except as otherwise provided in ¶ 29 (Contesting Future Response Costs), in accordance with ¶ 28.a (instructions for future response cost payments).

c. **Deposit of Payments for Future Non-OU 1 Federal Costs.** The total amount paid by SDs pursuant to ¶ 27.b shall be deposited by EPA in the Fox River Special

Account to be retained and used to conduct or finance response actions at or in connection with the Site, or to be transferred by EPA to the EPA Hazardous Substance Superfund, provided, however, that EPA may deposit a Future Non-OU 1 Federal Costs payment directly into the EPA Hazardous Substance Superfund if, at the time the payment is received, EPA estimates that the Fox River Site Special Account balance is sufficient to address currently anticipated future response actions to be conducted or financed by EPA at or in connection with the Site. Any decision by EPA to deposit a Future Non-OU 1 Federal Costs payment directly into the EPA Hazardous Substance Superfund for this reason shall not be subject to challenge by SDs pursuant to the dispute resolution provisions of this CD or in any other forum.

d. **Future Non-OU 1 State Costs.** Consistent with ¶ 6.g, SDs shall pay to WDNR Future Non-OU 1 State Costs not inconsistent with the NCP.

e. **Periodic State Bills.** On a periodic basis, WDNR will send SDs a bill requiring payment that includes a State cost summary, which includes direct and indirect costs incurred by WDNR, its contractors, subcontractors, and WDOJ. Consistent with ¶ 6.g, SDs shall make all payments within 30 days after SDs' receipt of each bill requiring payment, except as otherwise provided in ¶ 29 (Contesting Future Response Costs). SDs shall make all payments to the State required by this Paragraph in accordance with ¶ 28.b.

f. **Deposit of Payments for Future Non-OU 1 State Costs.** The total amount paid by SDs pursuant to ¶ 27.d shall be deposited in a segregated fund under the direction of WDNR, and shall be retained and used by WDNR to conduct or finance response actions at or in connection with the Site.

28. Payment Instructions.

a. **Future Non-OU 1 Federal Costs Payments and Stipulated Penalties Payable to the United States.**

(1) For all payments subject to this ¶ 28.a, SDs shall make such payment by Fedwire EFT, referencing Site/Spill ID A565 and DJ number 90-11-2-1045/3. The Fedwire EFT payment must be sent as follows:

Federal Reserve Bank of New York
ABA = 021030004
Account = 68010727
SWIFT address = FRNYUS33 33
Liberty Street
New York NY 10045
Field Tag 4200 of the Fedwire message should read
"D 68010727 Environmental Protection Agency"

(2) For all payments made under this ¶ 28.a, SDs must include references to the Site/Spill ID and DJ numbers. At the time of any payment required to be made in accordance with ¶ 28.a, SDs shall send notices that

payment has been made to the United States, EPA, and the EPA Cincinnati Finance Center, all in accordance with Section XX (Notices and Submissions). All notices must include references to the Site/Spill ID and DJ numbers.

b. **Future Non-OU 1 State Costs Payments and Stipulated Penalties Payable to the State.**

(1) For all payments subject to this ¶ 28.b, SDs shall make such payment by EFT, referencing WDNR, this Consent Decree, and the Lower Fox River and Green Bay Superfund Site. The EFT payment must be sent as follows:

Company/Vendor Information

Vendor Name: State of WI Dept. of Natural Resources
Federal ID #: 39-6006436
Remit to Address: 101 S. Webster St., P.O. Box 7921
Madison WI 53707-7921 Contact Person:
Margaret Hooper
Email Address: margaret.hooper@wisconsin.gov
Telephone Number: 608-266-7497

Bank/Financial Information

Bank Name: U.S. Bank
Address: 777 E. Wisconsin Ave. Milwaukee WI
53202
Bank Routing #: 075000022
Account Name: State of WI General Control Bank Account
#: 111851166
Type of Account: Checking ACH Format: CTX or CCD+

(2) At the time of any payment required to be made in accordance with this ¶ 28.b, SDs shall send notice that payment has been made to the State in accordance with Section XX (Notices and Submissions) and to the following additional contact person by fax or e-mail:

Contact Name: Margaret Hooper
Fax #: 608-264-6277
Email Address: margaret.hooper@wisconsin.gov

29. Contesting Future Response Costs. SDs may submit a Notice of Dispute, initiating the procedures of Section XII (Dispute Resolution), regarding any Future Non-OU 1 Federal Costs or any Future Non-OU 1 State Costs billed to SDs under ¶ 27 (Payments by SDs for Future Response Costs) if SDs determines that EPA or the State has made a mathematical error or included a cost item that is not within the definition of Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs, or if SDs believe EPA or the State incurred excess costs as a

direct result of an EPA or State action that was inconsistent with a specific provision or provisions of the NCP. Such Notice of Dispute shall be submitted in writing within 30 days after receipt of the bill and must be sent to the United States (if the United States' accounting is being disputed) or the State (if the State's accounting is being disputed) pursuant to Section XX (Notices and Submissions). Such Notice of Dispute shall specifically identify the contested Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs and the basis for objection. If SDs submit a Notice of Dispute, SDs shall within the 30-day period, also as a requirement for initiating the dispute, (a) pay all uncontested Future Non-OU 1 Federal Costs to the United States and all uncontested Future Non-OU 1 State Costs to the State, and (b) establish, in a duly chartered bank or trust company, an interest-bearing escrow account that is insured by the Federal Deposit Insurance Corporation ("FDIC"), and remit to that escrow account funds

equivalent to the amount of the contested Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs. SDs shall send to the United States or the State, as appropriate and as provided in Section XX (Notices and Submissions), a copy of the transmittal letter and check paying the uncontested Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs, and a copy of the correspondence that establishes and funds the escrow account, including, but not limited to, information containing the identity of the bank and bank account under which the escrow account is established as well as a bank statement showing the initial balance of the escrow account. If the United States or the State prevails in the dispute, SDs shall pay the sums due (with accrued interest) to the United States (if Future Non-OU 1 Federal Costs were disputed) or the State (if Future Non-OU 1 State Costs were disputed) within 7 days after the resolution of the dispute. If SDs prevail concerning any aspect of the contested costs, SDs shall pay that portion of the costs (plus associated accrued interest) for which they did not prevail to the United States (if Future Non-OU 1 Federal Costs were disputed) or the State (if Future Non-OU 1 State Costs were disputed) within 7 days after the resolution of the dispute. SDs shall be disbursed any balance of the escrow account. All payments to the United States under this Paragraph shall be made in accordance with ¶ 28.a. All payments to the State under this Paragraph shall be made in accordance with ¶ 28.b. The dispute resolution procedures set forth in this Paragraph in conjunction with the procedures set forth in Section XII (Dispute Resolution) shall be the exclusive mechanisms for resolving disputes regarding SDs' obligation to reimburse the United States and the State for their Future Non-OU 1 Federal Costs and Future Non-OU 1 State Costs.

30. **Interest.** In the event that any payment for Future Non-OU 1 Federal Costs or Future Non-OU 1 State Costs required under this Section is not made by the date required, SDs shall pay Interest on the unpaid balance. The Interest on such costs shall begin to accrue on the date of the bill. The Interest shall accrue through the date of SDs' payment. Payments of Interest made under this Paragraph shall be in addition to such other remedies or sanctions available to Plaintiffs by virtue of SDs' failure to make timely payments under this Section including, but not limited to, payment of stipulated penalties pursuant to Section XIII (Stipulated Penalties).

X. INDEMNIFICATION AND INSURANCE

31. SDs' Indemnification of the United States and the State.

a. The United States and the State do not assume any liability by entering into this CD or by virtue of any designation of SDs as EPA's authorized representatives under Section 104(e) of CERCLA, 42 U.S.C. § 9604(e). SDs shall indemnify, save, and hold harmless the United States and the State and their officials, agents, employees, contractors, subcontractors, and representatives for or from any and all claims or causes of action arising from, or on account of, negligent or other wrongful acts or omissions of SDs, their officers, directors, employees, agents, contractors, subcontractors, and any persons acting on SDs' behalf or under their control, in carrying out activities pursuant to this CD, including, but not limited to, any claims arising from any designation of SDs as EPA's authorized representatives under Section 104(e) of CERCLA. Further, SDs agree to pay the United States and the State all costs they incur including, but not limited to, attorneys' fees and other expenses of litigation and settlement

arising from, or on account of, claims made against the United States and the State based on negligent or other wrongful acts or omissions of SDs, their officers, directors, employees, agents, contractors, subcontractors, and any persons acting on their behalf or under their control, in carrying out activities pursuant to this CD. Neither the United States nor the State shall be held out as a party to any contract entered into by or on behalf of SDs in carrying out activities pursuant to this CD. Neither SDs nor any such contractor shall be considered an agent of the United States or the State.

b. The United States and the State, respectively, shall give SDs notice of any claim for which the United States or the State plans to seek indemnification pursuant to this ¶ 31, and shall consult with SDs prior to settling such claim.

32. SDs covenant not to sue and agree not to assert any claims or causes of action against the United States and the State, respectively, for damages or reimbursement or for set-off of any payments made or to be made to the United States or the State, arising from or on account of any contract, agreement, or arrangement between SDs and any person for performance of Work on or relating to the Site, including, but not limited to, claims on account of construction delays. In addition, SDs shall indemnify, save and hold harmless the United States and the State with respect to any and all claims for damages or reimbursement arising from or on account of any contract, agreement, or arrangement between SDs and any person for performance of Work on or relating to the Site, including, but not limited to, claims on account of construction delays.

33. **Insurance.** If EPA issues SDs a written demand to perform Remaining RA Work under ¶ 6.d, SDs shall secure, and shall maintain until the first anniversary after issuance of EPA's Certification of RA Completion pursuant to ¶ 4.5 (Certification of RA Completion) of the SOW commercial general liability insurance with limits of liability of at least \$1 million per occurrence, automobile liability insurance with limits of liability of at least \$1 million per accident, and umbrella liability insurance with limits of liability of at least \$5 million in excess of the required commercial general liability and automobile liability limits, naming the United States and the State as additional insureds with respect to all liability arising out of the activities

performed by or on behalf of SDs pursuant to this CD. In addition, for the duration of this CD, SDs shall satisfy, or shall ensure that their contractors or subcontractors satisfy, all applicable laws and regulations regarding the provision of worker's compensation insurance for all persons performing the Work on behalf of SDs in furtherance of this CD. SDs shall provide to EPA and the State certificates of such insurance and a copy of each insurance policy. SDs shall resubmit such certificates and copies of policies each year on the anniversary of the Effective Date. If SDs demonstrate by evidence satisfactory to EPA and the State that any contractor or subcontractor maintains insurance equivalent to that described above, or insurance covering the same risks but in a lesser amount, then, with respect to that contractor or subcontractor, SDs need provide only that portion of the insurance described above that is not maintained by the contractor or subcontractor. SDs shall ensure that all submittals to EPA under this Paragraph identify the Lower Fox River and Green Bay Superfund Site and the civil action number of this case.

XI. FORCE MAJEURE

34. "Force majeure," for purposes of this CD, is defined as any event arising from causes beyond the control of SDs, of any entity controlled by SDs, or of SDs' contractors that delays or prevents the performance of any obligation under this CD despite SDs' best efforts to fulfill the obligation. The requirement that SDs exercise "best efforts to fulfill the obligation" includes using best efforts to anticipate any potential force majeure and best efforts to address the effects of any potential force majeure (a) as it is occurring and (b) following the potential force majeure such that the delay and any adverse effects of the delay are minimized to the greatest extent possible. "Force majeure" does not include financial inability to complete the Work or a failure to achieve the Performance Standards.

35. If any event occurs or has occurred that may delay the performance of any obligation under this CD for which SDs intend or may intend to assert a claim of force majeure, SDs shall notify WDNR's Project Coordinator and EPA's Project Coordinator orally or, in the event EPA's Project Coordinator is unavailable, the EPA Region 5 Superfund Division Director, within 48 hours of when SDs first knew that the event might cause a delay. Within five days thereafter, SDs shall provide in writing to EPA and WDNR an explanation and description of the reasons for the delay; the anticipated duration of the delay; all actions taken or to be taken to prevent or minimize the delay; a schedule for implementation of any measures to be taken to prevent or mitigate the delay or the effect of the delay; SDs' rationale for attributing such delay to a force majeure; and a statement as to whether, in the opinion of SDs, such event may cause or contribute to an endangerment to public health or welfare, or the environment. SDs shall include with any notice all available documentation supporting its claim that the delay was attributable to a force majeure. SDs shall be deemed to know of any circumstance of which SDs, any entity controlled by SDs, or SDs' contractors or subcontractors knew or should have known. Failure to comply with the above requirements regarding an event shall preclude SDs from asserting any claim of force majeure regarding that event, provided, however, that if EPA, despite the late or incomplete notice, is able to assess to its satisfaction whether the event is a force majeure under 34 and whether SDs have exercised its best efforts under ¶ 34, EPA may, in its unreviewable discretion, excuse in writing SDs' failure

to submit timely or complete notices under this Paragraph.

36. If EPA, after a reasonable opportunity for review and comment by WDNR, agrees that the delay or anticipated delay is attributable to a force majeure, the time for performance of the obligations under this CD that are affected by the force majeure will be extended by EPA, after a reasonable opportunity for review and comment by WDNR, for such time as is necessary to complete those obligations. An extension of the time for performance of the obligations affected by the force majeure shall not, of itself, extend the time for performance of any other obligation. If EPA, after a reasonable opportunity for review and comment by WDNR, does not agree that the delay or anticipated delay has been or will be caused by a force majeure, EPA will notify SDs in writing of its decision. If EPA, after a reasonable opportunity for review and comment by WDNR, agrees that the delay is attributable to a force majeure, EPA will notify SDs in writing of the length of the extension, if any, for performance of the obligations affected by the force majeure.

37. If an SD elects to invoke the dispute resolution procedures set forth in Section XII (Dispute Resolution) regarding EPA's decision, that SD shall do so no later than 15 days after receipt of EPA's notice. In any such proceeding, SDs shall have the burden of demonstrating by a preponderance of the evidence that the delay or anticipated delay has been or will be caused by a force majeure, that the duration of the delay or the extension sought was or will be warranted under the circumstances, that best efforts were exercised to avoid and mitigate the effects of the delay, and that SDs complied with the requirements of ¶¶ 34 and 35. If SDs carry this burden, the delay at issue shall be deemed not to be a violation by the SDs of the affected obligation of this CD identified to EPA and the Court.

38. The failure by EPA to timely complete any obligation under the CD or under the SOW is not a violation of the CD, provided, however, that if such failure prevents either SD from meeting one or more deadlines in the SOW, SDs may seek relief under this Section.

XII. DISPUTE RESOLUTION

39. Unless otherwise expressly provided for in this CD, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes regarding this CD. However, the procedures set forth in this Section shall not apply to actions by the United States or the State to enforce obligations of SDs that have not been disputed in accordance with this Section.

40. A dispute shall be considered to have arisen when one party sends the other parties a written Notice of Dispute. Any dispute regarding this CD shall in the first instance be the subject of informal negotiations between the parties to the dispute. The period for informal negotiations shall not exceed 20 days from the time the dispute arises, unless it is modified by written agreement of the parties to the dispute.

41. Statements of Position.

a. In the event that the parties cannot resolve a dispute by informal negotiations under the preceding Paragraph, then the position advanced by EPA shall be considered binding unless, within 30 days after the conclusion of the informal negotiation period, an SD invokes the formal dispute resolution procedures of this Section by serving on the United States and the State a written Statement of Position on the matter in dispute, including, but not limited to, any factual data, analysis, or opinion supporting that position and any supporting documentation relied upon by each SD. The Statement of Position shall specify each SD's position as to whether formal dispute resolution should proceed under ¶ 42 (Record Review) or ¶ 43.

b. Within 28 days after receipt of an SD's Statement of Position, EPA will serve on SDs its Statement of Position, including, but not limited to, any factual data, analysis, or opinion supporting that position and all supporting documentation relied upon by EPA. EPA's Statement of Position shall include a statement as to whether formal dispute resolution should

proceed under ¶ 42 (Record Review) or ¶ 43. Within 21 days after receipt of EPA's Statement of Position, each SD may submit a Reply.

c. If there is disagreement between EPA and either SD as to whether dispute resolution should proceed under ¶ 42 (Record Review) or ¶ 43, the parties to the dispute shall follow the procedures set forth in the Paragraph determined by EPA to be applicable. However, if either SD ultimately appeal to the Court to resolve the dispute, the Court shall determine which Paragraph is applicable in accordance with the standards of applicability set forth in ¶¶ 42 and 43.

42. Record Review. Formal dispute resolution for disputes pertaining to the selection or adequacy of any response action and all other disputes that are accorded review on the administrative record under applicable principles of administrative law shall be conducted pursuant to the procedures set forth in this Paragraph. For purposes of this Paragraph, the adequacy of any response action includes, without limitation, the adequacy or appropriateness of plans, procedures to implement plans, or any other items requiring approval by EPA under this CD, and the adequacy of the performance of response actions taken pursuant to this CD. Nothing in this CD shall be construed to allow any dispute by SDs regarding the validity of the RODs' provisions.

a. An administrative record of the dispute shall be maintained by EPA and shall contain all statements of position, including supporting documentation, submitted pursuant to this Section. Where appropriate, EPA may allow submission of supplemental statements of position by the parties to the dispute.

b. The EPA Region 5 Superfund Division Director will issue a final administrative decision resolving the dispute based on the administrative record described in ¶ 42.a. This decision shall be binding upon SDs, subject only to the right to seek judicial review pursuant to ¶¶ 42.c and 42.d.

c. Any administrative decision made by EPA pursuant to ¶ 42.b shall be reviewable by this Court, provided that a motion for judicial review of the decision is filed by either SD with the Court and served on all Parties within 30 days after receipt of EPA's decision. The motion shall include a description of the matter in dispute, the efforts made by the parties to resolve it, the relief requested, and the schedule, if any, within which the dispute must be resolved to ensure orderly implementation of this CD. The United States and the State may file responses to SD's motion.

d. In proceedings on any dispute governed by this Paragraph, SDs shall have the burden of demonstrating that the decision of the EPA Region 5 Superfund Division Director is arbitrary and capricious or otherwise not in accordance with law. Judicial review of EPA's decision shall be on the administrative record compiled pursuant to ¶ 42.a.

43. Formal dispute resolution for disputes that neither pertain to the selection or adequacy of any response action nor are otherwise accorded review on the administrative record under applicable principles of administrative law, shall be governed by this Paragraph.

a. The EPA Region 5 Superfund Division Director will issue a final decision resolving the dispute based on the statements of position and reply, if any, served under ¶ 41. The Superfund Division Director’s decision shall be binding on SDs unless, within 30 days after receipt of the decision, either SD files with the Court and serves on the parties a motion for judicial review of the decision setting forth the matter in dispute, the efforts made by the parties to resolve it, the relief requested, and the schedule, if any, within which the dispute must be resolved to ensure orderly implementation of the CD. The United States and the State may file responses to SD’s motion.

b. Judicial review of any dispute governed by this Paragraph shall be governed by applicable principles of law.

44. The invocation of formal dispute resolution procedures under this Section does not extend, postpone, or affect in any way any obligation of SDs under this CD, except as provided in ¶ 29 (Contesting Future Response Costs), as agreed by EPA, or as determined by the Court. Stipulated penalties with respect to the disputed matter shall continue to accrue, but payment shall be stayed pending resolution of the dispute, as provided in ¶ 53. Notwithstanding the stay of payment, stipulated penalties shall accrue from the first day of noncompliance with any applicable provision of this CD. In the event that SDs do not prevail on the disputed issue, stipulated penalties shall be assessed and paid as provided in Section XIII (Stipulated Penalties).

XIII. STIPULATED PENALTIES

45. SDs shall be liable to the United States and the State for stipulated penalties in the amounts set forth in ¶¶ 46, 47.a and 48 for failure to comply with the obligations specified in ¶¶ 46, 47.b and 48, unless excused under Section XI (Force Majeure). “Comply” as used in the previous sentence includes compliance by SDs with all applicable requirements of this CD, within the deadlines established under this CD. If an initially submitted or resubmitted

deliverable contains a material defect, and the deliverable is disapproved or modified by EPA under ¶ 6.6(a) (Initial Submissions) or ¶ 6.6(b) (Resubmissions) of the SOW due to such material defect, then the material defect shall constitute a lack of compliance for purposes of this Paragraph. Any stipulated penalties under ¶ 48 concerning payments due to the United States and/or the State shall be divided between the United States and the State in proportion to the amounts that are unpaid or overdue. Any other stipulated penalties under ¶ 46, 47.b, or 48 shall be divided evenly between the United States and the State.

46. Stipulated Penalty Amounts – Major Work Obligations. The following stipulated penalties shall accrue per violation per day for any noncompliance identified in the following table:

	Period of Noncompliance and Penalty Per Violation Per Day
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Obligations	1st through 14th day	15th through 30th day	31st day and beyond
Performance of the Remaining RA Work in accordance with any requirements imposed upon SDs by ¶ 6.d and 10 of the CD, the SOW, and the RA Work Plan	\$5,000	\$10,000	\$20,000
Performance of the Institutional Controls Work in accordance with any requirements imposed upon SDs by ¶¶ 6.e and 10 of the CD and the SOW	\$1,000	\$2,500	\$5,000
Performance of the Long-Term Monitoring and Maintenance Work in accordance with any requirements imposed upon SDs by ¶¶ 6.f and 10 of the CD and the SOW	\$1,000	\$2,500	\$5,000
Requirement to take response action as required by ¶ 11 of the CD and the SOW.	\$5,000	\$10,000	\$20,000

47. Stipulated Penalty Amounts - Payments, Financial Assurance, Major Deliverables, and Other Milestones.

a. The following stipulated penalties shall accrue per violation per day for any noncompliance identified in ¶ 47.b:

Period of Noncompliance	Penalty Per Violation Per Day
1st through 14th day	\$1,000
15th through 30th day	\$2,500
31st day and beyond	\$5,000

b. Obligations.

(1) Payment of any amount due under Section IX (Payments for Response Costs).

(2) Establishment and maintenance of financial assurance in accordance with Section VIII (Financial Assurance).

(3) Establishment of an escrow account to hold any disputed Future Response Costs under ¶ 29 (Contesting Future Response Costs).

48. Stipulated Penalty Amounts – Other Deliverables. The following stipulated penalties shall accrue per violation per day for failure to submit timely or adequate deliverables pursuant to the CD other than those specified in Paragraph 47.b:

Period of Noncompliance	Penalty Per Violation Per Day
1st through 14th day	\$500
15th through 30th day	\$1,000
31st day and beyond	\$2,000

49. In the event that EPA assumes performance of a portion or all of the Work pursuant to ¶ 66 (Work Takeover), SDs shall be liable for a stipulated penalty in the amount of \$600,000. Stipulated penalties under this Paragraph are in addition to the remedies available under ¶¶ 22 (Access to Financial Assurance) and 66 (Work Takeover).

50. All penalties shall begin to accrue on the day after the complete performance is due or the day a violation occurs and shall continue to accrue through the final day of the correction of the noncompliance or completion of the activity. However, stipulated penalties shall not accrue: (a) with respect to a deficient submission under ¶ 6.6 (Approval of Deliverables) of the SOW, during the period, if any, beginning on the 31st day after EPA's receipt of such submission until the date that EPA notifies SDs of any deficiency; (b) with respect to a decision by the EPA Region 5 Superfund Division Director under ¶ 42.b or 43.a of Section XII (Dispute Resolution), during the period, if any, beginning on the 21st day after the date that SDs' reply to EPA's Statement of Position is received until the date that the Director issues a final decision regarding such dispute; or (c) with respect to judicial review by this Court of any dispute under Section XII (Dispute Resolution), during the period, if any, beginning on the 31st day after the Court's receipt of the final submission regarding the dispute until the date that the Court issues a final decision regarding such dispute. Nothing in this CD shall prevent the simultaneous accrual of separate penalties for separate violations of this CD.

51. Following EPA's determination that SDs have failed to comply with a requirement of this CD, EPA may give SDs written notification of the same and describe the noncompliance. EPA and the State may send SDs a written demand for payment of the penalties. However, penalties shall accrue as provided in the preceding Paragraph regardless of whether EPA has notified SDs of a violation.

52. All penalties accruing under this Section shall be due and payable to the United States and the State within 30 days after SDs' receipt from EPA of a demand for payment of the penalties, unless SDs invoke the Dispute Resolution procedures under Section XII (Dispute Resolution) within the 30-day period. All payments to the United States and the State under this

Section shall indicate that the payment is for stipulated penalties and shall be made in accordance with ¶ 28.a (instructions for future response cost payments).

53. Penalties shall continue to accrue as provided in ¶ 50 during any dispute resolution period, but need not be paid until the following:

a. If the dispute is resolved by agreement of the parties or by a decision of EPA that is not appealed to this Court, accrued penalties determined to be owed shall be paid to EPA and the State within 15 days after the agreement or the receipt of EPA's decision or order;

b. If the dispute is appealed to this Court and the United States prevails in whole or in part, SDs shall pay all accrued penalties determined by the Court to be owed to EPA and the State within 60 days after receipt of the Court's decision or order, except as provided in ¶ 53.c;

c. If the District Court's decision is appealed by any Party, SDs shall pay all accrued penalties determined by the District Court to be owed to the United States and the State into an interest-bearing escrow account, established at a duly chartered bank or trust company that is insured by the FDIC, within 60 days after receipt of the Court's decision or order. Penalties shall be paid into this account as they continue to accrue, at least every 60 days. Within 15 days after receipt of the final appellate court decision, the escrow agent shall pay the balance of the account to EPA and the State or to SDs to the extent that they prevail.

54. If SDs fail to pay stipulated penalties when due, SDs shall pay Interest on the unpaid stipulated penalties as follows: (a) if SDs have timely invoked dispute resolution such that the obligation to pay stipulated penalties has been stayed pending the outcome of dispute resolution, Interest shall accrue from the date stipulated penalties are due pursuant to ¶ 53 until the date of payment; and (b) if SDs fail to timely invoke dispute resolution, Interest shall accrue from the date of demand under ¶ 52 until the date of payment. If SDs fails to pay stipulated

penalties and Interest when due, the United States or the State may institute proceedings to collect the penalties and Interest.

55. The payment of penalties and Interest, if any, shall not alter in any way SDs' obligation to complete the performance of the Work required under this CD.

56. Nothing in this CD shall be construed as prohibiting, altering, or in any way limiting the ability of the United States or the State to seek any other remedies or sanctions available by virtue of SDs' violation of this CD or of the statutes and regulations upon which it is based, including, but not limited to, penalties pursuant to Section 122(l) of CERCLA, 42 U.S.C. § 9622(l), provided, however, that the United States shall not seek civil penalties pursuant to Section 122(l) of CERCLA for any violation for which a stipulated penalty is collected pursuant to this CD.

57. Notwithstanding any other provision of this Section, the United States may, in its unreviewable discretion, waive any portion of stipulated penalties that have accrued pursuant to this CD.

XIV. COVENANTS BY PLAINTIFFS

58. Covenants for Glatfelter

a. **By the United States.** Except as provided in ¶¶ 60, 61 (Plaintiffs' Pre- and Post-Certification Reservations), and ¶¶ 63-65 (General Reservations of Rights and other reservations), the United States covenants not to sue or to take administrative action against Glatfelter or its Related Parties pursuant to Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607, Section 7003 of RCRA, 42 U.S.C. § 6973, and Section 311(f) of the Clean Water Act, 33 U.S.C. § 1321(f), relating to: (i) OUs 2-5; (ii) Past EPA Response Costs and Past State Response Costs; (iii) Future Non-OU 1 Federal Costs and Future Non-OU 1 State Costs; and (iv) Natural Resource Damages. Except with respect to future liability, these covenants shall take effect upon the Effective Date. With respect to future liability, these covenants shall take effect upon Certification of RA Completion by EPA pursuant to ¶ 4.5 (Certification of RA Completion) of the SOW. These covenants are conditioned upon the satisfactory performance by Glatfelter of its obligations under this CD. These covenants extend only to Glatfelter and its Related Parties and do not extend to any other person.

b. **By the State.** Except as provided in ¶¶ 60, 61 (Plaintiffs' Pre- and Post-Certification Reservations), and ¶¶ 63-65 (General Reservations of Rights and other reservations), the State covenants not to sue or to take administrative action against Glatfelter or its Related Parties pursuant to Section 107 of CERCLA 42 U.S.C. § 9607, Section 7002 of RCRA, 42 U.S.C. § 6972, Section 311(f) of the Clean Water Act, 33 U.S.C. § 1321(f), and Wisconsin statutory or common law, relating to: (i) OUs 2-5; (ii) Past EPA Response Costs and Past State Response Costs; (iii) Future Non-OU 1 Federal Costs and Future Non-OU 1 State Costs; and (iv) Natural Resource Damages. Except with respect to future liability, these covenants shall take effect upon the Effective Date. With respect to future liability, these

covenants shall take effect upon Certification of RA Completion by EPA pursuant to ¶ 4.5 (Certification of RA Completion) of the SOW. These covenants are conditioned upon the satisfactory performance by Glatfelter of its obligations under this CD. These covenants extend only to Glatfelter and its Related Parties and do not extend to any other person.

59. Covenants for Georgia-Pacific

a. **By the United States.** Except as provided in ¶¶ 60, 61 (Plaintiffs' Pre- and Post-Certification Reservations), and ¶¶ 63-65 (General Reservations of Rights and other reservations), the United States covenants not to sue or to take administrative action against Georgia-Pacific or its Related Parties pursuant to Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607, Section 7003 of RCRA, 42 U.S.C. § 6973, and Section 311(f) of the Clean Water Act, 33 U.S.C. § 1321(f), relating to the Site (other than for Natural Resource Damages, which shall be governed by ¶ 78.a and the 2004 Fort James Consent Decree). Except with respect to future liability, these covenants shall take effect upon the Effective Date. With respect to

future liability, these covenants shall take effect upon Certification of RA Completion by EPA pursuant to ¶ 4.5 (Certification of RA Completion) of the SOW. These covenants are conditioned upon the satisfactory performance by Georgia-Pacific of its obligations under this CD. These covenants extend only to Georgia-Pacific and its Related Parties and do not extend to any other person.

b. **By the State.** Except as provided in ¶¶ 60, 61 (Plaintiffs' Pre- and Post-Certification Reservations), and ¶¶ 63-65 (General Reservations of Rights and other reservations), the State covenants not to sue or to take administrative action against Georgia-Pacific or its Related Parties pursuant to Section 107 of CERCLA 42 U.S.C. § 9607, Section 7002 of RCRA, 42 U.S.C. § 6972, Section 311(f) of the Clean Water Act, 33 U.S.C. § 1321(f), and Wisconsin statutory or common law, relating to: the Site (other than for Natural Resource Damages, which shall be governed by ¶ 78.a and the 2004 Fort James Consent Decree). Except with respect to future liability, these covenants shall take effect upon the Effective Date. With respect to future liability, these covenants shall take effect upon Certification of RA Completion by EPA pursuant to ¶ 4.5 (Certification of RA Completion) of the SOW. These covenants are conditioned upon the satisfactory performance by Georgia-Pacific of its obligations under this CD. These covenants extend only to Georgia-Pacific and its Related Parties and do not extend to any other person.

60. Plaintiffs' Pre-Certification Reservations.

a. **As to Glatfelter.** Notwithstanding any other provision of this CD, the United States and the State reserve, and this CD is without prejudice to, the right to institute proceedings in this action or in a new action, and/or to issue an administrative order, seeking to compel Glatfelter to perform further response actions relating to OUs 2-5 and/or to pay the United States and the State for additional costs of response if, (a) prior to Certification of RA Completion, (1) conditions at the OUs 2-5, previously unknown to EPA, are discovered, or information, previously unknown to EPA, is received, in whole or in part, and (b) EPA

determines that these previously unknown conditions or information together with any other relevant information indicates that the RA is not protective of human health or the environment.

b. **As to Georgia-Pacific.** Notwithstanding any other provision of this CD, the United States and the State reserve, and this CD is without prejudice to, the right to institute proceedings in this action or in a new action, and/or to issue an administrative order, seeking to compel Georgia-Pacific to perform further response actions relating to the Site and/or to pay the United States and the State for additional costs of response if, (a) prior to Certification of RA Completion, (1) conditions at the Site, previously unknown to EPA, are discovered, or (2) information, previously unknown to EPA, is received, in whole or in part, and (b) EPA determines that these previously unknown conditions or information together with any other relevant information indicates that the RA is not protective of human health or the environment.

61. Plaintiffs' Post-Certification Reservations.

a. **As to Glatfelter.** Notwithstanding any other provision of this CD, the United States and the State reserve, and this CD is without prejudice to, the right to institute proceedings in this action or in a new action, and/or to issue an administrative order, seeking to compel SDs to perform further response actions relating to OUs 2-5 and/or to pay the United States and the State for additional costs of response if, (a) subsequent to Certification of RA Completion, (1) conditions at OUs 2-5, previously unknown to EPA, are discovered, or (2) information, previously unknown to EPA, is received, in whole or in part, and (b) EPA determines that these previously unknown conditions or this information together with other relevant information indicate that the RA is not protective of human health or the environment.

b. **As to Georgia-Pacific.** Notwithstanding any other provision of this CD, the United States and the State reserve, and this CD is without prejudice to, the right to institute proceedings in this action or in a new action, and/or to issue an administrative order, seeking to compel SDs to perform further response actions relating to the Site and/or to pay the United States and the State for additional costs of response if, (a) subsequent to Certification of RA Completion, (1) conditions at the Site, previously unknown to EPA, are discovered, or (2) information, previously unknown to EPA, is received, in whole or in part, and (b) EPA determines that these previously unknown conditions or this information together with other relevant information indicate that the RA is not protective of human health or the environment.

62. For purposes of ¶ 60 (Plaintiffs' Pre-Certification Reservations), the information and the conditions known to EPA will include only that information and those conditions known to EPA as set forth in the Site Administrative Record and UAO Administrative Record (as indexed in Dkt. 474-2) and any other information received by EPA pursuant to the requirements of the UAO, the Phase 1 Consent Decree, or the 2004 Administrative Order on Consent for Remedial Design of Operable Units 2-5 (and the 2007 Amended Administrative Settlement Agreement and Order on Consent for Remedial Design of Operable Units 2-5) prior to the Date of Lodging. For purposes of ¶ 61 (Plaintiffs' Post-Certification Reservations), the information and the conditions known to EPA shall include only that information and those conditions known to EPA as of the date of Certification of RA Completion and set forth in the Site Administrative

Record and the UAO Administrative Record (including any additions to the those administrative records after issuance of the RODs), or in any information received by EPA pursuant to the requirements of this CD, the UAO, the Phase 1 Consent Decree, or the RD AOC prior to Certification of RA Completion.

63. **General Reservations of Rights.** The United States and the State reserve, and this CD is without prejudice to, all rights against SDs and their Related Parties with respect to all matters not expressly included within Plaintiffs' covenants. Notwithstanding any other provision of this CD, the United States and the State reserve all rights against SDs and their Related Parties with respect to:

- a. liability for failure by SDs to meet a requirement of this CD;
- b. liability arising from the past, present, or future disposal, release, or threat of release of Waste Material outside of the Site;

c. liability based on SDs' future transportation, treatment, storage, discharge, or disposal, or arrangement for transportation, treatment, storage, discharge, or disposal of Waste Material at or in connection with the Site, other than as provided in the RODs, the Work, or otherwise ordered by EPA, after signature of this CD by SDs;

d. liability for damages for injury to, destruction of, or loss of natural resources resulting from releases or threatened releases of Waste Material outside of the Site;

e. criminal liability;

f. liability for violations of federal or state law that occur during or after implementation of the Work; and

g. liability, prior to achievement of Performance Standards, for additional response actions that EPA determines are necessary to achieve and maintain Performance Standards or to carry out and maintain the effectiveness of the remedy set forth in the ROD, but that cannot be required pursuant to ¶ 13 (Modification of SOW or Related Deliverables).

64. Plaintiffs' Reservations Against Glatfelter for Unknown NRD Conditions and New NRD Information. Notwithstanding any other provision of this Consent Decree, the United States and the State reserve the right to institute proceedings against Glatfelter in this action or in a new action seeking recovery of Natural Resource Damages, based on: (1) conditions with respect to the Site, unknown to DOI and WDNR as of the Date of Lodging, that result in releases of hazardous substances that contribute to injury to, destruction of, or loss of Natural Resources ("Unknown NRD Conditions"), or (2) information received by DOI and WDNR after the Date of Lodging which indicates that the releases of hazardous substances at the Site have resulted in injury to, destruction of, or loss of Natural Resources of a type or future persistence that was unknown to the Trustees as of the date of lodging of this Consent Decree ("New NRD Information"). The following shall not be considered Unknown NRD Conditions or New NRD Information for the purpose of this Paragraph: (1) an increase solely in any trustee's

assessment of the magnitude of a known injury to, destruction of, or loss of Natural Resources at the Site; or (2) injury to, destruction of, or loss of Natural Resources at the Site arising from the re-exposure, resuspension, or migration of hazardous substances known to be present in the sediments of the Site. For the purpose of this Paragraph, the information and conditions known to the trustees shall include any information or conditions listed or identified in records relating to the Site that were in the possession or under the control of DOI or WDNR as of the Date of Lodging of this Consent Decree.

65. Additional Reservation for Hazardous Substances Other than PCBs.

Notwithstanding any other provision in this Consent Decree, the United States and the State reserve, and this Consent Decree is without prejudice to, the right to institute proceedings against SDs in this action or in a new action or to issue an administrative order to SDs seeking to compel SDs to perform future response actions relating to the Site, seeking payment of future costs of response incurred by EPA or WDNR, and/or seeking Glatfelter's payment of additional sums for Natural Resource Damages, to the extent that such response actions, response costs, or Natural Resource Damages relate to a hazardous substance (or hazardous substances) other than PCBs.

The reservation in this Paragraph shall not be construed to require the SDs to perform or reimburse costs of the remedial action prescribed by the existing RODs for the Site.

66. Work Takeover.

a. In the event EPA determines that SDs: (1) have ceased implementation of any portion of the Work; (2) are seriously or repeatedly deficient or late in their performance of the Work; or (3) are implementing the Work in a manner that may cause an endangerment to human health or the environment, EPA may issue a written notice (“Work Takeover Notice”) to SDs. Any Work Takeover Notice issued by EPA will specify the grounds upon which such notice was issued and will provide SDs a period of 10 days within which to remedy the circumstances giving rise to EPA’s issuance of such notice.

b. If, after expiration of the 10-day notice period specified in ¶ 66.a, SDs have not remedied to EPA’s satisfaction the circumstances giving rise to EPA’s issuance of the relevant Work Takeover Notice, EPA may at any time thereafter assume the performance of all or any portion(s) of the Work as EPA deems necessary (“Work Takeover”). EPA will notify SDs in writing (which writing may be electronic) if EPA determines that implementation of a Work Takeover is warranted under this ¶ 66.b. Funding of Work Takeover costs is addressed under ¶ 22 (Access to Financial Assurance).

c. SDs may invoke the procedures set forth in ¶ 42 (Record Review), to dispute EPA’s implementation of a Work Takeover under ¶ 66.b. However, notwithstanding SDs’ invocation of such dispute resolution procedures, and during the pendency of any such dispute, EPA may in its sole discretion commence and continue a Work Takeover under ¶ 66.b until the earlier of (1) the date that SDs remedy, to EPA’s satisfaction, the circumstances giving rise to EPA’s issuance of the relevant Work Takeover Notice, or (2) the date that a final decision is rendered in accordance with ¶ 42 (Record Review) requiring EPA to terminate such Work Takeover.

67. Notwithstanding any other provision of this CD, the United States and the State retain all authority and reserve all rights to take any and all response actions authorized by law.

XV. COVENANTS BY SDs

68. Covenants by SDs. Subject to the reservations in ¶ 70, SDs covenant not to sue and agree not to assert any claims or causes of action against the United States or the State with respect to the Site, and this CD, including, but not limited to:

a. any direct or indirect claim for reimbursement from the EPA Hazardous Substance Superfund through CERCLA §§ 106(b)(2), 107, 111, 112 or 113, or any other provision of law, regarding the Site or this CD;

b. any claims under CERCLA §§ 107 or 113, RCRA Section 7002(a), 42 U.S.C. § 6972(a), or state law regarding the Site or this CD; or

c. any claims arising out of response actions at or in connection with the Site, including any claim under the United States Constitution, the Wisconsin Constitution, the Tucker Act, 28 U.S.C. § 1491, the Equal Access to Justice Act, 28 U.S.C. § 2412, or at common law.

69. Except as provided in ¶¶ 72 (Waiver of Claims by SDs) and 77 (Res Judicata and Other Defenses), the covenants in this Section shall not apply if the United States or the State brings a cause of action or issues an order against SDs pursuant to any of the reservations in Section XIV (Covenants by Plaintiffs), other than in ¶¶ 63.a (claims for failure to meet a requirement of the CD), 63.e (criminal liability), and 63.f (violations of federal/state law during or after implementation of the Work), but only to the extent that the SDs' claims arise from the same response action, response costs, or damages that the United States or the State is seeking pursuant to the applicable reservation.

70. SDs reserves, and this CD is without prejudice to, claims against the United States, subject to the provisions of Chapter 171 of Title 28 of the United States Code, and brought pursuant to any statute other than CERCLA or RCRA and for which the waiver of sovereign immunity is found in a statute other than CERCLA or RCRA, for money damages for injury or loss of property or personal injury or death caused by the negligent or wrongful act or omission of any employee of the United States, as that term is defined in 28 U.S.C. § 2671, while acting within the scope of his or her office or employment under circumstances where the United States, if a private person, would be liable to the claimant in accordance with the law of the place where the act or omission occurred. However, the foregoing shall not include any claim based on EPA's selection of response actions, or the oversight or approval of SDs' deliverables or activities.

71. Nothing in this CD shall be deemed to constitute approval or preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611, or 40 C.F.R. § 300.700(d).

72. Waiver of Claims by SDs.

a. Subject to the reservations in this ¶ 72, SDs waive, release, and agree not to assert any claims or causes of action (including but not limited to claims for contribution under CERCLA) that they may have for all matters relating to the release of PCBs to the Site against any other person who is a potentially responsible party under CERCLA at the Site. This waiver includes, but is not limited to, any asserted or unasserted claims or causes of action by SDs, whether in this action, the *Whiting* Case, or any future action related to the Site, for recovery of its Fox River Group costs based on contract law or any other theory of recovery.

b. The waiver in ¶ 72.a shall not apply to any claims that SDs may have against a Specified Defendant, including but not limited to any claim for Fox River Group costs, if a Specified Defendant pursues a claim of any type based on any theory relating to this Site against SDs.

c. The waiver in ¶ 72.a shall not apply to any claim that SDs may have against a Specified Defendant, including but not limited to any claim for Fox River Group costs, if a Specified Defendant is liable for Remaining RA Work or Interim Institutional Controls Work and fails to or perform any portion of such work in a manner that triggers a written demand and SDs' obligation to pay such costs or perform such work pursuant to ¶ 6.d or 6.e(2).

d. The waiver in ¶ 72.a shall not apply to any claims that SDs may have as a result of the Plaintiffs' exercising any rights against the SDs pursuant to ¶ 60, 61, or 63-65.

e. The waiver in ¶ 72.a shall not apply to any claims that SDs may have against their own insurance carriers or indemnitors.

f. The claim waivers in this ¶ 72 shall take effect upon the Effective Date, but are conditioned on this CD's continued effectiveness. Nothing in this ¶ 72 is intended to diminish the contribution protection provided to the SDs by this CD or any other consent decree or administrative settlement agreement relating to this Site.

73. SDs agree not to seek judicial review of a final rule listing the Site on the NPL based on a claim that changed site conditions that resulted from performance of work under the UAO or the performance Work under this CD in any way affected the basis for listing the Site.

XVI. EFFECT OF SETTLEMENT; CONTRIBUTION

74. Except as provided in ¶ 72 (Waiver of Claims by SDs) and the provisions concerning Settling Defendants' Related Parties, nothing in this CD shall be construed to create any rights in, or grant any cause of action to, any person not a Party to this CD. Except as provided in Section XV (Covenants by SDs), each of the Parties expressly reserves any and all rights (including, but not limited to, pursuant to Section 113 of CERCLA, 42 U.S.C. § 9613), defenses, claims, demands, and causes of action that each Party may have with respect to any matter, transaction, or occurrence relating in any way to the Site against any person not a Party hereto. Nothing in this CD diminishes the right of the United States or the State, pursuant to

Section 113(f)(2) and (3) of CERCLA, 42 U.S.C. § 9613(f)(2)-(3), to pursue any such persons to obtain additional response costs or response action and to enter into settlements that give rise to contribution protection pursuant to Section 113(f)(2).

75. The Parties agree, and by entering this CD this Court finds, that this CD constitutes a judicially-approved settlement pursuant to which each SDs and their Related Parties has, as of the Effective Date, resolved liability to the United States within the meaning of Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2), and is entitled, as of the Effective Date, to protection from contribution actions or claims as provided by Section 113(f)(2) of CERCLA, or as may be otherwise provided by law, for the "matters addressed" in this CD.

a. For Glatfelter, the "matters addressed" in this CD are: (i) all response actions taken or to be taken and all response costs incurred or to be incurred, at or in connection with OUs 2-5, by the United States, the State, or any other person; (ii) Past EPA Response Costs and Past State Response Costs; (iii) Future Non-OU 1 Federal Costs and Future Non-OU 1 State Costs; and (iv) Natural Resource Damages. However, if the United States or the State exercises

rights against Glatfelter under the reservations in Section XIV (Covenants by Plaintiffs), other than in ¶¶ 63.a (claims for failure to meet a requirement of the CD), 63.e (criminal liability), and 63.f (violations of federal/state law during or after implementation of the Work), the “matters addressed” in this CD will no longer include those particular response costs or response actions or natural resource damages that are within the scope of the exercised reservation.

b. For Georgia- Pacific, the “matters addressed” in this CD are all response actions taken or to be taken and all response costs incurred or to be incurred, at or in connection with the Site, by the United States, the State, or any other person. However, if the United States or the State exercises rights against Georgia-Pacific under the reservations in Section XIV (Covenants by Plaintiffs), other than in ¶¶ 63.a (claims for failure to meet a requirement of the CD), 63.e (criminal liability), and 63.f (violations of federal/state law during or after implementation of the Work), the “matters addressed” in this CD will no longer include those particular response costs or response actions that are within the scope of the exercised reservation.

76. The Parties further agree, and by entering this CD this Court finds, that the complaint filed by the United States and the State in this action is a civil action within the meaning of Section 113(f)(1) of CERCLA, 42 U.S.C. § 9613(f)(1), and that this CD constitutes a judicially-approved settlement pursuant to which SDs have, as of the Effective Date, resolved liability to the United States and the State within the meaning of Section 113(f)(3)(B) of CERCLA, 42 U.S.C. § 9613(f)(3)(B).

77. Res Judicata and Other Defenses. In any subsequent administrative or judicial proceeding initiated by the United States or the State for injunctive relief, recovery of response costs, or other appropriate relief relating to the Site, SDs shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by the United States or the State in the subsequent proceeding were or should have been brought in

the instant case; provided, however, that nothing in this Paragraph affects the enforceability of the covenants not to sue set forth in Section XIV (Covenants by Plaintiffs).

XVII. RELATIONSHIP TO OTHER SETTLEMENTS WITH SDs

78. As to Georgia-Pacific.

a. Georgia-Pacific’s commitments and resolution of liability for Natural Resource Damages shall continue to be governed by the 2004 Fort James Consent Decree.

b. This CD shall not be construed to modify, replace, or extinguish any commitments, requirements, rights, or obligations arising under the Plaintiffs’ prior settlements with Georgia-Pacific and its corporate predecessors, except as follows:

Sections XIV (Covenants By Plaintiffs), XV (Covenants By SDs), and XVI (Effect of Settlement; Contribution) of this CD shall supersede and replace Sections VII (Covenants Not to Sue By Plaintiffs),

VIII (Covenants By Settling Defendant), and XVI (Effect of Settlement/Contribution) of the 2011 Georgia-Pacific Consent Decree.

For the avoidance of doubt, this CD shall not be construed to modify, replace, or extinguish any other requirements, rights, or obligations arising under the 2011 Georgia-Pacific Consent Decree.

79. As to Glatfelter.

a. Glatfelter's commitments and resolution of liability for OU 1 shall continue to be governed by the OU 1 Consent Decree.

b. This CD shall not be construed to modify, replace, or extinguish any commitments, requirements, rights, and obligations arising under the OU 1 Consent Decree.

XVIII. ACCESS TO INFORMATION

80. SDs shall provide to EPA and the State, upon request, copies of all records, reports, documents, and other information (including records, reports, documents, and other information in electronic form) (hereinafter referred to as "Records") within SDs' possession or control or that of its contractors or agents relating to activities at the Site or to the implementation of this CD, including, but not limited to, sampling, analysis, chain of custody records, manifests, trucking logs, receipts, reports, sample traffic routing, correspondence, or other documents or information regarding the Work. SDs shall also make available to EPA and the State, for purposes of investigation, information gathering, or testimony, its employees, agents, or representatives with knowledge of relevant facts concerning the performance of the Work.

81. Privileged and Protected Claims.

a. SDs may assert that all or part of a Record requested by Plaintiffs is privileged or protected as provided under federal law, in lieu of providing the Record, provided SDs comply with ¶ 81.b, and except as provided in ¶ 81.c.

b. If SDs assert a claim of privilege or protection, SDs shall provide Plaintiffs with the following information regarding such Record: its title; its date; the name, title, affiliation (e.g., company or firm), and address of the author, of each addressee, and of each recipient; a description of the Record's contents; and the privilege or protection asserted. If a claim of privilege or protection applies only to a portion of a Record, SDs shall provide the Record to Plaintiffs in redacted form to mask the privileged or protected portion only. SDs shall retain all Records that they claim to be privileged or protected until Plaintiffs have had a reasonable opportunity to dispute the privilege or protection claim and any such dispute has been resolved in the SDs' favor.

c. SDs may make no claim of privilege or protection regarding: (1) any data regarding the Site, including, but not limited to, all sampling, analytical, monitoring, hydrogeologic, scientific, chemical, radiological or engineering data, or the portion of any other Record that evidences conditions at or around the Site; or (2) the portion of any Record that SDs are required to create or generate pursuant to this CD.

82. **Business Confidential Claims.** SDs may assert that all or part of a Record provided to Plaintiffs under this Section or Section XIX (Retention of Records) is business confidential to the extent permitted by and in accordance with Section 104(e)(7) of CERCLA, 42 U.S.C. § 9604(e)(7), and 40 C.F.R. § 2.203(b). SDs shall segregate and clearly identify all Records or parts thereof submitted under this CD for which SDs assert business confidentiality claims. Records that SDs claim to be confidential business information will be afforded the protection specified in 40 C.F.R. Part 2, Subpart B. If no claim of confidentiality accompanies Records when they are submitted to EPA and the State, or if EPA has notified SDs that the Records are not confidential under the standards of Section 104(e)(7) of CERCLA or 40 C.F.R. Part 2, Subpart B, the public may be given access to such Records without further notice to SDs.

83. If relevant to the proceeding, the Parties agree that validated sampling or monitoring data generated in accordance with the SOW and reviewed and approved by EPA shall be admissible as evidence, without objection, in any proceeding under this CD.

84. Notwithstanding any provision of this CD, Plaintiffs retain all of their information gathering and inspection authorities and rights, including enforcement actions related thereto, under CERCLA, RCRA, and any other applicable statutes or regulations.

XIX. RETENTION OF RECORDS

85. Until 10 years after EPA's Certification of Work Completion under ¶ 4.8 (Certification of Work Completion) of the SOW, SDs shall preserve and retain all non-identical copies of Records (including Records in electronic form) now in its possession or control or that come into its possession or control that relate in any manner to its liability under CERCLA with respect to the Site. SDs must also retain, and instruct its contractors and agents to preserve, for the same period of time specified above all non-identical copies of the last draft or final version of any Records (including Records in electronic form) now in its possession or control or that come into its possession or control that relate in any manner to the performance of the Work, provided, however, that SDs (and their contractors and agents) must retain, in addition, copies of all data generated during the performance of the Work and not contained in the aforementioned Records required to be retained. Each of the above record retention requirements shall apply regardless of any corporate retention policy to the contrary.

86. At the conclusion of this record retention period, SDs shall notify the United States and the State at least 90 days prior to the destruction of any such Records, and, upon request by the United States or the State, and except as provided in ¶ 81 (Privileged and Protected Claims), SDs shall deliver any such Records to EPA or the State.

87. Each Settling Defendant certifies individually that, to the best of its knowledge and belief, after thorough inquiry, it has not altered, mutilated, discarded, destroyed, or otherwise disposed of any Records (other than identical copies) relating to its potential liability regarding the Site since notification of potential liability by the United States or the State and that it has fully complied with any and all requests for information regarding the Site by the United States and the State pursuant to Sections 104(e) and 122(e)(3)(B) of CERCLA, 42 U.S.C. §§ 9604(e) and 9622(e)(3)(B), and Section 3007 of RCRA, 42 U.S.C. § 6927, and state law.

XX. NOTICES AND SUBMISSIONS

88. All approvals, consents, deliverables, modifications, notices, notifications, objections, proposals, reports, and requests specified in this CD must be in writing unless otherwise specified. Whenever, under this CD, notice is required to be given, or a report or other document is required to be sent, by one Party to another, it must be directed to the person(s) specified below at the address(es) specified below. Any Party may change the person and/or address applicable to it by providing notice of such change to all Parties. All notices under this Section are effective upon receipt, unless otherwise specified. Notices required to be sent to EPA, and not to the United States, should not be sent to the DOJ. Except as otherwise provided, notice to a Party by email (if that option is provided below) or by regular mail in accordance with this Section satisfies any notice requirement of the CD regarding such Party.

As to the United States:

EES Case Management Unit
U.S. Department of Justice
Environment and Natural Resources Division
P.O. Box 7611
Washington, D.C. 20044-7611
eesdcopy.enrd@usdoj.gov
Re: DJ # 90-11-2-1045/3

As to EPA:

Superfund Division Director
U.S. Environmental Protection Agency, Region 5 77
West Jackson Blvd. (SR-6J)
Chicago, IL 60604-3590

and:

Pablo Valentin
EPA Project Coordinator
U.S. Environmental Protection Agency, Region 5 77
West Jackson Blvd. (SR-6J)
Chicago, IL 60604-3590 valentin.pablo@epa.gov

**As to the EPA Regional Financial
Management Officer:**

Chief, Program Accounting and Analysis Section
U.S. Environmental Protection Agency, Region 5
77 West Jackson Blvd. (MF-10J)
Chicago, IL 60604-3590

As to EPA Cincinnati Finance Center:

EPA Cincinnati Finance Center
26 W. Martin Luther King Drive
Cincinnati, Ohio 45268
cinwd_acctsreceivable@epa.gov

As to the State:

Beth Olson
State Project Coordinator
Wisconsin Department of Natural Resources
2984 Shawano Ave.
Green Bay, WI 543136727
beth.olson@wisconsin.gov

and

Lorraine C. Stoltzfus
Assistant Attorneys General
Wisconsin Department of Justice
P.O. Box 7857
Madison, WI 53707-7857
stoltzfuslc@doj.state.wi.us

As to Glatfelter:

Kent K. Matsumoto
Vice-President, General Counsel and Secretary
P. H. Glatfelter Company
96 South George Street, Suite 500
York, PA 17401-1434

and

David G. Mandelbaum
Greenberg Traurig, LLP
1717 Arch Street, Suite 400
Philadelphia, PA 19103

As to Georgia-Pacific:

J. Michael Davis
Assistant General Counsel – Environmental
Georgia-Pacific LLC
133 Peachtree Street, NE
Atlanta, GA 30303

and

John N. Hanson
Beveridge & Diamond, P.C.
1350 I Street, NW – Suite 700
Washington, DC 20005

XXI. RETENTION OF JURISDICTION

89. This Court retains jurisdiction over both the subject matter of this CD and SDs for the duration of the performance of the terms and provisions of this CD for the purpose of enabling any of the Parties to apply to the Court at any time for such further order, direction, and relief as may be necessary or appropriate for the construction or modification of this CD, or to effectuate or enforce compliance with its terms, or to resolve disputes in accordance with Section XII (Dispute Resolution).

XXII. APPENDICES

90. The following appendices are incorporated into this CD:

<u>Appendix</u>	<u>Document Reference</u>	<u>Description</u>
Appendix 1	Attachment 1 to this CD	Map of the Site
Appendix 2	Attachment 2 to this CD	Map depicting the dividing line between Upper OU 4 and Lower OU 4
Appendix 3	Attachment 3 to this CD	Map depicting certain monitoring areas that overlap Upper OU 4 and Lower OU 4
Appendix 4	Attachment 4 to this CD	Future GFP Payments and Declining Balances
Appendix 5	Attachment 5 to this CD	Statement of Work

Appendix 6	Dkt. 439-12	December 2002 Record of Decision for OUs 1 and 2
Appendix 7	Dkt. 404-2	June 2003 Record of Decision for OUs 3-5
Appendix 8	Dkt. 276-6	June 2007 Record of Decision Amendment for OU 2 (Deposit DD), OU 3, OU 4, and OU 5 (River Mouth)
Appendix 9	Dkt. 439-18	June 2008 Record of Decision Amendment for OU 1 (Dkt. 439-18);
Appendix 10	Dkt. 404-4	February 2010 Explanation of Significant Differences for OU 2, OU 3, OU 4, and OU 5 (River Mouth)
Appendix 11	Dkt. 439-10	June 2012 Memorandum to File regarding Minor Change to Selected Remedy
Appendix 12	2012 Tr. Ex. 2000-2014	100% Design (including its Appendices)
Appendix 13	Dkt. 1056-1	UAO (including UAO Statements of Work)

XXIII. MODIFICATION

91. Except as provided in ¶ 13 (Modification of SOW or Related Deliverables) and ¶ 92, material modifications to this CD, including the SOW, shall be in writing, signed by the United States and SDs, and shall be effective upon approval by the Court. Except as provided in ¶ 13 and ¶ 92, non-material modifications to this CD, including the SOW, shall be in writing and shall be effective when signed by duly authorized representatives of the United States and SDs. All modifications to the CD, other than the SOW, also shall be signed by the State, or a duly authorized representative of the State, as appropriate. A modification to the SOW shall be considered material if it implements an amendment to the RODs that fundamentally alters the basic features of the selected remedy within the meaning of 40 C.F.R. § 300.435(c)(2)(ii). Before providing its approval to any modification to the SOW, the United States will provide the State with a reasonable opportunity to review and comment on the proposed modification.

92. Any modification that does not affect the obligations of or the protections afforded to one Settling Defendant may be executed without the signature of that Settling Defendant.

93. Nothing in this CD shall be deemed to alter the Court's power to enforce, supervise, or approve modifications to this CD.

XXIV. LODGING AND OPPORTUNITY FOR PUBLIC COMMENT

94. This CD shall be lodged with the Court for at least 30 days for public notice and comment in accordance with Section 122(d)(2) of CERCLA, 42 U.S.C. § 9622(d)(2), and 28 C.F.R. § 50.7. The United States reserves the right to withdraw or withhold its consent if the comments regarding the CD disclose facts or considerations that indicate that the CD is inappropriate, improper, or inadequate. SDs consent to the entry of this CD without further notice.

95. If for any reason the Court should decline to approve this CD in the form presented, this agreement is voidable at the sole discretion of any Party and the terms of the agreement may not be used as evidence in any litigation between the Parties.

XXV. SIGNATORIES/SERVICE/EFFECTIVENESS

96. Each undersigned representative of a Settling Defendant under this CD, the undersigned delegated official within the Environment and Natural Resources Division of the Department of Justice, and each undersigned representative of the State certifies that he or she is fully authorized to enter into the terms and conditions of this CD and to execute and legally bind such Party to this document.

97. Each Settling Defendant agrees not to oppose entry of this CD by this Court or to challenge any provision of this CD unless the United States has notified SDs in writing that it no longer supports entry of the CD.

98. Each Settling Defendant shall identify, on the attached signature page, the name, address, and telephone number of an agent who is authorized to accept service of process by mail on behalf of that Party with respect to all matters arising under or relating to this CD. SDs agree to accept service in that manner and to waive the formal service requirements set forth in Rule 4 of the Federal Rules of Civil Procedure and any applicable local rules of this Court, including, but not limited to, service of a summons.

99. The Effective Date of this CD shall be the date upon which the approval of this CD is recorded on the Court's docket; provided, however, that SDs hereby stipulate and agree that they shall be bound upon the Date of Lodging to comply with obligations of SDs specified in this CD that arise before the date upon which this CD is entered by the Court. The Parties to this CD understand and expect that Work under this CD, including RA Work, needs to commence and continue before and through the CD's Effective Date. The United States contends that the continuation of that Work is not only required by this CD, but also by the UAO. In the event the United States withdraws or withholds consent to the Consent Decree before entry, or the Court declines to enter the Consent Decree, then the preceding requirement to comply with requirements of the Consent Decree upon the Date of Lodging shall terminate.

XXVI. FINAL JUDGMENT

100. This CD and its appendices constitute the final, complete, and exclusive agreement and understanding among the Parties regarding the settlement embodied in the CD. The Parties acknowledge that there are no representations, agreements, or understandings relating to this settlement other than those expressly contained in this CD.

101. Upon entry of this CD by the Court, this CD shall constitute a final judgment between and among the United States, the State, and SDs. The Court finds that there is no just reason for delay and therefore enters this judgment as a final judgment under Fed. R. Civ. P. 54 and 58.

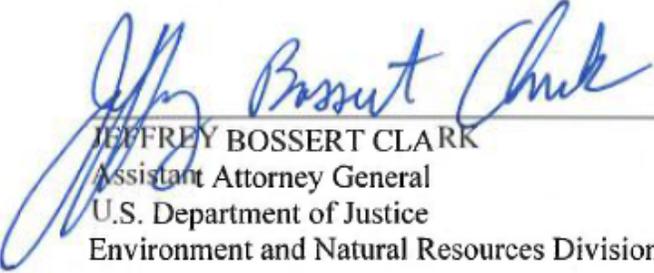
SO ORDERED THIS 14th DAY OF March, 2019.

s/William C. Griesbach
WILLIAM C. GRIESBACH, Chief Judge
United States District Court – WIED

Signature Page for Consent Decree with P. H. Glatfelter Company and Georgia-Pacific Consumer Products LP regarding the Lower Fox River and Green Bay Superfund Site

FOR THE UNITED STATES OF AMERICA:

12/27/18
Dated


JEFFREY BOSSERT CLARK
Assistant Attorney General
U.S. Department of Justice
Environment and Natural Resources Division

1/2/2018
Dated


RANDALL M. STONE, Senior Attorney
KRISTIN M. FURRIE, Senior Counsel
U.S. Department of Justice
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Environmental Enforcement Section
P.O. Box 7611
Washington, D.C. 20044-7611
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United States Attorney
Eastern District of Wisconsin

SUSAN M. KNEPEL
Civil Division Chief
Eastern District of Wisconsin
517 E. Wisconsin Ave., Ste. 530
Milwaukee, WI 53202

Signature Page for Consent Decree with P. H. Glatfelter Company and Georgia-Pacific Consumer Products LP regarding the Lower Fox River and Green Bay Superfund Site

12-13-2018
Dated



THOMAS RICHARD SHORT JR.
Acting Superfund Division Director
U.S. Environmental Protection Agency, Region 5
77 W. Jackson Blvd.
Chicago, IL 60604

12-7-18
Dated



RICHARD M. MURAWSKI
Associate Regional Counsel
U.S. Environmental Protection Agency, Region 5
77 W. Jackson Blvd.
Chicago, IL 60604

Signature Page for Consent Decree with P. H. Glatfelter Company and Georgia-Pacific Consumer Products LP regarding the Lower Fox River and Green Bay Superfund Site

FOR THE STATE OF WISCONSIN:

12/14/18

Dated



DANIEL MEYER

Secretary

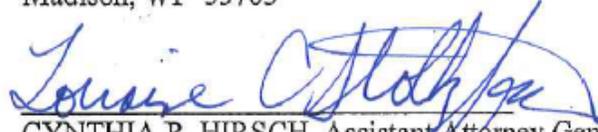
Wisconsin Department of Natural Resources

1001 South Webster Street

Madison, WI 53703

12/14/2018

Dated



CYNTHIA R. HIRSCH, Assistant Attorney General

LORRAINE C. STOLTZFUS, Assistant Attorney General

Wisconsin Department of Justice

P.O. Box 7857

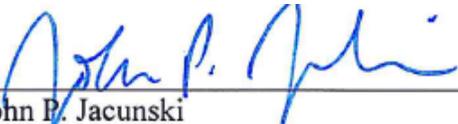
Madison, WI 53707-7857

Signature Page for Consent Decree with P. H. Glatfelter Company and Georgia-Pacific Consumer Products LP regarding the Lower Fox River and Green Bay Superfund Site

FOR P. H. GLATFELTER COMPANY:

11/26/18

Dated



John P. Jacunski
Executive Vice President

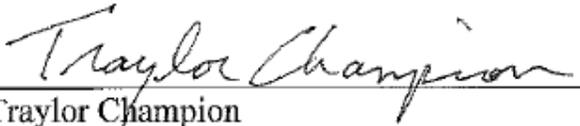
Agent Authorized to Accept Service on Behalf of Above-signed Party:

Kent K. Matsumoto
Vice-President, General Counsel & Corporate Secretary
P. H. Glatfelter Company
96 South George Street, Suite 500
York, PA 17401

Signature Page for Consent Decree with P. H. Glatfelter Company and Georgia-Pacific Consumer Products LP regarding the Lower Fox River and Green Bay Superfund Site

**FOR GEORGIA-PACIFIC
CONSUMER PRODUCTS LP:**

Dated

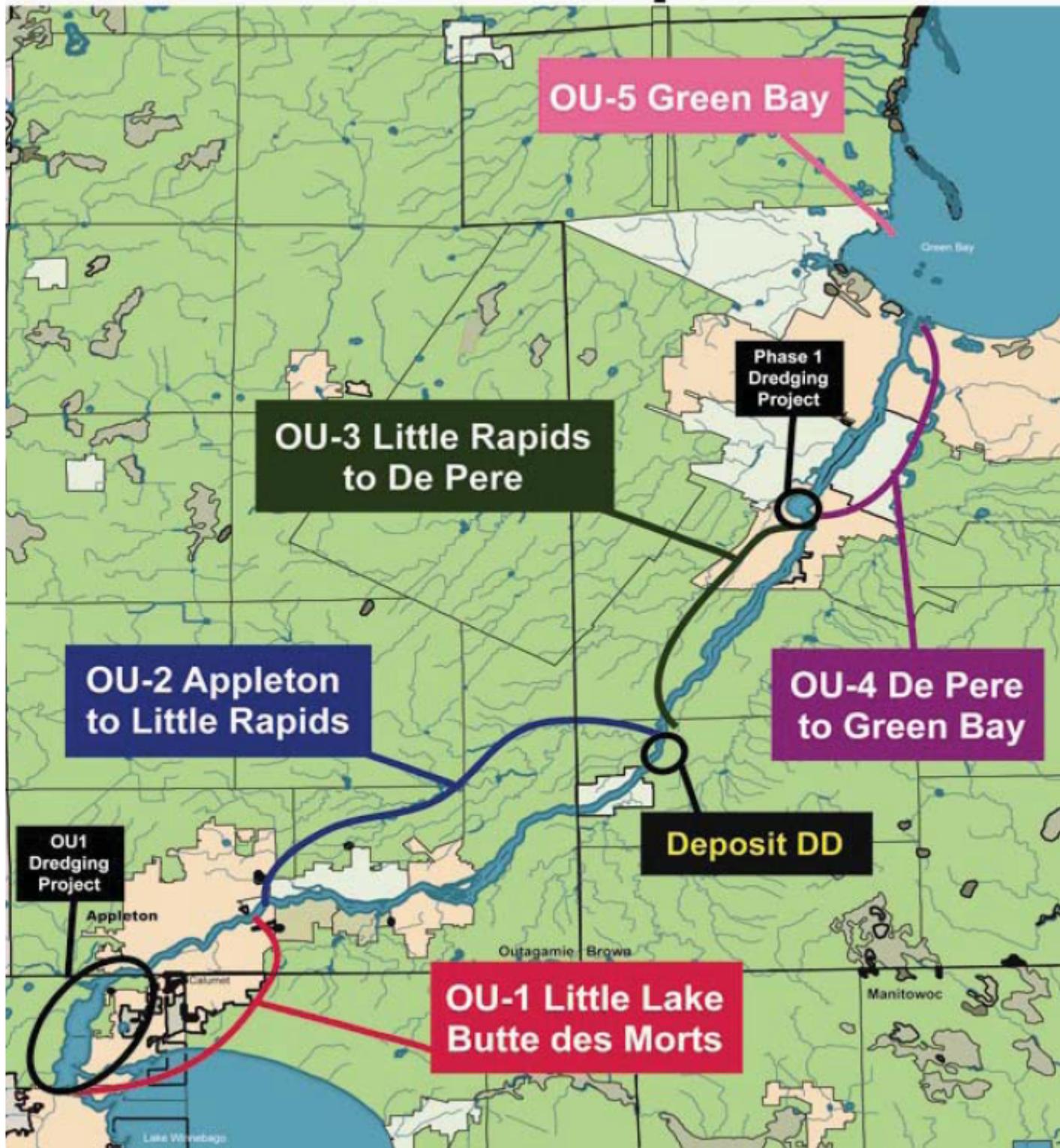


Traylor Champion
Senior Vice President
Environmental Affairs and Product Safety
Georgia-Pacific LLC

Agent Authorized to Accept Service on Behalf of Above-signed Party:

J. Michael Davis
Assistant General Counsel – Environmental
Georgia-Pacific LLC
133 Peachtree Street NE
Atlanta, GA 30303

Consent Decree Appendix 1: Map of the Lower Fox River and Green Bay Superfund Site



Consent Decree Appendix 3: Map Depicting Certain Monitoring Areas that Overlap Upper OU 4 and Lower OU 4



Consent Decree Appendix 4: Future GFP Payments and Declining Balances

<u>GFP Contract Payment Event</u>	<u>Date</u>	<u>Future GFP Payment Amount Due</u>	<u>Declining Balance Due on GFP Contract</u>
Year 2	12/15/2019	\$52,000	\$10,880,000
1st Five Year Review	1/15/2020	\$1,300,000	\$10,828,000
Year 3	12/15/2020	\$354,000	\$9,528,000
Year 4	12/15/2021	\$456,000	\$9,174,000
Year 5	12/15/2022	\$58,000	\$8,718,000
Year 6	12/15/2023	\$60,000	\$8,660,000
Year 7	12/15/2024	\$62,000	\$8,600,000
2nd Five Year Review	1/15/2025	\$1,390,000	\$8,538,000
Year 8	12/15/2025	\$64,000	\$7,148,000
Year 9	12/15/2026	\$66,000	\$7,084,000
Year 10	12/15/2027	\$468,000	\$7,018,000
Year 11	12/15/2028	\$70,000	\$6,550,000
Year 12	12/15/2029	\$72,000	\$6,480,000
3rd Five Year Review	1/15/2030	\$1,610,000	\$6,408,000
Year 13	12/15/2030	\$74,000	\$4,798,000
Year 14	12/15/2031	\$76,000	\$4,724,000
Year 15	12/15/2032	\$78,000	\$4,648,000
Year 16	12/15/2033	\$80,000	\$4,570,000
Year 17	12/15/2034	\$82,000	\$4,490,000
4th Five Year Review	1/15/2035	\$1,670,000	\$4,408,000
Year 18	12/15/2035	\$84,000	\$2,738,000
Year 19	12/15/2036	\$87,000	\$2,654,000
Year 20	12/15/2037	\$90,000	\$2,567,000
Year 21	12/15/2038	\$93,000	\$2,477,000
Year 22	12/15/2039	\$96,000	\$2,384,000
5th Five Year Review	1/15/2040	\$1,200,000	\$2,288,000
Year 23	12/15/2040	\$99,000	\$1,088,000
Year 24	12/15/2041	\$102,000	\$989,000
Year 25	12/15/2042	\$105,000	\$887,000
Year 26	12/15/2043	\$108,000	\$782,000
Year 27	12/15/2044	\$111,000	\$674,000
Year 28	12/15/2045	\$114,000	\$563,000
Year 29	12/15/2046	\$117,000	\$449,000
Year 30	12/15/2047	\$332,000	\$332,000

Consent Decree Appendix 5: Statement of Work

**CONSENT DECREE
STATEMENT OF WORK
OPERABLE UNITS 2-5
LOWER FOX RIVER AND GREEN BAY SUPERFUND SITE**

**EPA Region 5
and the
Wisconsin Department of Natural Resources**

TABLE OF CONTENTS

1	INTRODUCTION	1
2.	COMMUNITY INVOLVEMENT	2
3.	REMEDIAL DESIGN	3
4.	REMEDIAL ACTION 3	
5.	REPORTING	9
6.	PRIOR SUBMITTALS AND OTHER DELIVERABLES	9
7.	REFERENCES	12

1. INTRODUCTION

1.1 Purpose of the SOW. This Statement of Work (“SOW”) sets forth the procedures and requirements for implementing the Work by P.H. Glatfelter Company and Georgia-Pacific Consumer Products LP (“Settling Defendants” or “SDs,” as defined in the accompanying Consent Decree).

1.2 Structure of the SOW.

- Section 2 (Community Involvement) sets forth the Response Agencies’ and SDs’ responsibilities for community involvement.
- Section 3 (Remedial Design) sets forth the process for developing the Remedial Design, which includes the submission of specified primary deliverables.
- Section 4 (Remedial Action) sets forth requirements regarding the completion of the RA, including primary deliverables related to completion of the RA.
- Section 5 (Reporting) sets forth SDs’ reporting obligations.
- Section 6 (Prior Submittals and Other Deliverables) describes the content of the supporting deliverables and the general requirements regarding SDs’ submission of, and the Response Agencies’ review of, approval of, comment on, and/or modification of, the deliverables.
- Section 7 (References) provides a list of references, including URLs.

1.3 The Scope of the Remedy. The Scope of the Remedy includes the actions described in: (i) Section XI of the June 2007 Record of Decision Amendment for Operable Unit 2 (Deposit DD), Operable Unit 3, Operable Unit 4, and Operable Unit 5 (River Mouth) (Dkt. 276-6); and (ii) Sections IV and V of the February 2010 Explanation of Significant Differences for Operable Unit 2, Operable Unit 3, Operable Unit 4, and Operable Unit 5 (River Mouth) (Dkt. 404-4), including:

- (a) remediating sediment in OU 2 (Deposit DD), OU 3, OU 4, and OU 5 (River mouth area) with PCB concentrations greater than the 1.0 ppm remedial action level (“RAL”) or achieving a surface weighted average concentration (“SWAC”) as follows after addressing such sediment either by the primary remedial approach (sediment removal by dredging) or by one of the alternate remedial approaches (engineered cap or sand cover) if the eligibility criteria specified by the RODs will be met;

For OU 3 (including Deposit DD in OU 2) 0.28 ppm SWAC

For OU 4 (including the River mouth area of OU 5) 0.25 ppm SWAC

- (b) dewatering of the sediment that is removed;
- (c) treatment of the water collected during the dewatering process;
- (d) off-Site disposal of the removed sediment after dewatering;

- (e) demobilization and site restoration;
- (f) Long-Term Monitoring and Maintenance activities in OUs 2-5 (including cap maintenance); and
- (g) Institutional Controls for OUs 2-5.

1.4 The terms used in this SOW that are defined in CERCLA, in regulations promulgated under CERCLA, or in the Consent Decree (“CD”), have the meanings assigned to them in CERCLA, in such regulations, or in the CD, except that the term “Paragraph” or “¶” means a paragraph of the SOW, and the term “Section” means a section of the SOW, unless otherwise stated.

2. COMMUNITY INVOLVEMENT

2.1 Community Involvement Responsibilities

- (a) In April 2005, the Response Agencies issued a Revised Community Involvement Plan (“CIP”) for the Site. Pursuant to 40 C.F.R. § 300.435(c), EPA shall review the existing CIP and determine whether it should be revised to describe further public involvement activities during the Work that are not already addressed or provided for in the existing CIP.
- (b) If requested by the Response Agencies, SDs shall participate in community involvement activities, including participation in (1) the preparation of information regarding the Work for dissemination to the public, with consideration given to including mass media and/or Internet notification, and public meetings that may be held or sponsored by the Response Agencies to explain activities at or relating to the Site. SDs’ support of the Response Agencies’ community involvement activities may include providing online access to initial submissions and updates of deliverables to community groups identified by the Response Agencies. All community involvement activities conducted by SDs at the Response Agencies’ request are subject to the Response Agencies’ oversight. The Response Agencies have already established community information repositories near the Site.
- (c) **SDs’ CI Coordinator.** If requested by the Response Agencies, SDs shall, within 21 days, designate and notify the Response Agencies of their Community Involvement Coordinator (“SDs’ CI Coordinator”). SDs may hire a contractor for this purpose. SDs’ notice must include the name, title, and qualifications of the SDs’ CI Coordinator. SDs’ CI Coordinator is responsible for providing support regarding the Response Agencies’ community involvement activities, including coordinating with the Response Agencies’ CI Coordinators regarding responses to the public’s inquiries about the Site.

3. REMEDIAL DESIGN

- 3.1 100% Design.** The Response Agencies approved the 100% Design in October 2012.
- 3.2 Remedial Design Refinements.** Since approval of the 100% Design, refinements have been made to the Remedial Design through annual remedial action work plans approved by the Response Agencies under the UAO. Additional refinements to the Remedial Design shall be included in the RA Work Plan covering the remaining RA Work. If requested by the Response Agencies, SDs shall finalize the Remedial Design through the RA Work Plan approved by the Response Agencies pursuant to the UAO, the CD, and this SOW, and through any other Remedial Design refinements approved by the Response Agencies.

4. REMEDIAL ACTION

- 4.1 RA Work Plan.** As provided by CD ¶6, SDs shall perform any aspect of the Remaining RA Work in response to a written demand by EPA (sent after a reasonable opportunity for review and comments by the State). After receipt of any such written demand by EPA, and at the request of the Response Agencies, SDs shall prepare additional or supplemental RA Work Plans for the Remaining RA Work. Any such RA Work shall follow the same general format and cover the same general topics as prior remedial action work plans approved by the Response Agencies under the UAO, with comparable detail, and shall include, at a minimum:
- (a) A schedule and sequence of activities for the Remaining RA Work;
 - (b) A list of areas to be dredged during the Remaining RA Work, with an estimated dredge volume and an engineering design drawing for each dredge area;
 - (c) A list of areas to be covered with engineered sediment containment caps during the Remaining RA Work, with an acreage estimate, a description of the cap type, a supporting Technical Memorandum required by the 100% Design, and an engineering design drawing for each cap area;
 - (d) A list of areas to be covered with a remedy sand cover during the Remaining RA Work, with an acreage estimate for each area;
 - (e) A list of areas to be covered with a residual sand cover during the Remaining RA Work, with an acreage estimate for each area;
 - (f) A general plan for any further sediment sampling and analysis to delineate the nature and extent of contamination; and
 - (g) Plans for mobilization and demobilization.

As in previous annual RA Work Plans pursuant to the UAO, the engineered drawings in future RA Work Plans shall generally be two-dimensional drawings; however, the

Response Agencies may request three-dimensional presentations of particular areas as appropriate.

4.2 Meetings and Inspections

- (a) **Periodic Meetings.** If requested by the Response Agencies during the Remaining RA Work, SDs' representatives shall meet regularly in person or telephonically with the Response Agencies, and others as directed or determined by the Response Agencies, to discuss RD/RA issues. SDs shall distribute an agenda and list of attendees to all Parties prior to each meeting. SDs shall prepare minutes of the meetings and shall distribute the minutes to all Parties.
- (b) **Inspections**
 - (1) The Response Agencies' Agencies/Oversight Team ("A/OT") shall have an on-site presence during the Remaining RA Work, and representatives of the Response Agencies shall conduct periodic inspections of the RA Work. At the Response Agencies' request, the Supervising Contractor or other designee shall accompany the Response Agencies' representatives during inspections.
 - (2) If requested by the Response Agencies during the Remaining RA Work, the SDs shall provide adequately sized and equipped on-site office/meeting space for A/OT personnel to perform their oversight duties.
 - (3) Upon notification by the Response Agencies of any deficiencies in the RA Work, SDs shall take all necessary steps to correct the deficiencies and/or bring the RA Work into compliance with the Remedial Design, any approved design changes, and/or the approved RA Work Plan. If applicable, SDs shall comply with any schedule provided by the Response Agencies in their notice of deficiency.

4.3 Emergency Response and Reporting

- (a) **Emergency Response and Reporting.** If any event occurs during SDs' performance of the Work that causes or threatens to cause a release of Waste Material on, at, or from the Site and that either constitutes an emergency situation or that may present an immediate threat to public health or welfare or the environment, SDs shall: (1) immediately take all appropriate action to prevent, abate, or minimize such release or threat of release; (2) immediately notify the authorized EPA and WDNR officers (as specified in ¶ 4.3(c)) orally; and (3) take such actions in consultation with the authorized EPA and WDNR officers and in accordance with all applicable provisions of the Health and Safety Plan, the Emergency Response Plan, and any other deliverable approved by the Response Agencies under the SOW.
- (b) **Release Reporting.** Upon the occurrence of any event during performance of the Work that SDs are required to report pursuant to Section 103 of CERCLA,

42 U.S.C. § 9603, or Section 304 of the Emergency Planning and Community Right-to-know Act (“EPCRA”), 42 U.S.C. § 11004, SDs shall immediately notify the authorized EPA and WDNR officers orally (and then provide follow-up written notice within 24 hours of the incident).

- (c) The “authorized EPA officer” for purposes of immediate oral notifications and consultations under ¶ 4.3(a) and ¶ 4.3(b) is the EPA Project Coordinator or the EPA Region 5 Emergency Response Branch (if the EPA Project Coordinator is unavailable). The “authorized WDNR officer” for purposes of immediate oral notifications and consultations under ¶ 4.3(a) and ¶ 4.3(b) is the WDNR Project Coordinator
- (d) For any event covered by ¶ 4.3(a) and ¶ 4.3(b), SDs shall: (1) within 14 days after the onset of such event, submit a report to the Response Agencies describing the actions or events that occurred and the measures taken, and to be taken, in response thereto; and (2) within 30 days after the conclusion of such event, submit a report to the Response Agencies describing all actions taken in response to such event.
- (e) The reporting requirements under ¶ 4.3 are in addition to the reporting required by CERCLA § 103 or EPCRA § 304.

4.4 Off-Site Shipments

- (a) SDs may ship hazardous substances, pollutants, and contaminants from the Site to an off-Site facility only if they comply with Section 121(d)(3) of CERCLA, 42 U.S.C. § 9621(d)(3), and 40 C.F.R. § 300.440. Compliance with CERCLA § 121(d)(3) and 40 C.F.R. § 300.440 has been achieved by shipping sediment removed from the Site to the Hickory Meadows Landfill operated by Advanced Disposal Services in the town of Chilton in Calumet County, Wisconsin, the Ridgeview Landfill operated by Waste Management in Manitowoc County, Wisconsin, or the Wayne Disposal treatment and disposal facility in Belleville, Michigan. SDs will be deemed to be in compliance with CERCLA § 121(d)(3) and 40 C.F.R. § 300.440 regarding a shipment to an alternate facility if SDs obtain a prior determination from EPA that the proposed receiving facility for such shipment is acceptable under the criteria of 40 C.F.R. § 300.440(b). The requirements of this ¶ 4.4(a) do not apply to shipments of separated sand for beneficial use, in accordance with “low-hazard exemptions” issued by WDNR.
- (b) SDs may ship Waste Material from the Site to an out-of-state waste management facility only if, prior to any shipment, SDs provide notice to the appropriate state environmental official in the receiving facility’s state and to the EPA and WDNR Project Coordinators. This notice requirement will not apply to any off-Site shipments when the total quantity of all such shipments does not exceed 10 cubic yards. The notice must include the following information, if available: (1) the name and location of the receiving facility; (2) the type and quantity of Waste Material to be shipped; (3) the schedule for the shipment; and (4) the method of

transportation. SDs also shall notify the state environmental official referenced above and the EPA and WDNR Project Coordinators of any major changes in the shipment plan, such as a decision to ship the Waste Material to a different out-of-state facility. SDs shall provide the notice before the Waste Material is shipped.

- (c) SDs may ship Investigation Derived Waste (“IDW”) from the Site to an off-Site facility only if they comply with Section 121(d)(3) of CERCLA, 42 U.S.C. § 9621(d)(3), 40 C.F.R. § 300.440, *EPA’s Guide to Management of Investigation Derived Waste*, OSWER 9345.3-03FS (Jan. 1992), and any IDW-specific requirements contained in the RODs. Wastes shipped off-Site to a laboratory for characterization, and RCRA hazardous wastes that meet the requirements for an exemption from RCRA under 40 CFR § 261.4(e) shipped off-site for treatability studies, are not subject to 40 C.F.R. § 300.440.

4.5 Certification of RA Completion

- (a) The “RA Work” comprises the following response activities in Operable Units 2-5 that the RODs and the Remedial Design require for construction of the RA:
 - (i) sediment removal by dredging;
 - (ii) sediment containment by installation of engineered caps;
 - (iii) placement of remedy sand covers and residual sand covers;
 - (iv) all associated activities, including dewatering and disposal of dredged sediment, water treatment, and demobilization; and
 - (v) any additional steps required to ensure completion of the RA such that the Performance Standards are achieved.
- (b) The RA Work in an OU will be deemed complete if the 1.0 ppm PCB RAL Performance Standard has been met throughout the OU. If the RAL Performance Standard has not been met after employing the primary remedial approach (sediment removal by dredging) and/or the alternate remedial approaches (such as capping and sand covering) throughout the OU, then the RA Work will be deemed complete if the SWAC for PCBs in the sediment, as determined by the Response Agencies, meets the following SWAC goals for the OU:

For OU 3 (including Deposit DD in OU 2) 0.28 ppm SWAC

For OU 4 (including the River mouth area of OU 5) 0.25 ppm SWAC

The construction of the RA will not be deemed complete based on the SWAC goal unless and until all sediment exceeding the RAL has been remediated using the primary remedial approach and/or the alternate remedial approaches. *See* 2007 Record of Decision Amendment for OUs 2-5, § XI.B. (Dkt 276-6)

- (c) **RA Completion Inspection.** The RA is “Complete” for purposes of this ¶ 4.5 when it has been fully performed and the Performance Standards have been achieved. If requested by the Response Agencies, SDs shall schedule an inspection for the purpose of obtaining EPA’s Certification of RA Completion (and any re-inspection that may be needed after completion of any additional

Work needed for Certification of RA Completion). Any such inspection must be attended by representatives of SDs and the Response Agencies.

- (d) **RA Report.** If requested by the Response Agencies following an inspection, SDs shall submit a RA Report to the Response Agencies requesting EPA's Certification of RA Completion. The report must: (1) include certifications by a registered professional engineer and by SDs' Project Coordinator that the RA is complete; (2) include as-built drawings signed and stamped by a registered professional engineer; (3) be prepared in accordance with Chapter 2 (Remedial Action Completion) of EPA's Close Out Procedures for NPL Sites guidance (May 2011); (4) contain post-dredge sediment sampling data to demonstrate that Performance Standards have been achieved; and (5) be certified in accordance with ¶ 6.5 (Certification).
- (e) If EPA (after a reasonable opportunity for review and comment by the State) concludes that the RA is not Complete after receipt of an RA Report from the SDs, EPA shall so notify SDs and the State. EPA's notice must include a description of any deficiencies. EPA's notice may include a schedule for addressing such deficiencies or may require SDs to submit a schedule for EPA approval. SDs shall perform all activities described in the notice in accordance with the schedule.
- (f) If EPA (after a reasonable opportunity for review and comment by the State) concludes, based on the initial or any subsequent RA Report by the SDs requesting Certification of RA Completion, that the RA is Complete, EPA shall so certify to SDs (with notice to the State). This certification will constitute the Certification of RA Completion for purposes of the CD, including Section XIV of the CD (Covenants by Plaintiffs).

4.6 Institutional Controls Work, Case Closure, and Long-Term Monitoring and Maintenance Work.

- (a) As provided by CD ¶6, SDs shall perform any aspect of the Interim Institutional Controls Work required by the ICIAP in response to a written demand by EPA (sent after a reasonable opportunity for review and comments by the State). If requested by the Response Agencies, this shall include coordinating and cooperating with other parties to finalize the memoranda of agreement described in the ICIAP.
- (b) As provided by CD ¶6, SDs shall perform all Post-RA Institutional Controls Work required by the ICIAP.
- (c) In connection with the RA completion requirements in ¶ 4.5, and if requested by the Response Agencies, SDs shall supply GIS Registry information and associated maps, as well as all other readily available information requested by WDNR, to support a subsequent completion of WDNR Case Closure – GIS

Registry form 4400-202 (or any replacement form developed by WDNR pursuant to Wis. Stat. ch. 292 and Wis. Admin. Code Chs. NR 725-26).

- (d) SDs shall prepare and submit a completed WDNR Case Closure - GIS Registry form 4400-202 (or any replacement form developed by WDNR pursuant to Wis. Stat. ch. 292 and Wis. Admin. Code Chs. NR 725-26) as part of the Post-RA Institutional Controls Work.
- (e) As provided by CD ¶6, SDs shall perform all Long-Term Monitoring Work.

4.7 Periodic Review Support Plan (PRSP). SDs shall submit a PRSP for EPA approval. The PRSP addresses the studies and investigations that SDs shall conduct to support EPA's reviews of whether the RA is protective of human health and the environment in accordance with Section 121(c) of CERCLA, 42 U.S.C. § 9621(c) (also known as "Five-year Reviews"). SDs shall develop the plan in accordance with *Comprehensive Five-year Review Guidance*, OSWER 9355.7-03B-P (June 2001), and any other relevant five-year review guidances.

4.8 Certification of Work Completion. SDs shall fulfill the requirement of this ¶ 4.8.

- (a) **Work Completion Inspection.** SDs shall schedule an inspection for the purpose of obtaining EPA's Certification of Work Completion. The inspection must be attended by representatives of SDs and the Response Agencies.
- (b) **Work Completion Report.** Following the inspection, SDs shall submit a report to the Response Agencies requesting EPA's Certification of Work Completion. The report must: (1) include certifications by a registered professional engineer and by SDs roject Coordinator that the Work, including all Post-RA Institutional Controls Work and Long-Term Monitoring and Maintenance Work, is complete; and (2) be certified in accordance with ¶ 6.5 (Certification).
- (c) If EPA (after a reasonable opportunity for review and comment by the State) concludes that the Work is not complete, EPA shall so notify SDs and the State. EPA's notice must include a description of the activities that SDs must perform to complete the Work. EPA's notice must include specifications and a schedule for such activities or must require SDs to submit specifications and a schedule for EPA approval. SDs shall perform all activities described in the notice or in the EPA-approved specifications and schedule.
- (d) If EPA (after a reasonable opportunity for review and comment by the State) concludes, based on the initial or any subsequent report requesting Certification of Work Completion, that the Work is complete, EPA shall so certify in writing to SDs (with notice to the State). Issuance of the Certification of Work Completion does not affect the following continuing obligations: (1) activities under the Periodic Review Support Plan; (2) obligations under Sections XVIII (Access to Information) and XIX (Retention of Records); (3) Institutional Controls obligations as provided in the ICIAP; and (4) reimbursement of Future Response Costs under Section IX (Payments for Response Costs and NRD) of the CD.

5. REPORTING

5.1 Progress Reports. Commencing with the first month following lodging of the CD, SDs shall submit progress reports to the Response Agencies on a monthly basis, or as otherwise requested by the Response Agencies. The reports must cover all activities that took place during the prior reporting period, including:

- (a) The actions that have been taken toward achieving compliance with the CD;
- (b) A summary of all results of sampling, tests, and all other data received or generated by SDs;
- (c) A description of all deliverables that SDs submitted to the Response Agencies;
- (d) A description of all RA Work activities that the SDs have scheduled for the next six weeks;
- (e) An updated schedule for any RA Work to be performed by SDs, together with information regarding percentage of completion, delays encountered or anticipated that may affect the future schedule for implementation of the Work, and a description of efforts made to mitigate those delays or anticipated delays;
- (f) A description of any modifications to the work plans or other schedules that SDs have proposed or that have been approved by the Response Agencies; and
- (g) A description of all activities undertaken in support of the Community Involvement Plan during the reporting period and those to be undertaken in the next six weeks.

5.2 Notice of Progress Report Schedule Changes. If the schedule for any activity described in the Progress Reports, including activities required to be described under ¶ 5.1(d), changes, SDs shall notify the Response Agencies of such change at least 7 days before performance of the activity.

5.3 Annual Remedial Action Summary Reports. If requested by the Response Agencies, and consistent with past practice for this Site, SDs shall prepare and submit an annual Remedial Action Summary Report for each year of the RA Work. Each Remedial Action Summary Report shall summarize the results of the remedial action in OUs 2-5 during the preceding calendar year, with a format and level of detail comparable to the report that the Response Agencies accepted entitled *2015 Remedial Action Summary Report, Lower Fox River Operable Units 2-5* (October 2016).

6. PRIOR SUBMITTALS AND OTHER DELIVERABLES

6.1 Applicability. SDs shall submit deliverables for the Response Agencies' approval or for the Response Agencies' comment as specified in the SOW. If neither is specified, the deliverable does not require the Response Agencies' approval or comment. Paragraphs 6.2 (In Writing) through 6.4 (Technical Specifications) apply to all deliverables.

Paragraph 6.5 (Certification) applies to any deliverable that is required to be certified. Paragraph 6.6 (Approval of Deliverables) applies to any deliverable that is required to be submitted for approval by one or both of the Response Agencies.

6.2 In Writing. As provided in ¶ 84 of the CD, all deliverables under this SOW must be in writing unless otherwise specified.

6.3 General Requirements for Deliverables. SDs shall submit all deliverables to the Response Agencies in electronic form (and/or in paper copy form, upon request). Technical specifications for sampling and monitoring data and spatial data are addressed in ¶ 6.4. All other deliverables shall be submitted to the Response Agencies in the electronic form specified by the EPA and WDNR Project Coordinators. If any deliverable includes maps, drawings, or other exhibits that are larger than 8.5” by 11”, SDs shall also provide the Response Agencies with paper copies of such exhibits upon request.

6.4 Technical Specifications

- (a) Sampling and monitoring data should be submitted in standard regional Electronic Data Deliverable (EDD) format. Other delivery methods may be allowed if electronic direct submission presents a significant burden or as technology changes.
- (b) Spatial data, including spatially-referenced data and geospatial data, should be submitted in a manner consistent with the electronic format specifications currently used for RD/RA work at the Site.
- (c) Spatial data submitted by SDs does not, and is not intended to, define the boundaries of the Site.

6.5 Certification. All deliverables that require compliance with this ¶ 6.5 must be signed by the SDs’ Project Coordinator, or other responsible officials of SDs, and must contain the following statement:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I have no personal knowledge that the information submitted is other than true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

6.6 Approval of Deliverables. Under the CD and the SOW, some deliverables require approval by the Response Agencies collectively and other deliverables require approval by EPA only, after a reasonable opportunity to review and comment by the State. For the purpose of this ¶ 6.6 the term “Response Agencies” is used throughout to cover

either situation, notwithstanding the use of the plural term, with the recognition that EPA will be the only agency exercising formal review and approval authority for deliverables that require EPA approval only.

(a) **Initial Submissions**

- (1) After review of any deliverable that is required to be submitted for approval by the Response Agencies under the UAO, the CD or the SOW, the Response Agencies shall: (i) approve, in whole or in part, the submission; (ii) approve the submission upon specified conditions; (iii) disapprove, in whole or in part, the submission; or (iv) any combination of the foregoing.
- (2) The Response Agencies also may modify the initial submission to cure deficiencies in the submission if: (i) the Response Agencies determine that disapproving the submission and awaiting a resubmission would cause substantial disruption to the Work; or (ii) previous submission(s) have been disapproved due to material defects and the deficiencies in the initial submission under consideration indicate a bad faith lack of effort to submit an acceptable deliverable.

(b) **Resubmissions.** Upon receipt of a notice of disapproval under ¶ 6.6(a) (Initial Submissions), or if required by a notice of approval upon specified conditions under ¶ 6.6(a), SDs shall, within 21 days or such longer time as specified by the Response Agencies in such notice, correct the deficiencies and resubmit the deliverable for approval. After review of the resubmitted deliverable, the response Agencies may: (1) approve, in whole or in part, the resubmission; (2) approve the resubmission upon specified conditions; (3) modify the resubmission; disapprove, in whole or in part, the resubmission, requiring SDs to correct the deficiencies; or (5) any combination of the foregoing.

(c) **Implementation.** Upon approval, approval upon conditions, or modification by the Response Agencies under ¶ 6.6(a) (Initial Submissions) or ¶ 6.6(b) (Resubmissions), of any deliverable, or any portion thereof: (1) such deliverable, or portion thereof, will be incorporated into and enforceable under the CD; and SDs shall take any action required by such deliverable, or portion thereof. The implementation of any non-deficient portion of a deliverable submitted or resubmitted under ¶ 6.6(a) or ¶ 6.6(b) does not relieve SDs of any liability for stipulated penalties under Section XIII (Stipulated Penalties) of the CD.

6.7 Supporting Deliverables. The Response Agencies have previously approved the following supporting deliverables for the OU 2-5 remedy, among others:

- (a) a Final Site Health and Safety Plan (2012 Tr. Ex. 2011);
- (b) a Construction Quality Assurance Project Plan (2012 Tr. Ex. 2007);

- (c) an Operation and Maintenance Plan for the Water Treatment Plant (2012 Tr. Ex. 2013);
- (d) a Cap Operations, Maintenance, and Monitoring Plan (2012 Tr. Ex. 2009);
- (e) a Long-Term Monitoring Plan (2012 Tr. Ex. 2010);
- (f) an Institutional Controls Implementation and Assurance Plan (2012 Tr. Ex. 2008);
and
- (g) an Adaptive Management and Value Engineering Plan (2012 Tr. Ex. 2006).

SDs shall update each of these supporting deliverables as necessary or appropriate during the course of the Work, and/or as requested by the Response Agencies. Pursuant to ¶ 6.6(c), SDs shall perform all Work that SDs are required to perform under the UAO and the CD in accordance with these previously-approved plans (as updated and modified).

7. REFERENCES

7.1 The following regulations and guidance documents, among others, apply to the Work. Any item for which a specific URL is not provided below is available on one of the two EPA Web pages listed in ¶ 7.2:

- (a) A Compendium of Superfund Field Operations Methods, OSWER 9355.0-14, EPA/540/P-87/001a (Aug. 1987).
- (b) CERCLA Compliance with Other Laws Manual, Part I: Interim Final, OSWER 9234.1-01, EPA/540/G-89/006 (Aug. 1988).
- (c) Guidance for Conducting Remedial Investigations and Feasibility Studies, OSWER 9355.3-01, EPA/540/G-89/004 (Oct. 1988).
- (d) CERCLA Compliance with Other Laws Manual, Part II, OSWER 9234.1-02, EPA/540/G-89/009 (Aug. 1989).
- (e) Guidance on EPA Oversight of Remedial Designs and Remedial Actions Performed by Potentially Responsible Parties, OSWER 9355.5-01, EPA/540/G-90/001 (Apr.1990).
- (f) Guidance on Expediting Remedial Design and Remedial Actions, OSWER 9355.5-02, EPA/540/G-90/006 (Aug. 1990).
- (g) Guide to Management of Investigation-Derived Wastes, OSWER 9345.3-03FS (Jan. 1992).
- (h) Permits and Permit Equivalency Processes for CERCLA On-Site Response Actions, OSWER 9355.7-03 (Feb. 1992).

- (i) Guidance for Conducting Treatability Studies under CERCLA, OSWER 9380.3-10, EPA/540/R-92/071A (Nov. 1992).
- (j) National Oil and Hazardous Substances Pollution Contingency Plan; Final Rule, 40 C.F.R. Part 300 (Oct. 1994).
- (k) Guidance for Scoping the Remedial Design, OSWER 9355.0-43, EPA/540/R-95/025 (Mar. 1995).
- (l) Remedial Design/Remedial Action Handbook, OSWER 9355.0-04B, EPA/540/R- 95/059 (June 1995).
- (m) EPA Guidance for Data Quality Assessment, Practical Methods for Data Analysis, QA/G-9, EPA/600/R-96/084 (July 2000).
- (n) Operation and Maintenance in the Superfund Program, OSWER 9200.1-37FS, EPA/540/F-01/004 (May 2001).
- (o) Comprehensive Five-year Review Guidance, OSWER 9355.7-03B-P, 540-R-01-007 (June 2001).
- (p) Guidance for Quality Assurance Project Plans, QA/G-5, EPA/240/R-02/009 (Dec. 2002).
- (q) Institutional Controls: Third Party Beneficiary Rights in Proprietary Controls (Apr. 2004).
- (r) Quality management systems for environmental information and technology programs -- Requirements with guidance for use, ASQ/ANSI E4:2014 (American Society for Quality, February 2014).
- (s) Uniform Federal Policy for Quality Assurance Project Plans, Parts 1-3, EPA/505/B-04/900A through 900C (Mar. 2005).
- (t) Superfund Community Involvement Handbook, SEMS 100000070 (January 2016) available at <https://www.epa.gov/superfund/community-involvement-tools-and-resources>.
- (u) EPA Guidance on Systematic Planning Using the Data Quality Objectives Process, QA/G-4, EPA/240/B-06/001 (Feb. 2006).
- (v) EPA Requirements for Quality Assurance Project Plans, QA/R-5, EPA/240/B-01/003 (Mar. 2001, reissued May 2006).
- (w) EPA Requirements for Quality Management Plans, QA/R-2, EPA/240/B-01/002 (Mar. 2001, reissued May 2006).

- (x) USEPA Contract Laboratory Program Statement of Work for Inorganic Analysis, ILM05.4 (Dec. 2006).
- (y) USEPA Contract Laboratory Program Statement of Work for Organic Analysis, SOM01.2 (amended Apr. 2007).
- (z) EPA National Geospatial Data Policy, CIO Policy Transmittal 05-002 (Aug. 2008), available at <https://www.epa.gov/geospatial/geospatial-policies-and-standards> and <https://www.epa.gov/geospatial/epa-national-geospatial-data-policy>.
- (aa) Summary of Key Existing EPA CERCLA Policies for Groundwater Restoration, OSWER 9283.1-33 (June 2009).
- (bb) Principles for Greener Cleanups (Aug. 2009), available at <https://www.epa.gov/greenercleanups/epa-principles-greener-cleanups>.
- (cc) USEPA Contract Laboratory Program Statement of Work for Inorganic Superfund Methods (Multi-Media, Multi-Concentration), ISM01.2 (Jan. 2010).
- (dd) Close Out Procedures for National Priorities List Sites, OSWER 9320.2-22 (May 2011).
- (ee) Groundwater Road Map: Recommended Process for Restoring Contaminated Groundwater at Superfund Sites, OSWER 9283.1-34 (July 2011).
- (ff) Recommended Evaluation of Institutional Controls: Supplement to the “Comprehensive Five-Year Review Guidance,” OSWER 9355.7-18 (Sep. 2011).
- (gg) Construction Specifications Institute’s MasterFormat 2012, available from the Construction Specifications Institute, <http://www.csinet.org/masterformat>.
- (hh) Updated Superfund Response and Settlement Approach for Sites Using the Superfund Alternative Approach, OSWER 9200.2-125 (Sep. 2012)
- (ii) Institutional Controls: A Guide to Planning, Implementing, Maintaining, and Enforcing Institutional Controls at Contaminated Sites, OSWER 9355.0-89, EPA/540/R-09/001 (Dec. 2012).
- (jj) Institutional Controls: A Guide to Preparing Institutional Controls Implementation and Assurance Plans at Contaminated Sites, OSWER 9200.0-77, EPA/540/R- 09/02 (Dec. 2012).
- (kk) EPA’s Emergency Responder Health and Safety Manual, OSWER 9285.3-12 (July 2005 and updates), <https://www.epaosc.org/HealthSafetyManual/manual-index.htm>.

- (ll) Broader Application of Remedial Design and Remedial Action Pilot Project Lessons Learned, OSWER 9200.2-129 (Feb. 2013).
- (mm) Guidance for Evaluating Completion of Groundwater Restoration Remedial Actions, OSWER 9355.0-129 (Nov. 2013).
- (nn) Groundwater Remedy Completion Strategy: Moving Forward with the End in Mind, OSWER 9200.2-144 (May 2014).

7.2 A more complete list may be found on the following EPA Web pages:

Laws, Policy, and Guidance: <https://www.epa.gov/superfund/superfund-policy-guidance-and-laws>

Test Methods Collections: <https://www.epa.gov/measurements/collection-methods>

For any regulation or guidance referenced in the CD or SOW, the reference will be read to include any subsequent modification, amendment, or replacement of such regulation or guidance. Such modifications, amendments, or replacements apply to the Work only after the SDs receive notification from EPA of the modification, amendment, or replacement.

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Dante C. Parrini certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 of P. H. Glatfelter Company (“Glatfelter”);
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. Glatfelter’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 Glatfelter 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 Glatfelter, 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 Glatfelter’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 Glatfelter’s internal control over financial reporting that occurred during Glatfelter’s most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter’s internal control over financial reporting.
5. Glatfelter’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter’s auditors and the audit committee of Glatfelter’s board of directors (or persons performing similar 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 Glatfelter’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 Glatfelter’s internal control over financial reporting.

April 30, 2019

By /s/ Dante C. Parrini
Dante C. Parrini
Chairman and Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 (a) OF THE SARBANES-OXLEY ACT OF 2002

I, Samuel L. Hillard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 of P. H. Glatfelter Company (“Glatfelter”);
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. Glatfelter’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 Glatfelter 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 Glatfelter, 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 Glatfelter’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 Glatfelter’s internal control over financial reporting that occurred during Glatfelter’s most recent fiscal quarter (the fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, Glatfelter’s internal control over financial reporting.
5. Glatfelter’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Glatfelter’s auditors and the audit committee of Glatfelter’s board of directors (or persons performing similar 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 Glatfelter’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 Glatfelter’s internal control over financial reporting.

April 30, 2019

By /s/ Samuel L. Hillard
Samuel L. Hillard
Senior Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, of P. H. Glatfelter Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dante C. Parrini, Chairman and Chief Executive Officer of the Company, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

April 30, 2019

By /s/ Dante C. Parrini
Dante C. Parrini
Chairman and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, of P. H. Glatfelter Company (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Samuel L. Hillard, Senior Vice President and Chief Financial Officer, certify to the best of my knowledge, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Glatfelter and will be retained by Glatfelter and furnished to the Securities and Exchange Commission or its staff upon request.

April 30, 2019

By /s/ Samuel L. Hillard
Samuel L. Hillard
Senior Vice President and
Chief Financial Officer