UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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

For the quarterly period ended September 26, 2015

OR

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

For the transition period from to

Commission File Number 001-36285
Incorporated in the State of Delaware
I.R.S. Employer Identification No. 46-4559529
1301 RIVERPLACE BOULEVARD, SUITE 2300
JACKSONVILLE, FL 32207
(Principal Executive Office)
Telephone Number: (904) 357-4600

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YES x NO o

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

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

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

The registrant had 42,872,601 shares of common stock, $.01 par value per share, outstanding as of October 23, 2015.

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Part I. Financial Information

Item 1. Financial Statements

Rayonier Advanced Materials Inc.
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 26, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Net Sales	$257,590	$253,695	$699,830	$709,725
Cost of Sales	187,421	198,006	547,768	546,942
Gross Margin	70,169	55,689	152,062	162,783
Selling, general and administrative expenses	11,596	9,493	33,663	26,730
Other operating expense, net (Note 8)	611	4,518	27,906	44,800
Operating Income	57,962	41,678	90,493	91,253
Interest expense	8,962	9,469	27,584	12,694
Interest and miscellaneous expense (income), net	(56)	57	(133)	62
Income Before Income Taxes	49,056	32,152	63,042	78,497
Income tax expense (Note 9)	16,765	12,744	20,543	23,580
Net Income	$32,291	$19,408	$42,499	$54,917
Earnings Per Share of Common Stock (Note 7)				
Basic earnings per share	$0.77	$0.46	$1.01	$1.30
Diluted earnings per share	$0.76	$0.46	$1.00	$1.30
Dividends Declared Per Share	$0.07	$0.07	$0.21	$0.07
Comprehensive Income:				
Net Income	$32,291	$19,408	$42,499	$54,917
Other Comprehensive Income (Loss) (Note 6)				
Amortization of pension and postretirement plans, net of income tax (expense) benefit of ($1,323), ($2,779), ($3,970) and $501	2,352	4,834	7,057	(871)
Total other comprehensive income (loss)	2,352	4,834	7,057	(871)
Comprehensive Income	$34,643	$24,242	$49,556	$54,046

See Notes to Condensed Consolidated Financial Statements.

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Rayonier Advanced Materials Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(Dollars in thousands)

	September 26, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	$100,355	$65,977
Accounts receivable, less allowance for doubtful accounts of $151 and $151	64,242	69,263
Inventory (Note 2)	122,325	140,209
Deferred tax assets	8,527	8,275
Prepaid and other current assets	42,529	36,267
Total current assets	337,978	319,991
Property, Plant and Equipment, Gross	2,018,214	2,010,644
Less — Accumulated Depreciation	(1,213,899)	(1,167,269)
Property, Plant and Equipment, Net	804,315	843,375
Deferred Tax Assets	85,962	78,547
Other Assets	58,677	61,967
Total Assets	$1,286,932	$1,303,880
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	$48,230	$64,697
Current maturities of long-term debt (Note 3)	8,224	8,400
Accrued income and other taxes	9,749	4,643
Accrued payroll and benefits	19,393	23,124
Accrued interest	10,273	2,684
Accrued customer incentives	15,365	12,743
Other current liabilities	6,246	7,913
Dividends payable	2,954	—
Current liabilities for disposed operations (Note 5)	9,546	7,241
Total current liabilities	129,980	131,445
Long-Term Debt (Note 3)	884,649	936,416
Non-Current Liabilities for Disposed Operations (Note 5)	142,846	149,488
Pension and Other Postretirement Benefits (Note 11)	138,868	141,338
Other Non-Current Liabilities	7,551	7,605
Commitments and Contingencies		
Stockholders' Deficit		
Preferred stock, 10,000,000 shares authorized at $0.01 par value, 0 issued and outstanding as of September 26, 2015 and December 31, 2014	—	—
Common stock, 140,000,000 shares authorized at $0.01 par value, 42,873,866 and 42,616,319 issued and outstanding, as of September 26, 2015 and December 31, 2014, respectively	429	426
Additional paid-in capital	66,940	62,082
Accumulated earnings (deficit)	12,056	(21,476)
Accumulated other comprehensive loss	(96,387)	(103,444)
Total Stockholders' Deficit	(16,962)	(62,412)
Total Liabilities and Stockholders' Deficit	$1,286,932	$1,303,880

See Notes to Condensed Consolidated Financial Statements.

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Rayonier Advanced Materials Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Nine Months Ended	
	September 26, 2015	September 27, 2014
Operating Activities		
Net income	$42,499	$54,917
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	65,393	62,115
Stock-based incentive compensation expense	7,293	5,614
Amortization of capitalized debt costs	1,663	550
Deferred income taxes	(14,772)	760
Increase in liabilities for disposed operations	49	20,019
Impairment charge	28,462	—
Amortization of losses and prior service costs from pension and postretirement plans	11,027	5,662
Loss from sale/disposal of property, plant and equipment	1,101	988
Other	157	—
Changes in operating assets and liabilities:		
Receivables	5,435	(21,405)
Inventories	17,884	6,565
Accounts payable	(11,559)	(10,556)
Accrued liabilities	10,253	24,979
All other operating activities	(8,465)	(20,356)
Expenditures for disposed operations	(4,386)	(2,151)
Cash Provided by Operating Activities	152,034	127,701
Investing Activities		
Capital expenditures	(59,657)	(60,214)
Purchase of timber deeds	—	(12,692)
Purchase of land	—	(1,528)
Other	—	(1,450)
Cash Used for Investing Activities	(59,657)	(75,884)
Financing Activities		
Issuance of debt	—	1,025,000
Repayment of debt	(52,100)	(77,100)
Dividends paid	(5,907)	—
Proceeds from the issuance of common stock	8	549
Debt issuance costs	—	(15,432)
Common stock repurchased	—	(92)
Net payments to Rayonier	—	(956,579)
Cash Used for Financing Activities	(57,999)	(23,654)
Cash and Cash Equivalents		
Change in cash and cash equivalents	34,378	28,163
Balance, beginning of year	65,977	—
Balance, end of period	$100,355	$28,163

Supplemental Disclosures of Cash Flow Information		
Cash paid during the period:		
Interest	$21,008	$1,881
Income taxes	$24,136	$18,350
Non-cash investing and financing activities:		
Capital assets purchased on account	$11,729	$7,935

See Notes to Condensed Consolidated Financial Statements.

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Rayonier Advanced Materials Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

1. Basis of Presentation and New Accounting Pronouncements

Basis of Presentation

The unaudited condensed consolidated financial statements and notes thereto of Rayonier Advanced Materials Inc. ("Rayonier Advanced Materials" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, these financial statements and notes reflect all adjustments (all of which are normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. These statements and notes should be read in conjunction with the financial statements and supplementary data included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the SEC.

On June 27, 2014, the Company was separated from its former parent, Rayonier Inc. ("Rayonier") through the distribution to its stockholders of 42,176,565 shares of common stock (the "Separation"). For periods prior to the Separation, the financial information presented consists of the performance fibers segment of Rayonier and an allocable portion of its corporate costs (together, the "performance fibers business"). These financial statements have been presented as if the Company and performance fibers business had been combined for all prior periods presented. All intercompany transactions are eliminated. The statements of income for periods prior to June 27, 2014 include allocations of certain costs from Rayonier related to the operations of the Company. These corporate administrative costs were charged to the Company based on employee headcount and payroll costs. The combined statements of income also include expense allocations for certain corporate functions historically performed by Rayonier and not allocated to its operating segments. These allocations were based on revenues and specific identification of time and/or activities associated with the Company. Management believes the methodologies employed for the allocation of costs were reasonable in relation to the historical reporting of Rayonier, but may not necessarily be indicative of costs had the Company operated on a stand-alone basis during the periods prior to the Separation, nor what the costs may be in the future. The results of operations for periods prior to June 27, 2014 are not necessarily indicative or predictive of the results to be expected for the post-spin Company.

New or Recently Adopted Accounting Pronouncements

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-11, Simplifying the Measurement of Inventory. The update requires inventory to be measured at the lower of cost and net realizable value. It is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The update is not expected to have a material impact on the Company's financial statements as current inventory valuation practices already approximate the lower of cost or net realizable value.

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs. The update requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. It is effective for fiscal years beginning after December 15, 2015 with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements. As of September 26, 2015, approximately $12 million in debt issuance costs are capitalized in "Other Assets."

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, a comprehensive new revenue recognition standard. This standard will supersede virtually all current revenue recognition guidance. The core principle is that a company will recognize revenue when it transfers goods or services to customers for an amount that reflects consideration to which the company expects to be entitled to in exchange for those goods or services. This standard will be effective for the Company's first quarter 2018 Form 10-Q filing with full or modified retrospective adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial

statements.
Subsequent Events
Events and transactions subsequent to the balance sheet date have been evaluated for potential recognition and disclosure through October 29, 2015, the date these financial statements were available to be issued. One subsequent event warranting disclosure was identified. On October 16, 2015, the Company declared a fourth quarter 2015 cash dividend of $0.07 per share of common stock. The dividend is payable on December 31, 2015 to stockholders of record on December 17, 2015.

Rayonier Advanced Materials Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

2. Inventory

As of September 26, 2015 and December 31, 2014, the Company's inventory included the following:

	September 26, 2015	December 31, 2014
Finished goods	$99,303	$120,221
Work-in-progress	4,103	2,418
Raw materials	16,207	14,670
Manufacturing and maintenance supplies	2,712	2,900
Total inventory	$122,325	$140,209

3. Debt

The Company's debt consisted of the following:

	September 26, 2015	December 31, 2014
Term A-1 Loan Facility borrowings maturing through 2019 at a variable interest rate of 1.69% (a)	$57,121	$106,973
Term A-2 Loan Facility borrowings maturing through 2021 at a variable interest rate of 1.27% (b)	285,752	287,843
Senior Notes due 2024 at a fixed interest rate of 5.50%	550,000	550,000
Total debt	892,873	944,816
Less: Current maturities of long-term debt	(8,224)	(8,400)
Long-term debt	$884,649	$936,416

(a) The Term A-1 Loan includes an unamortized issue discount of approximately $0.2 million at September 26, 2015. The face amount of the liability is $57.3 million.

(b) The Term A-2 Loan includes an unamortized issue discount of approximately $0.6 million at September 26, 2015. The face amount of the liability is $286.4 million.

During the first nine months of 2015, the Company made $52.1 million in principal debt repayments on the Term Loan Facilities. There were no other significant changes to the Company's outstanding debt as reported in Note 6 — Debt of the Company's 2014 Annual Report on Form 10-K.

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

Remaining 2015	$2,100
2016	8,400
2017	9,775
2018	11,150
2019	38,225
Thereafter	824,050
Total principal payments	$893,700

Rayonier Advanced Materials Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

4. Fair Value Measurements

The following table presents the carrying amount, estimated fair values and categorization under the fair value hierarchy for financial instruments held by the Company at September 26, 2015 and December 31, 2014, using market information and what management believes to be appropriate valuation methodologies:

	September 26, 2015			December 31, 2014		
	Carrying Amount	Fair Value		Carrying Amount	Fair Value	
Asset (liability)		Level 1	Level 2		Level 1	Level 2
Cash and cash equivalents	$100,355	$100,355	$—	$65,977	$65,977	$—
Current maturities of long-term debt	(8,224)	—	(8,400)	(8,400)	—	(8,400)
Fixed-rate long-term debt	(550,000)	—	(401,500)	(550,000)	—	(453,063)
Variable-rate long-term debt	(334,649)	—	(335,300)	(386,416)	—	(387,400)

The Company uses the following methods and assumptions in estimating the fair value of its financial instruments:
Cash and cash equivalents — The carrying amount is equal to fair market value.
Debt — The fair value of fixed rate debt is based upon quoted market prices for debt with similar terms and maturities. The variable rate debt adjusts with changes in the market rate, therefore the carrying value approximates fair value.

5. Liabilities for Disposed Operations

An analysis of the liabilities for disposed operations for the nine months ended September 26, 2015 is as follows:

Balance, beginning of period	$156,729
Expenditures charged to liabilities	(4,386)
Increase to liabilities	49
Balance, end of period	152,392
Less: Current portion	(9,546)
Non-current portion	$142,846

In addition to the estimated liabilities, the Company is subject to the risk of reasonably possible additional liabilities in excess of the established reserves due to potential changes in circumstances and future events, including, without limitation, changes to current laws and regulations; changes in governmental agency personnel, direction, philosophy and/or enforcement policies; developments in remediation technologies; increases in the cost of remediation, operation, maintenance and monitoring of its disposed operations sites; changes in the volume, nature or extent of contamination to be remediated or monitoring to be undertaken; the outcome of negotiations with governmental agencies or non-governmental parties; and changes in accounting rules or interpretations. Based on information available as of September 26, 2015, the Company estimates this exposure could range up to approximately $64 million, although no assurances can be given that this amount will not be exceeded given the factors described above. These potential additional costs are attributable to several of the above sites and other applicable liabilities. Further, this estimate excludes reasonably possible liabilities which are not currently estimable primarily due to the factors discussed above.

Subject to the previous paragraph, the Company believes established liabilities are sufficient for probable costs expected to be incurred over the next 20 years with respect to its disposed operations. However, no assurances are given they will be sufficient for the reasons described above, and additional liabilities could have a material adverse effect on the Company’s financial position, results of operations and cash flows.

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Rayonier Advanced Materials Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

6. Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss was comprised of the following:

	Nine Months Ended	
Unrecognized components of employee benefit plans, net of tax	September 26, 2015	September 27, 2014
Balance, beginning of period	$(103,444)	$(39,699)
Amounts reclassified from accumulated other comprehensive loss (a)	7,057	3,596
Other comprehensive loss before reclassifications	—	(4,467)
Net other comprehensive income (loss)	7,057	(871)
Net transfer from Rayonier (b)	—	(35,419)
Balance, end of period	$(96,387)	$(75,989)

(a) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 11 — Employee Benefit Plans for additional information.

(b) Prior to the Separation, certain of the Company's employees participated in employee benefit plans sponsored by Rayonier. The Company did not record an asset, liability or accumulated other comprehensive loss to recognize the funded status of the Rayonier plans on the consolidated balance sheet until the Separation.

7. Earnings Per Share of Common Stock

The following table provides details of the calculations of basic and diluted earnings per share:

	Three Months Ended		Nine Months Ended	
	September 26, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Net income (loss)	$32,291	$19,408	$42,499	$54,917
Shares used for determining basic earnings per share of common stock (a)	42,199,659	42,167,014	42,192,956	42,160,559
Dilutive effect of:				
Stock options	—	68,799	—	69,600
Performance and restricted shares	121,363	12,157	120,379	10,289
Shares used for determining diluted earnings per share of common stock	42,321,022	42,247,970	42,313,335	42,240,448
Basic earnings per share (not in thousands)	$0.77	$0.46	$1.01	$1.30
Diluted earnings per share (not in thousands)	$0.76	$0.46	$1.00	$1.30

(a) On June 27, 2014, 42,176,565 shares of our common stock were distributed to Rayonier shareholders in conjunction with the Separation. For comparative purposes, and to provide a more meaningful calculation of weighted-average shares outstanding, this amount is assumed to be outstanding as of the beginning of each period prior to the Separation presented in the calculation of weighted average shares.

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Rayonier Advanced Materials Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

Anti-dilutive shares excluded from the computation of diluted earnings per share:

	Three Months Ended		Nine Months Ended	
	September 26, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Stock options	550,747	179,693	463,123	174,679
Restricted stock	235,806	109,894	222,376	37,444
Performance shares	142,627	—	142,322	—
Total	929,180	289,587	827,821	212,123

8. Other Operating Expense, Net

Other operating expense, net was comprised of the following:

	Three Months Ended		Nine Months Ended	
	September 26, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Non-cash impairment charge (a)	$—	$—	$28,462	$—
Loss on sale or disposal of property, plant and equipment	454	271	734	988
Increase to liabilities for disposed operations resulting from separation from Rayonier (b)	—	—	—	18,419
One-time separation and legal costs	—	2,774	(802)	23,454
Environmental reserve adjustment	—	1,500	—	1,500
Insurance settlement	—	—	(1,000)	—
Miscellaneous expense (income)	157	(27)	512	439
Total	$611	$4,518	$27,906	$44,800

(a) In light of the persistent imbalance of supply and demand in the cellulose specialties markets, on July 30, 2015, the Company announced a strategic asset realignment at its Jesup, Georgia plant to better align its production assets to current market conditions, improve efficiency and restore commodity production throughput to approach historical levels. This realignment resulted in the abandonment of certain long-lived assets, primarily at the Jesup plant. As a result, the abandoned assets were written down to salvage value and a $28 million pre-tax, non-cash impairment charge was recorded during the second quarter of 2015. The abandonment led management to conduct an impairment analysis on all long-lived assets being held and used on a combined plant level. Based on the impairment analysis performed, management concluded the assets were recoverable.

(b) The Company is subject to certain legal requirements relating to the provision of annual financial assurance regarding environmental remediation and post closure care at certain disposed sites. To comply with these requirements, the Company purchased surety bonds from an insurer, with the Company's repayment obligations (if the bonds are drawn upon) secured by the issuance of a letter of credit by the Company's revolving credit facility lender. As a result of the Separation and the Company's obligations to procure financial assurance annually for the foreseeable future, the Company recorded a corresponding increase to liabilities for disposed operations. See Note 5 — Liabilities for Disposed Operations and Note 13 — Guarantees for additional information.

9. Income Taxes

The Company's effective tax rate for the third quarter 2015 was 34.2 percent compared to 39.6 percent for the third quarter 2014. The 2014 effective tax rate was unfavorably impacted by a valuation allowance adjustment recorded in the period related to state tax credits.

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Rayonier Advanced Materials Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

For the nine months ended September 26, 2015 and September 27, 2014, the effective tax rates were 32.6 percent and 30.0 percent, respectively. The 2014 effective tax rate was favorably impacted by the reversal of a reserve related to the taxability of the cellulosic biofuel producer credit.

The effective tax rates also differ from the federal statutory rate of 35.0 percent due to the manufacturing tax deduction and state tax credits. The current year periods are also impacted by an adjustment for state deferred tax rates as a result of a change in a state apportionment factor. The impact of the manufacturing deduction on the effective tax rate is greater in periods that include expenses that reduce pre-tax income but are not currently deductible for income tax purposes.

The provision for income taxes for periods prior to June 27, 2014, the date of the Separation from Rayonier, has been computed as if the Company were a stand-alone company.

10. Incentive Stock Plans

The Company’s total stock based compensation cost, including allocated amounts, for the nine months ended September 26, 2015 and September 27, 2014 was $7.3 million and $5.6 million, respectively.

During the first quarter of 2015, performance shares granted in 2012 were cancelled as the Company did not meet the performance criteria for payout on these shares. The cancellation of these shares resulted in an excess tax deficit of $2.5 million.

The Company also made new grants of restricted and performance shares to certain employees during the first quarter of 2015. The 2015 restricted shares vest over three to four years. The 2015 performance share awards are measured against an internal return on invested capital target and, depending on performance against the target, the awards will payout between 0 and 200 percent of target. The total number of performance shares earned will be adjusted up or down 25 percent, for certain participants, based on stock price performance relative to a peer group over the term of the plan, which would result in a final payout range of 0 to 250 percent.

The following table summarizes the activity on the Company’s incentive stock awards for the period ended September 26, 2015:

	Stock Options		Restricted Stock		Performance Shares		Performance-Based Restricted Stock	
	Options	Weighted Average Exercise Price	Awards	Weighted Average Grant Date Fair Value	Awards	Weighted Average Grant Date Fair Value	Awards	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2014	466,015	$31.73	145,085	$41.66	47,977	$42.27	143,369	$40.52
Granted	—	—	270,521	21.15	214,403	17.51	—	—
Forfeited	(6,740)	38.54	(12,142)	28.80	(2,444)	17.57	(1,671)	19.84
Exercised or settled	(460)	17.34	(14,997)	37.86	—	—	—	—
Expired or cancelled	(12,098)	29.99	—	—	(47,977)	42.27	—	—
Outstanding at September 26, 2015	446,717	$31.69	388,467	$12.76	211,959	$17.51	141,698	$40.76

On March 23, 2015, the Company converted the $4.0 million fixed value retention award granted to the Chief Executive Officer in connection with the Company’s separation from Rayonier from a stock settled award to a cash settled award. As such, the award will have no dilutive effect on the Company’s stock. All other significant terms remain unchanged.

11. Employee Benefit Plans

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

(Dollar amounts in thousands unless otherwise stated)

The net pension and postretirement benefit costs that have been recorded are shown in the following tables:

	Pension		Postretirement	
	Three Months Ended		Three Months Ended	
Components of Net Periodic Benefit Cost	September 26, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Service cost	$1,494	$1,510	$251	$162
Interest cost	3,807	3,788	230	191
Expected return on plan assets	(5,809)	(5,934)	—	—
Amortization of prior service cost	188	296	4	4
Amortization of losses	3,358	2,812	169	133
Amortization of negative plan amendment	—	—	(44)	(134)
Total net periodic benefit cost	$3,038	$2,472	$610	$356

	Pension		Postretirement	
	Nine Months Ended		Nine Months Ended	
Components of Net Periodic Benefit Cost	September 26, 2015	September 27, 2014	September 26, 2015	September 27, 2014
Service cost	$4,482	$2,589	$754	$476
Interest cost	11,421	7,591	689	497
Expected return on plan assets	(17,426)	(12,399)	—	—
Amortization of prior service cost	563	865	13	12
Amortization of losses	10,075	4,808	507	377
Amortization of negative plan amendment	—	—	(131)	(402)
Total net periodic benefit cost	$9,115	$3,454	$1,832	$960

The Company does not have any mandatory pension contribution requirements and does not expect to make any discretionary contributions in 2015.

12. Contingencies

The Company is currently party to various legal proceedings, including those noted in this section. Unless specifically noted, any possible range of loss associated with the legal proceedings described below is not reasonably estimable at this time. The Company is also engaged in various other legal and regulatory actions and proceedings, and has been named as a defendant in various other lawsuits and claims arising in the ordinary course of its business. While the Company has procured reasonable and customary insurance covering risks normally occurring in connection with its businesses, the Company has in certain cases retained some risk through the operation of self-insurance, primarily in the areas of workers' compensation, property insurance and general liability. While there can be no assurance, the Company believes, except as specifically noted below, the ultimate outcome of these actions, either individually or in the aggregate, will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

On August 13, 2015, Eastman Chemical Company ("Eastman") served the Company, and on August 14, 2015 the Company served Eastman, respectively, with lawsuits relating to the Company's cellulose specialties purchase and sale contract (the "agreement") with Eastman. Eastman's lawsuit was filed in the Chancery Court for Sullivan County, Tennessee, while the Company's lawsuit was filed in the Superior Court of Gwinnett County, Georgia.

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Rayonier Advanced Materials Inc.
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(Unaudited)
(Dollar amounts in thousands unless otherwise stated)

The filings by each of Eastman and the Company ask the respective court to confirm the meaning of certain “meet or release” pricing and volume provisions in the agreement that require the Company, under certain circumstances, to respond to offers made to Eastman by other suppliers. The Company seeks a declaration that these provisions apply to a maximum number of metric tons of product per year, while Eastman claims these provisions provide Eastman with, in essence, meet or release rights for unlimited volume. In addition, the parties have asked the court to confirm the meaning of certain additional contract provisions relating to pricing in future years. In its filings, Eastman has also asserted other claims which seek to limit, terminate or void the agreement. The records in both cases are currently under seal and are being treated as confidential by the respective courts.
The Company believes the contract is valid and enforceable in accordance with its terms as to both price and volume requirements, and the meet or release provisions should be enforced in accordance with the Company’s position. Eastman is seeking declaratory relief as to its interpretation of certain provisions of the agreement. Eastman also seeks a declaration of its right to void the agreement if its interpretation is rejected. An unfavorable decision and judgment that result in a voiding or termination of the agreement, or which materially limit Eastman’s obligations under the agreement to purchase certain volumes of products from the Company could have a material adverse effect on the Company’s financial position, results of operations and cash flows.

13. Guarantees

The Company provides financial guarantees as required by creditors, insurance programs and various governmental agencies. As of September 26, 2015, the following financial guarantees were outstanding:

Financial Commitments	Maximum Potential Payment
Standby letters of credit (a)	$14,216
Surety bonds (b)	56,151