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

---

# FORM 10-Q

---

**(Mark One)**

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

**For the quarterly period ended June 30, 2019**

**OR**

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

**For the transition period from _______ to _______**

**Commission File Number: 001-32240**

---

NEENAH INC

(Exact name of registrant as specified in its charter)

---

| | |
|---|---|
| **Delaware** | **20-1308307** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**3460 Preston Ridge Road**
**Alpharetta , Georgia 30005**
(Address of principal executive offices, including zip code)
**( 678 ) 566-6500**
(Registrant's telephone number, including area code)

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

| **Title of each class** | **Trading Symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock | NP | New York Stock Exchange |

---

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an 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. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| (Do not check if a 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 ☒

As of August 2, 2019 , there were 16,860,690 shares of the Company's Common Stock outstanding.

**TABLE OF CONTENTS**

## Part I—FINANCIAL INFORMATION

### Item 1. Financial Statements

**NEENAH, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In millions, except share and per share data)**
**(Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Net sales** | $ 253.4 | $ 271.3 | $ 493.1 | $ 537.8 |
| Cost of products sold | 202.7 | 216.2 | 398.7 | 430.3 |
| **Gross profit** | 50.7 | 55.1 | 94.4 | 107.5 |
| Selling, general and administrative expenses | 26.9 | 25.2 | 52.2 | 52.0 |
| Impairment loss (Note 12) | — | 32.0 | — | 32.0 |
| Restructuring and other non-routine costs (Note 13) | 3.5 | 0.3 | 3.5 | 0.3 |
| Pension settlement and other benefit costs (Note 7) | — | 1.0 | — | 1.8 |
| Other expense - net | 0.5 | 0.9 | 1.5 | 1.6 |
| **Operating income (loss)** | 19.8 | (4.3) | 37.2 | 19.8 |
| Interest expense - net | 3.0 | 3.3 | 6.2 | 6.6 |
| **Income (loss) from continuing operations before income taxes** | 16.8 | (7.6) | 31.0 | 13.2 |
| Provision (benefit) for income taxes | 3.2 | (2.8) | 5.6 | 1.8 |
| **Net income (loss)** | $ 13.6 | $ (4.8) | $ 25.4 | $ 11.4 |
| | | | | |
| **Earnings (Loss) Per Common Share** | | | | |
| Basic | $ 0.80 | $ (0.29) | $ 1.50 | $ 0.67 |
| Diluted | $ 0.80 | $ (0.29) | $ 1.49 | $ 0.66 |
| | | | | |
| **Weighted Average Common Shares Outstanding (in thousands)** | | | | |
| Basic | 16,863 | 16,827 | 16,861 | 16,842 |
| Diluted | 16,910 | 16,827 | 16,914 | 16,989 |
| | | | | |
| **Cash Dividends Declared Per Share of Common Stock** | $ 0.45 | $ 0.41 | $ 0.90 | $ 0.82 |

See Notes to Condensed Consolidated Financial Statements

**NEENAH, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(In millions)**
**(Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Net income (loss)** | $ 13.6 | $ (4.8) | $ 25.4 | $ 11.4 |
| Reclassification of amounts recognized in the condensed consolidated statements of operations: | | | | |
| Amortization of adjustments to pension and other postretirement benefit liabilities (Note 7) | 1.4 | 1.4 | 3.1 | 3.0 |
| SERP settlement loss (Note 7) | — | — | — | 0.8 |
| Amounts recognized in the condensed consolidated statements of operations | 1.4 | 1.4 | 3.1 | 3.8 |
| Unrealized foreign currency translation gain (loss) | 1.5 | (9.7) | (1.7) | (4.2) |
| Net gain from pension and other postretirement benefit plans | 4.9 | — | 4.9 | 0.4 |
| **Income (loss) from other comprehensive income items** | 7.8 | (8.3) | 6.3 | — |
| Provision for income taxes | 1.6 | 0.1 | 1.8 | 1.1 |
| **Other comprehensive income (loss)** | 6.2 | (8.4) | 4.5 | (1.1) |
| **Comprehensive income (loss)** | $ 19.8 | $ (13.2) | $ 29.9 | $ 10.3 |

See Notes to Condensed Consolidated Financial Statements

**NEENAH, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In millions)**
**(Unaudited)**

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 8.1 | $ 9.9 |
| Accounts receivable (less allowances of $1.1 million and $1.3 million) | 123.6 | 114.8 |
| Inventories | 127.7 | 131.6 |
| Prepaid and other current assets | 15.8 | 21.6 |
| Total Current Assets | 275.2 | 277.9 |
| **Property, Plant and Equipment** | | |
| Property, plant and equipment, at cost | 843.0 | 840.2 |
| Less accumulated depreciation | 457.1 | 444.0 |
| Property, Plant and Equipment—net | 385.9 | 396.2 |
| **Lease Right-of-Use Assets (Note 11)** | 15.2 | — |
| **Deferred Income Taxes** | 12.6 | 16.4 |
| **Goodwill** | 83.7 | 84.0 |
| **Intangible Assets—net** | 68.7 | 70.7 |
| **Other Noncurrent Assets** | 16.4 | 16.0 |
| **TOTAL ASSETS** | $ 857.7 | $ 861.2 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current Liabilities** | | |
| Debt payable within one year | $ 2.7 | $ 2.3 |
| Lease liabilities payable within one year (Note 11) | 2.8 | — |
| Accounts payable | 59.4 | 63.3 |
| Accrued expenses | 50.5 | 55.2 |
| Total Current Liabilities | 115.4 | 120.8 |
| **Long-term Debt** | 221.0 | 236.8 |
| **Deferred Income Taxes** | 14.2 | 14.4 |
| **Noncurrent Employee Benefits** | 83.4 | 92.9 |
| **Noncurrent Lease Liabilities (Note 11)** | 13.2 | — |
| **Other Noncurrent Obligations** | 4.0 | 6.1 |
| **TOTAL LIABILITIES** | 451.2 | 471.0 |
| **Contingencies and Legal Matters (Note 10)** | | |
| **TOTAL STOCKHOLDERS' EQUITY** | 406.5 | 390.2 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 857.7 | $ 861.2 |

See Notes to Condensed Consolidated Financial Statements

**NEENAH, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
**(In millions, shares in thousands)**
**(Unaudited)**

| | Three Months Ended June 30, 2019 and March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | | | | | | |
| | Shares | Amount | Treasury Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
| Balance, December 31, 2018 | 18,597 | $ 0.2 | $ (76.6) | $ 328.5 | $ 243.2 | $ (105.1) | $ 390.2 |
| Net income | — | — | — | — | 11.8 | — | 11.8 |
| Other comprehensive loss, including income taxes | — | — | — | — | — | (1.7) | (1.7) |
| Dividends declared | — | — | — | — | (7.6) | — | (7.6) |
| Shares purchased (Note 9) | — | — | (0.3) | — | — | — | (0.3) |
| Stock options exercised | 9 | — | — | — | — | — | — |
| Restricted stock vesting (Note 9) | 3 | — | (0.1) | — | — | — | (0.1) |
| Stock-based compensation | — | — | — | 1.9 | — | — | 1.9 |
| Other/currency | — | — | — | — | — | — | — |
| Balance, March 31, 2019 | 18,609 | 0.2 | (77.0) | 330.4 | 247.4 | (106.8) | 394.2 |
| Net income | — | — | — | — | 13.6 | — | 13.6 |
| Other comprehensive income, net of income taxes | — | — | — | — | — | 6.2 | 6.2 |
| Dividends declared | — | — | — | — | (7.6) | — | (7.6) |
| Shares purchased (Note 9) | — | — | (1.6) | — | — | — | (1.6) |
| Stock options exercised | 1 | — | — | — | — | — | — |
| Restricted stock vesting (Note 9) | 21 | — | — | — | — | — | — |
| Stock-based compensation | — | — | — | 1.7 | — | — | 1.7 |
| Other/currency | — | — | — | — | — | — | — |
| Balance, June 30, 2019 | 18,631 | $ 0.2 | $ (78.6) | $ 332.1 | $ 253.4 | $ (100.6) | $ 406.5 |

| | Three Months Ended June 30, 2018 and March 31, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Common Stock | | | | | | |
| | Shares | Amount | Treasury Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
| Balance, December 31, 2017 | 18,458 | $ 0.2 | $ (65.8) | $ 323.9 | $ 235.7 | $ (94.1) | $ 399.9 |
| Net income | — | — | — | — | 16.2 | — | 16.2 |
| Other comprehensive income, net of income taxes | — | — | — | — | — | 7.3 | 7.3 |
| Reclassification of the unrealized loss on "available-for-sale" securities | — | — | — | — | (0.3) | 0.3 | — |
| Reclassification of deferred income taxes on intra-entity asset transfers | — | — | — | — | (0.8) | — | (0.8) |
| Dividends declared | — | — | — | — | (7.0) | — | (7.0) |
| Shares purchased (Note 9) | — | — | (5.3) | — | — | — | (5.3) |
| Stock options exercised | 20 | — | — | 0.1 | — | — | 0.1 |
| Stock-based compensation | — | — | — | 1.8 | — | — | 1.8 |
| Other/currency | — | — | — | — | — | — | — |
| Balance, March 31, 2018 | 18,478 | 0.2 | (71.1) | 325.8 | 243.8 | (86.5) | 412.2 |
| Net loss | — | — | — | — | (4.8) | — | (4.8) |
| Other comprehensive loss, including income taxes | — | — | — | — | — | (8.4) | (8.4) |
| Dividends declared | — | — | — | — | (6.9) | — | (6.9) |
| Shares purchased (Note 9) | — | — | (1.0) | — | — | — | (1.0) |
| Stock options exercised | 12 | — | — | 0.3 | — | — | 0.3 |
| Restricted stock vesting (Note 9) | 8 | — | — | — | — | — | — |
| Stock-based compensation | — | — | — | 1.2 | — | — | 1.2 |
| Other/currency | — | — | — | (0.1) | — | — | (0.1) |
| Balance, June 30, 2018 | 18,498 | $ 0.2 | $ (72.1) | $ 327.2 | $ 232.1 | $ (94.9) | $ 392.5 |

See Notes to Condensed Consolidated Financial Statements

Table of Contents

**NEENAH, INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In millions)**
**(Unaudited)**

| | Six Months Ended June 30, | |
|---|---|---|
| | 2019 | 2018 |
| **OPERATING ACTIVITIES** | | |
| Net income | $ 25.4 | $ 11.4 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 19.0 | 18.5 |
| Stock-based compensation | 3.6 | 3.0 |
| Deferred income tax provision (benefit) | 1.9 | (3.8) |
| Impairment loss (Note 12) | — | 32.0 |
| Pension settlement and other benefit costs (Note 7) | — | 1.8 |
| Loss on asset dispositions | 0.1 | 0.1 |
| Non-cash effects of changes in liabilities for uncertain income tax positions | (0.4) | 0.1 |
| Increase in working capital | (7.3) | (18.6) |
| Pension and other postretirement benefits | (0.9) | (4.4) |
| Other | (0.4) | (0.3) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 41.0 | 39.8 |
| | | |
| **INVESTING ACTIVITIES** | | |
| Capital expenditures | (9.0) | (15.8) |
| Purchase of marketable securities | (0.3) | — |
| Other | (0.3) | (0.2) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (9.6) | (16.0) |
| | | |
| **FINANCING ACTIVITIES** | | |
| Long-term borrowings (Note 6) | 124.3 | 150.5 |
| Repayments of long-term debt (Note 6) | (139.9) | (151.5) |
| Debt issuance costs | (0.4) | — |
| Cash dividends paid | (15.2) | (13.9) |
| Shares purchased (Note 9) | (2.0) | (6.3) |
| Proceeds from exercise of stock options | — | 0.3 |
| **NET CASH USED IN FINANCING ACTIVITIES** | (33.2) | (20.9) |
| | | |
| **EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | — | (0.2) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (1.8) | 2.7 |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 9.9 | 4.5 |
| **CASH AND CASH EQUIVALENTS, END OF PERIOD** | $ 8.1 | $ 7.2 |
| | | |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:** | | |
| Cash paid during period for interest, net of interest costs capitalized | $ 5.7 | $ 6.1 |
| Cash paid during period for income taxes | $ 9.3 | $ 6.2 |
| Non-cash investing activities: | | |
| Liability for equipment acquired | $ 1.7 | $ 2.9 |

See Notes to Condensed Consolidated Financial Statements

**NEENAH, INC. AND SUBSIDIARIES**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Tabular amounts in millions, except as noted)**

## Note 1. Background and Basis of Presentation

### *Background*

Neenah, Inc. ("Neenah" or the "Company"), is a Delaware corporation incorporated in April 2004. The Company has two primary operations: its technical products business and its fine paper and packaging business. See Note 13, "Business Segment Information."

### *Basis of Consolidation and Presentation*

These statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and, in accordance with those rules and regulations, do not include all information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Management believes that the disclosures made are adequate for a fair presentation of the Company’s results of operations, financial position and cash flows. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the results of operations, financial position and cash flows for the interim periods presented herein. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make extensive use of estimates and assumptions that affect the reported amounts and disclosures. Actual results may vary from these estimates.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s most recent Annual Report on Form 10-K. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

The condensed consolidated financial statements of Neenah and its subsidiaries included herein are unaudited. The condensed consolidated financial statements include the financial statements of the Company and its wholly owned and majority owned subsidiaries. Intercompany balances and transactions have been eliminated.

### *Earnings per Share ("EPS")*

The following table presents the computation of basic and diluted EPS (dollars in millions except per share amounts, shares in thousands):

**Earnings Per Basic Common Share**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Income (loss) from continuing operations | $ 13.6 | $ (4.8) | $ 25.4 | $ 11.4 |
| Amounts attributable to participating securities | (0.1) | (0.1) | (0.2) | (0.1) |
| Net income (loss) available to common stockholders | $ 13.5 | $ (4.9) | $ 25.2 | $ 11.3 |
| Weighted-average basic shares outstanding | 16,863 | 16,827 | 16,861 | 16,842 |
| Basic earnings (loss) per share | $ 0.80 | $ (0.29) | $ 1.50 | $ 0.67 |

**Earnings Per Diluted Common Share**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Income (loss) from continuing operations | $ 13.6 | $ (4.8) | $ 25.4 | $ 11.4 |
| Amounts attributable to participating securities | (0.1) | (0.1) | (0.2) | (0.1) |
| Net income (loss) available to common stockholders | $ 13.5 | $ (4.9) | $ 25.2 | $ 11.3 |
| | | | | |
| Weighted-average basic shares outstanding | 16,863 | 16,827 | 16,861 | 16,842 |
| Add: Assumed incremental shares under stock compensation plans (a) | 47 | — | 53 | 147 |
| Weighted-average diluted shares | 16,910 | 16,827 | 16,914 | 16,989 |
| | | | | |
| Diluted earnings (loss) per share | $ 0.80 | $ (0.29) | $ 1.49 | $ 0.66 |

(a) For the three months ended June 30, 2019 and 2018 , there were 230,928 and 250,095 potentially dilutive options, respectively, excluded from the computation of dilutive common shares because the exercise price of such options exceeded the average market price of the Company's Common Stock. For the six months ended June 30, 2019 and 2018 , there were 231,129 and 196,530 potentially dilutive options, respectively, similarly excluded from the computation of dilutive common shares. In addition, as a result of the loss from continuing operations for the three months ended June 30, 2018, approximately 126,000 incremental shares resulting from the dilutive options were excluded from the diluted earnings per share calculation, as the effect would have been anti-dilutive.

***Fair Value of Financial Instruments***

The Company measures the fair value of financial instruments in accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820") which establishes a framework for measuring fair value. ASC Topic 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The following table presents the carrying value and the fair value of the Company's debt.

| | June 30, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value (a) | Carrying Value | Fair Value (a) |
| 2021 Senior Notes (5.25% fixed rate) | $ 175.0 | $ 173.3 | $ 175.0 | $ 170.5 |
| Global Revolving Credit Facilities (variable rates) | 43.4 | 43.4 | 57.9 | 57.9 |
| German loan agreement (2.45% fixed rate) | 4.2 | 4.3 | 4.8 | 5.1 |
| German loan agreement (1.45% fixed rate) | 4.5 | 4.5 | 4.9 | 4.9 |
| Total debt | $ 227.1 | $ 225.5 | $ 242.6 | $ 238.4 |

(a) The fair value for all debt instruments was estimated from Level 2 measurements using rates currently available to the Company for debt of the same remaining maturities.

As of June 30, 2019 , the Company had $3.8 million in marketable securities in the U.S. classified as "Other Noncurrent Assets" on the Condensed Consolidated Balance Sheet. The cost of such marketable securities was $4.3 million . Fair value for the Company's marketable securities was estimated from Level 1 inputs. The Company's U.S. marketable securities are designated for the payment of benefits under its supplemental employee retirement plan ("SERP"). As of June 30, 2019 , Neenah Germany had investments of $1.7 million that were restricted to the payment of certain post-retirement employee benefits of which $0.6 million and $1.1 million are classified as "Prepaid and other current assets" and "Other Noncurrent Assets", respectively, on the Condensed Consolidated Balance Sheet. The cost of these investments approximate market.

## Note 2. Accounting Standards Changes

As of June 30, 2019 , no amendments to the ASC have been issued that will have or are reasonably likely to have a material effect on the Company's financial position, results of operations or cash flows.

## Note 3. Revenue from Contracts with Customers

The Company recognizes sales revenue at a point in time following the transfer of control of the product to the customer, which typically occurs upon shipment or delivery depending on the terms of the underlying contracts. Sales are reported net of allowable discounts and estimated returns. Reserves for cash discounts, trade allowances and sales returns are estimated using historical experience. The Company accounts for shipping and handling activities related to contracts with customers as costs to fulfill our promise to transfer the associated products. Accordingly, the Company records customer payments of shipping and handling costs as a component of net sales and classifies such costs as a component of cost of sales. The Company excludes tax amounts assessed by governmental authorities that are both (i) imposed on and concurrent with a specific revenue-producing transaction and (ii) collected from customers from our measurement of transaction prices. Accordingly, such tax amounts are not included as a component of net sales or cost of sales.

The following tables represent a disaggregation of segment revenue from contracts with customers for the three and six months ended June 30, 2019 and 2018 .

The technical products business is an international producer of fiber-formed, coated and/or saturated specialized media that delivers high performance benefits to customers. Included in this segment are transportation and other filtration media ("Filtration"), tape and abrasives backings products ("Backings"), and digital image transfer, durable label and other specialty substrate products ("Specialty"). Following the disposition of the Brattleboro mill which eliminated a significant portion of the products of the Other business segment, in January 2019 the Company realigned the remaining products manufactured in the Other business segment to be managed as part of the Technical Products business segment. As a result, the Company presented the net sales and operating income for the three and six months ended June 30, 2019 of this remaining portion of the Other business segment within the Technical Products business segment and recast the comparable 2018 information into Specialty products. Refer to Note 13, "Business Segment Information", for further discussion on the amount recast.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Filtration | 42% | 39% | 42% | 40% |
| Backings | 24% | 28% | 25% | 28% |
| Specialty | 34% | 33% | 33% | 32% |
| Total | 100% | 100% | 100% | 100% |

The fine paper and packaging business is a leading supplier of premium printing and other high end specialty papers ("Graphic Imaging"), premium packaging ("Packaging") and specialty office papers ("Filing/Office") primarily in North America. With the sale of the Brattleboro mill in 2018, the Filing/Office category has been eliminated.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Graphic Imaging | 78% | 76% | 79% | 77% |
| Packaging | 22% | 20% | 21% | 19% |
| Filing/Office | —% | 4% | —% | 4% |
| Total | 100% | 100% | 100% | 100% |

The following tables represent a disaggregation of revenue from contracts with customers by location of the selling entities for the three and six months ended June 30, 2019 and 2018 .

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| United States | 73% | 72% | 72% | 71% |
| Germany | 20% | 21% | 21% | 22% |
| Rest of Europe | 7% | 7% | 7% | 7% |
| Total | 100% | 100% | 100% | 100% |

The Company considers each transaction/shipment as a separate performance obligation. Neenah recognizes revenue when the title transfers to the customer. As such, the remaining performance obligations at period end are not considered significant.

Sales terms in the technical products business vary depending on the type of product sold and customer category. In general, sales are collected in 45 to 55 days. Extended credit terms of up to 120 days are offered to customers located in certain international markets. Fine paper and packaging sales terms range between 20 and 30 days with discounts of 0 to 2% for customer payments, with discounts of 1% and 20 -day terms used most often. Extended credit terms are offered to customers located in certain international markets.

**Note 4. Supplemental Balance Sheet Data**

The following table presents inventories by major class:

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Raw materials | $ 32.3 | $ 35.6 |
| Work in progress | 27.6 | 30.1 |
| Finished goods | 77.4 | 78.3 |
| Supplies and other | 4.0 | 3.0 |
| | 141.3 | 147.0 |
| Adjust FIFO inventories to LIFO cost | (13.6) | (15.4) |
| Total | $ 127.7 | $ 131.6 |

The FIFO values of inventories valued on the LIFO method were $110.5 million and $109.1 million as of June 30, 2019 and December 31, 2018 , respectively. For the three and six months ended June 30, 2019 , income from continuing operations before income taxes was reduced by less than $0.1 million due to a decrease in certain LIFO inventory quantities.

The following table presents changes in accumulated other comprehensive income (loss) ("AOCI") for the six months ended June 30, 2019 :

| | Net Unrealized Foreign Currency Translation Loss | Net Loss from Pension and Other Postretirement Liabilities | Accumulated Other Comprehensive Loss |
|---|---|---|---|
| AOCI — December 31, 2018 | $ (15.5) | $ (89.6) | $ (105.1) |
| Other comprehensive income (loss) before reclassifications (a) | (1.7) | 4.9 | 3.2 |
| Amounts reclassified from AOCI | — | 3.1 | 3.1 |
| Income (loss) from other comprehensive income items | (1.7) | 8.0 | 6.3 |
| Provision (benefit) for income taxes | (0.2) | 2.0 | 1.8 |
| Other comprehensive income (loss) | (1.5) | 6.0 | 4.5 |
| AOCI — June 30, 2019 | $ (17.0) | $ (83.6) | $ (100.6) |

(a) For the three months ended June 30, 2019, the Company recorded a $4.9 million decrease in the employee benefit obligations related to a pension remeasurement in conjunction with the redistribution of active and inactive participants between separate pension plans.

For the six months ended June 30, 2019 and 2018 , the Company reclassified $3.1 million and $3.0 million , respectively, of costs from AOCI to "Other expense - net" on the Condensed Consolidated Statements of Operations. For each of the six months ended June 30, 2019 and 2018 , the Company recognized an income tax benefit of $0.8 million related to such reclassifications classified as "Provision (benefit) for income taxes" on the Condensed Consolidated Statements of Operations.

**Note 5. Income Taxes**

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes.* Income tax expense represented 19% and (37)% of pre-tax book income for the three months ended June 30, 2019 and 2018 , respectively, and 18% and 14% of pre-tax book income for the six months ended June 30, 2019 and 2018 , respectively. The effective income tax (benefit) rates for the three and six months ended June 30, 2018 were significantly impacted by the effects of the $32.0 million impairment loss of the Brattleboro mill and associated research and office facilities (see Note 12), as lower pre-tax income resulted in similarly sized reconciling items having a larger percentage impact.

The following table presents the principal reasons for the difference between the Company's effective income tax (benefit) rate and the U.S. federal statutory income tax (benefit) rate:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| U.S. federal statutory income tax (benefit) rate | 21 % | (21)% | 21 % | 21 % |
| U.S. state income taxes (benefit), net of federal income tax effect | 2 % | (12)% | 1 % | (6)% |
| Excess tax benefits from stock compensation | — % | (3)% | — % | (4)% |
| Foreign tax rate differences and financing structure | — % | 4 % | 1 % | 5 % |
| Research and development and other tax credits | (7)% | (16)% | (6)% | (15)% |
| Uncertain income tax positions | 1 % | 3 % | (1)% | 3 % |
| U.S. taxes on foreign earnings | — % | 9 % | 1 % | 14 % |
| Other differences - net | 2 % | (1)% | 1 % | (4)% |
| Effective income tax (benefit) rate | 19 % | (37)% | 18 % | 14 % |

**Note 6. Debt**

Long-term debt consisted of the following:

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| 2021 Senior Notes (5.25% fixed rate) due May 2021 | $ 175.0 | $ 175.0 |
| Global Revolving Credit Facilities (variable rates) due December 2023 | 43.4 | 57.9 |
| German loan agreement (2.45% fixed rate) due in quarterly installments ending September 2022 | 4.2 | 4.8 |
| German loan agreement (1.45% fixed rate) due in quarterly installments from June 2019 through March 2023 | 4.5 | 4.9 |
| Deferred financing costs | (3.4) | (3.5) |
| Total debt | 223.7 | 239.1 |
| Less: Debt payable within one year | 2.7 | 2.3 |
| Long-term debt | $ 221.0 | $ 236.8 |

***2021 Senior Notes***

In May 2013, the Company completed an underwritten offering of eight -year senior unsecured notes (the "2021 Senior Notes") at a face amount of $175 million . The 2021 Senior Notes contain terms, covenants and events of default with which the Company must comply, which the Company believes are ordinary and standard for notes of this nature. As of June 30, 2019 , the Company was in compliance with all terms of the indenture for the 2021 Senior Notes.

***Amended and Restated Secured Revolving Credit Facility***

In December 2018, the Company amended and restated its existing credit facility by entering into the Fourth Amended and Restated Credit Agreement (the "Fourth Amended Credit Agreement").

The Fourth Amended Credit Agreement contains covenants with which the Company and its subsidiaries must comply during the term of the agreement, which the Company believes are ordinary and standard for agreements of this nature. As of June 30, 2019 , the Company was in compliance with all terms of the Fourth Amended Credit Agreement.

Availability under the Global Revolving Credit Facilities varies over time depending on the value of the Company's inventory, receivables and various capital assets. As of June 30, 2019 , the Company had $43.4 million of borrowings and $0.6 million in letters of credit outstanding under the Global Revolving Credit Facilities and $176.5 million of available credit (based on exchange rates at June 30, 2019 ). As of June 30, 2019 , the weighted-average interest rate on outstanding Global Revolving Credit Facility borrowings was 1.8 percent per annum. As of December 31, 2018 , the weighted-average interest rate under the Global Revolving Credit Facilities was 2.9 percent per annum.

Under the terms of the 2021 Senior Notes and the Fourth Amended Credit Agreement, the Company has limitations on its ability to repurchase shares of and pay dividends on its Common Stock. These limitations are triggered depending on the Company's credit availability under the Fourth Amended Credit Agreement and leverage levels under the Senior Notes. As of June 30, 2019 , none of these covenants were restrictive to the Company's ability to repurchase shares of and pay dividends on its Common Stock.

For additional information about our debt agreements, see Note 7, "Debt" of the Notes to Consolidated Financial Statements in our 2018 Form 10-K.

***Borrowings and Repayments of Long-Term Debt***

The Condensed Consolidated Statements of Cash Flows present borrowings and repayments under the Global Revolving Credit Facilities using a gross approach. This approach presents not only discrete borrowings for transactions such as a business acquisition, but also reflects all borrowings and repayments that occur as part of daily management of cash receipts and disbursements. For the six months ended June 30, 2019 , the Company made scheduled debt repayments of $1.0 million and net long-term debt repayments of $14.6 million related to daily cash management activities. For the six months ended June 30, 2018 , the Company made scheduled debt repayments of $0.3 million and net long-term debt repayments of $1.0 million related to daily cash management activities.

**Note 7. Pension and Other Postretirement Benefits**

***Pension Plans***

Substantially all active employees of the Company's U.S. operations participate in defined benefit pension plans and/or defined contribution retirement plans. The Company has defined benefit plans for substantially all its employees in Germany, the Netherlands and the United Kingdom. In addition, the Company maintains a SERP, which is a non-qualified defined benefit plan, and a supplemental retirement contribution plan (the "SRCP"), which is a non-qualified, unfunded defined contribution plan. The Company provides benefits under the SERP and SRCP to the extent necessary to fulfill the intent of its retirement plans without regard to the limitations set by the Internal Revenue Code on qualified and non-qualified retirement benefit plans.

Table of Contents

The following table presents the components of net periodic benefit cost for the Company’s defined benefit plans and postretirement plans other than pensions:

***Components of Net Periodic Benefit Cost for Defined Benefit Plans***

| | Pension Benefits | | Postretirement Benefits Other than Pensions | |
|---|---|---|---|---|
| | Three Months Ended June 30, | | | |
| | 2019 | 2018 | 2019 | 2018 |
| Service cost | $ 1.3 | $ 1.7 | $ 0.3 | $ 0.3 |
| Interest cost | 4.1 | 3.9 | 0.4 | 0.3 |
| Expected return on plan assets (a) | (5.3) | (5.2) | — | — |
| Recognized net actuarial loss | 1.1 | 1.3 | 0.2 | 0.1 |
| Amortization of prior service benefit | 0.1 | — | — | — |
| Amount of settlement loss recognized | — | — | — | — |
| Net periodic benefit cost | $ 1.3 | $ 1.7 | $ 0.9 | $ 0.7 |

| | Pension Benefits | | Postretirement Benefits Other than Pensions | |
|---|---|---|---|---|
| | Six Months Ended June 30, | | | |
| | 2019 | 2018 | 2019 | 2018 |
| Service cost | $ 2.6 | $ 3.4 | $ 0.6 | $ 0.6 |
| Interest cost | 8.2 | 7.9 | 0.8 | 0.6 |
| Expected return on plan assets (a) | (10.3) | (10.5) | — | — |
| Recognized net actuarial loss | 2.6 | 2.6 | 0.4 | 0.3 |
| Amortization of prior service benefit | 0.1 | 0.1 | — | (0.1) |
| Amount of settlement loss recognized (b) | — | 0.8 | — | — |
| Net periodic benefit cost | $ 3.2 | $ 4.3 | $ 1.8 | $ 1.4 |

(a) The expected return on plan assets is determined by multiplying the fair value of plan assets at the prior year-end (adjusted for estimated current year cash benefit payments and contributions) by the expected long-term rate of return. The Dutch pension plan is funded through an insurance contract, and the expected return on plan assets is calculated based on the discount rate of the insured obligations.

(b) For the three months ended March 31, 2018, the Company recognized a settlement loss of $0.8 million related to the SERP.

The Company records the service cost component of net periodic benefit cost as part of cost of sales and selling, general and administrative ("SG&A") expenses; and the non-service cost components of net periodic benefit cost (i.e., interest cost, expected return on plan assets, net actuarial gains or losses, and amortization of prior service cost or credits) as part of "Other expense - net" on the Condensed Consolidated Statements of Operations.

The Company expects to make aggregate contributions to qualified and nonqualified defined benefit pension trusts and to pay pension benefits for unfunded pension and other postretirement benefit plans of $15.1 million in calendar 2019. For the six months ended June 30, 2019 , the Company made $6.3 million of such payments. The Company made similar payments of $9.8 million and $20.3 million for the six months ended June 30, 2018 and for the year ended December 31, 2018, respectively.

*Multi-Employer Plan*

In June 2018, the Company and representatives of the United Steelworkers Union (the "USW") of the Lowville mill reached an agreement to withdraw from the Pace Industry Union-Management Pension Fund (“PIUMPF”), effective July 1, 2018. As a result, the Company recorded an estimated withdrawal liability of $1.0 million , which assumes payment of $0.1 million per year over 20 years , discounted at a credit adjusted risk-free rate of 5.7% . In addition to the withdrawal liability, PIUMPF may also demand payment from the Company of a pro-rata share of the fund's accumulated funding deficiency. Based on the latest information available from PIUMPF, the Company estimates the demand of accumulated funding deficiency to be in the range of $1.0 to $1.25 million . The Company reserves the right to challenge any such demand and believes this demand is unenforceable. As such, the Company has not recorded a liability for this amount as of June 30, 2019 .

**Note 8. Stock Compensation Plan**

***Stock Options and Stock Appreciation Rights ("Options")***

The following table presents information regarding Options awarded during the six months ended June 30, 2019 :

| | | |
|---|---|---|
| Options granted | | 1,338 |
| Per share weighted average exercise price | $ | 69.20 |
| Per share weighted average grant date fair value | $ | 11.50 |

The weighted-average grant date fair value for Options granted during the six months ended June 30, 2019 was estimated using the Black-Scholes option valuation model with the following assumptions:

| | |
|---|---|
| Expected term in years | 5.0 |
| Risk free interest rate | 2.6% |
| Volatility | 22.9% |
| Dividend yield | 3.0% |

The following table presents information regarding Options that vested during the six months ended June 30, 2019 :

| | | |
|---|---|---|
| Options vested | | 108,676 |
| Aggregate grant date fair value of Options vested (in millions) | $ | 1.5 |

The following table presents information regarding outstanding Options:

| | | June 30, 2019 | | December 31, 2018 |
|---|---|---|---|---|
| Options outstanding | | 435,692 | | 451,081 |
| Aggregate intrinsic value (in millions) | $ | 3.9 | $ | 2.7 |
| Per share weighted average exercise price | $ | 68.96 | $ | 67.46 |
| Exercisable Options | | 335,487 | | 240,903 |
| Aggregate intrinsic value (in millions) | $ | 3.9 | $ | 2.6 |
| Unvested Options | | 100,205 | | 210,178 |
| Per share weighted average grant date fair value | $ | 14.43 | $ | 14.21 |

***Performance Share Units ("PSUs") and Restricted Share Units ("RSUs")***

For the six months ended June 30, 2019 , the Company granted target awards of 47,803 PSUs. The measurement period for three-fourths of the PSUs is January 1, 2019 through December 31, 2019, and for the remaining one-fourth of the PSUs is January 1, 2019 through December 31, 2021. The PSUs vest on December 31, 2021. Common Stock of an amount between zero and 200 percent of the PSUs target will be awarded based on the Company's return on invested capital, consolidated revenue growth, EPS and total return to shareholders relative to the companies in the Russell 2000® Value small cap index. The Company's return on invested capital, consolidated revenue growth and EPS are adjusted for certain items as further described in the Performance Share Award Agreement. The market price on the date of grant for the PSUs was $69.20 per share.

For the six months ended June 30, 2019 , the Company awarded 35,550 RSUs to certain employees. The weighted average grant date fair value of such awards was $69.19 per share and the one third of the shares will vest on each of the first three anniversaries of the grant date, with certain exceptions for retiring employees. For the six months ended June 30, 2019 , the Company also awarded 10,056 RSUs to non-employee members of the Board of Directors. The weighted average grant date fair value of such awards was $59.67 per share and the awards vest one year from the date of grant. During the vesting period, the holders of the RSUs are entitled to dividends, but the RSUs do not have voting rights. Generally, the RSUs and PSUs are forfeited in the event the holder is no longer working for the Company on the vesting date. However, under specific circumstances, vesting may be accelerated or reflect pro-rata vesting.

## Note 9. Stockholders' Equity

### *Common Stock*

As of June 30, 2019 and December 31, 2018 , the Company had 16,860,000 shares and 16,859,000 shares of Common Stock outstanding, respectively.

In November 2018, the Company's Board of Directors authorized a program for the purchase of up to $25 million of outstanding Common Stock effective January 1, 2019 (the "2019 Stock Purchase Plan"). The program does not require the Company to purchase any specific number of shares and may be suspended or discontinued at any time. Purchases under the 2019 Stock Purchase Plan will be made from time to time in the open market or in privately negotiated transactions in accordance with the requirements of applicable law. The timing and amount of any purchases will depend on share price, market conditions and other factors. The Company also had $25 million repurchase programs in place during the preceding two years that expired in December 2018 (the "2018 Stock Purchase Plan") and December 2017 (the "2017 Stock Purchase Plan"),
respectively.

The following table shows shares purchased and value ($ in millions) under the respective stock purchase plans:

| | Six Months Ended June 30, | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | Shares | Amount | Shares | Amount |
| 2019 Stock Purchase Plan | 31,268 | $ 1.9 | — | $ — |
| 2018 Stock Purchase Plan | — | — | 79,179 | 6.3 |

For the six months ended June 30, 2019, the Company acquired 1,851 shares of Common Stock, at a cost of $0.1 million for shares surrendered by employees to pay taxes due on vested restricted stock awards.

## Note 10. Contingencies and Legal Matters

### *Litigation*

The Company is involved in certain legal actions and claims arising in the ordinary course of business. While the outcome of these legal actions and claims cannot be predicted with certainty, it is the opinion of management that the outcome of any such claim which is pending or threatened, either individually or on a combined basis, will not have a material effect on the consolidated financial condition, results of operations or cash flows of the Company.

### *Income Taxes*

The Company periodically undergoes examination by the IRS, as well as various state and foreign jurisdictions. These tax authorities routinely challenge certain deductions and credits reported by the Company on its income tax returns. No significant tax audit findings are being contested at this time with either the IRS or any state or foreign tax authority.

### *Employees and Labor Relations*

The Company's U.S. union employees are represented by the USW. Approximately 50 percent of salaried employees and 80 percent of hourly employees of Neenah Germany are eligible to be represented by the Mining, Chemicals and Energy Trade Union, Industriegewerkschaft Bergbau, Chemie and Energie (the "IG BCE"). In the Netherlands, most of our employees are eligible to be represented by the Christelijke Nationale Vakbond ("CNV") and the Federatie Nederlandse Vakvereniging ("FNV"). As of June 30, 2019 , the Company had 115 U.S. employees covered under collective bargaining agreements that have or will expire in the next 12 months.

The following table shows the expiration dates of the Company's various bargaining agreements and the number of employees covered under each of these agreements.

| Contract Expiration Date | Location | Union | Number of Employees |
|---|---|---|---|
| May 2019 (b) | Appleton, WI | USW | 115 |
| April 2020 | Eerbeek, Netherlands | CNV, FNV | (a) |
| August 2020 | Neenah Germany | IG BCE | (a) |
| January 2021 | Whiting, WI | USW | 218 |
| June 2021 | Neenah, WI | USW | 276 |
| July 2021 | Munising, MI | USW | 197 |
| November 2021 | Lowville, NY | USW | 103 |

(a) Under German and Dutch laws, union membership is voluntary and does not need to be disclosed to the Company. As a result, the number of employees covered by the collective bargaining agreement with the IG BCE, and the CNV and FNV cannot be determined.

(b) The Company is currently in negotiations with the USW. Until a new contract is signed, the terms of the previous contract still apply.

The Company's United Kingdom salaried and hourly employees are eligible to participate in Unite the Union ("UNITE") on an individual basis, but not under a collective bargaining agreement.

**Note 11. Leases**

Effective January 1, 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)* using the modified retrospective transition option. The Company also elected the package of transition provisions available for expired or existing contracts, which allowed us to carry forward our historical assessments of (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. The most significant impact was recognition of right-of-use ("ROU") assets of $16.2 million and lease liabilities of $17.0 million on the Condensed Consolidated Balance Sheet as of January 1, 2019. The adoption of this standard did not have a significant effect related to existing leases and, as a result, no cumulative-effect adjustment was needed. The Company also completed the implementation of new processes to assist in the ongoing lease data collection and analysis, and updated its accounting policies and internal controls in connection with the adoption of the new standard.

The Company has operating leases for corporate offices, warehouses and certain equipment, with remaining lease terms of up to 11 years , some of which include options to extend the leases for up to five years . The Company determines if an arrangement is a lease at inception. Operating leases with terms greater than 12 months are included in "Lease Right-of-Use Assets", "Lease liabilities payable within one year" and "Noncurrent lease liabilities" on the Condensed Consolidated Balance Sheets. As of June 30, 2019, the Company did not have any finance leases.

Operating lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company's lease agreements contain lease and non-lease components, which are accounted for as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

The components of lease expense were as follows:

| | Three Months Ended June 30, 2019 | Six Months Ended June 30, 2019 |
|---|---|---|
| Operating lease cost | $ 0.7 | $ 1.6 |
| Short-term lease cost | 0.4 | 0.9 |
| Variable lease cost (a) | 0.7 | 1.1 |

(a) The variable lease costs consist mainly of a warehouse lease where the cost is determined based on the square footage used each month.

For the six months ended June 30, 2019, the Company paid $1.6 million for amounts included in the measurement of operating lease liabilities. Also for this period, new ROU assets of $0.8 million were obtained in exchange for operating lease liabilities.

As of June 30, 2019, the weighted average remaining lease term and weighted average discount rate for operating leases were 8.3 years and 4.8% , respectively.

Maturities of lease liabilities were as follows:

| **Year Ending December 31,** | Operating Leases |
|---|---|
| Remainder of 2019 | $ 1.8 |
| 2020 | 2.6 |
| 2021 | 2.4 |
| 2022 | 2.2 |
| 2023 | 2.0 |
| Thereafter | 9.0 |
| Total lease payments | 20.0 |
| Less: Imputed interest | 4.0 |
| Total lease liabilities | $ 16.0 |

**Note 12. Sale of Brattleboro Mill and Impairment Loss**

In the second quarter of 2018, as a result of a broad scope review of various initiatives to improve margins and optimize the portfolio of products and manufacturing footprint in the Fine Paper and Packaging segment, the Company determined that the Brattleboro mill was not a strategic part of the Fine Paper and Packaging manufacturing footprint, given the nature of the office supply category. Historically, the Brattleboro mill had manufactured products primarily for the office supply category, and more recently had been adversely impacted by manufacturing inefficiencies due to changes in input costs, product category and grade complexity. Following the review, the Company initiated a process to sell the Brattleboro mill, its business operations and associated research and office facilities ("disposal group"). The disposal transaction did not constitute a strategic shift in the business that would have a major effect on operations of the Company .

Upon classifying the disposal group as assets held for sale, the Company tested the individual assets of the disposal group for impairment. The disposal group was measured at fair value (a Level 3 measurement, using unobservable estimates), less costs to sell. During the three months ended June 30, 2018, the Company recorded an estimated non-cash impairment loss of $32.0 million . The impairment loss of $25.1 million , $1.1 million and $5.8 million was reported within the Fine Paper and Packaging, Technical Products and Other business segments, respectively. During the three months ended September 30, 2018, the Company recorded an additional $2.0 million non-cash impairment loss, based on the sale negotiations with a potential buyer, for a total impairment loss of $34.0 million for the nine months ended September 30, 2018. On December 31, 2018, the Company completed the sale of the Brattleboro mill to Long Falls Paperboard, LLC for a purchase price of $5.0 million . In conjunction with the sale, the Company adjusted its previous estimates of the impairment loss to $31.1 million , of which $24.4 million , $1.1 million and $5.6 million was reported within the Fine Paper and Packaging, Technical Products and Other business segments, respectively.

**Note 13. Business Segment Information**

Following the disposition of the Brattleboro mill which eliminated a significant portion of the products of the Other business segment, in January 2019 the Company realigned the remaining products manufactured in the Other business segment to be managed as part of the Technical Products business segment. As a result, the Company recast the comparable 2018 information and presented the $3.7 million and $8.2 million of net sales for the three and six months ended June 30, 2018, respectively, of this remaining portion of the Other business segment within the Technical Products business segment. The 2018 operating income (loss) of the Other business segment was immaterial and was not recast. The Company also recast the total assets by segment and presented the $12.9 million of total assets as of December 31, 2018 of this remaining portion of the Other business segment within the Technical Products business segment.

The Company's reportable operating segments consist of Technical Products, Fine Paper and Packaging and, in the prior year period only, Other.

- The Technical Products segment is an aggregation of the Company's filtration and performance materials businesses which are similar in terms of economic characteristics, nature of products, processes, customer class and product distribution methods. The segment is an international producer of fiber-formed, coated and/or saturated specialized media that delivers high performance benefits to customers. Included in this segment are transportation and other filtration media, tape and abrasives backings products, digital image transfer, durable label and other specialty substrate products.

- The Fine Paper and Packaging segment is a leading supplier of premium printing and other high-end specialty papers, and premium packaging, primarily in North America.

- The former Other segment was composed of papers sold to converters for end uses such as archival products and stencil board. These product lines represented an operating segment which did not meet the quantitative threshold for a reportable segment, however, due to the dissimilar nature of these products, they were previously not managed as part of either the Fine Paper and Packaging or Technical Products segments.

Each segment employs different technologies and marketing strategies. Disclosure of segment information is on the same basis that management uses internally for evaluating segment performance and allocating resources. Transactions between segments are eliminated in consolidation. The costs of shared services, and other administrative functions managed on a common basis, are allocated to the segments based on usage, where possible, or other factors based on the nature of the activity. General corporate expenses that do not directly support the operations of the business segments are shown as Unallocated corporate costs.

The following tables summarize the net sales, operating income, and total assets for each of the Company's business segments.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Net sales** | | | | |
| Technical Products | $ 146.4 | $ 153.9 | $ 286.4 | $ 307.4 |
| Fine Paper and Packaging | 107.0 | 115.8 | 206.7 | 227.4 |
| Other | — | 1.6 | — | 3.0 |
| Consolidated | $ 253.4 | $ 271.3 | $ 493.1 | $ 537.8 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 (a) | 2018 (b) | 2019 | 2018 |
| **Operating income (loss)** | | | | |
| Technical Products | $ 12.5 | $ 15.8 | $ 23.8 | $ 33.3 |
| Fine Paper and Packaging | 12.9 | (8.8) | 24.8 | 4.0 |
| Other | — | (6.2) | — | (6.2) |
| Unallocated corporate costs | (5.6) | (5.1) | (11.4) | (11.3) |
| Consolidated | $ 19.8 | $ (4.3) | $ 37.2 | $ 19.8 |

(a) Operating income for the three months ended June 30, 2019 included (1) $3.0 million of non-routine costs within Fine Paper and Packaging, including $2.0 million of accelerated depreciation and spare parts inventory reserves related to an idled paper machine, a $0.6 million accrual for a 2012-15 indirect tax audit and a $0.4 million inventory reserve related to termination of a royalty arrangement; (2) a $0.4 million expense within Technical Products, primarily related to a 2016 electricity grid charge; and (3) $0.1 million of restructuring expenses within unallocated corporate costs.

(b) Operating income (loss) for three months ended June 30, 2018 included an impairment loss, pension settlement and other benefit costs, and restructuring and other non-routine costs of $1.8 million in Technical Products, $25.5 million in Fine Paper and Packaging and $6.0 million in Other. Refer to Note 12, "Brattleboro Impairment Loss" for discussion of the $32.0 impairment loss and Note 7, "Pension and Other Postretirement Benefits" for discussion of the $1.0 million cost of withdrawal from the multi-employer pension plan. In addition, the restructuring costs of $0.3 million related primarily to a management restructuring of U.S. filtration operations.

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Total Assets (a)** | | |
| Technical Products | $ 591.0 | $ 599.3 |
| Fine Paper and Packaging | 229.1 | 234.7 |
| Corporate (b) | 37.6 | 27.2 |
| Consolidated | $ 857.7 | $ 861.2 |

(a) Segment identifiable assets are those that are directly used in the segments operations.
(b) Corporate assets are primarily deferred income taxes and lease ROU assets.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis presents the factors that had a material effect on our financial position as of June 30, 2019 and our results of operations for the three and six months ended June 30, 2019 and 2018 . You should read this discussion in conjunction with our consolidated financial statements and the notes to those consolidated financial statements included in our most recent Annual Report on Form 10-K. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. See "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.*

**Executive Summary**

For the three months ended June 30, 2019 , consolidated net sales of $253.4 million decreased $17.9 million ( 7% ) from the prior year period. The decline in revenues resulted from lower volumes in both segments, reflecting the divestiture of the Brattleboro mill in December 2018 and weaker global market conditions. Increased selling prices in both segments and a more favorable Technical Products mix more than offset $4.4 million of unfavorable currency translation effects. On a constant currency basis and excluding the sale of Brattleboro, sales declined 2 percent compared with the prior year.

Consolidated operating income of $19.8 million for the three months ended June 30, 2019 increased $24.1 million from the prior year period. The increase was mainly due to the absence of a $32.0 million impairment loss recognized in 2018 related to the divestiture of the Brattleboro mill. Excluding $3.5 million of adjustments for 2019 and $33.3 million of adjustments for 2018, adjusted operating income in 2019 decreased $5.7 million (20%), from $29.0 million to $23.3 million. The decrease in income resulted from lower sales and production volumes and associated manufacturing cost inefficiencies, as well as $1.7 million of higher SG&A and $0.5 million of unfavorable currency impacts. These items were partly offset by benefits from higher selling prices of $5.9 million that exceeded $4.1 million of increased input costs. Adjusting items in 2019 included $2.0 million for accelerated depreciation and other costs related to the planned consolidation of the fine paper manufacturing footprint with an idling of a paper machine by the end of the third quarter, $0.9 million of restructuring and other non-routine costs, and $0.6 million for costs related to resolution of an indirect tax audit for 2012-15. See the reconciliation table on F-24 for further detail of adjusting items.

Cash provided by operating activities of $41.0 million for the six months ended June 30, 2019 was $1.2 million higher than cash generated of $39.8 million in the prior year period. The increase resulted primarily from working capital improvements, partly offset by lower cash earnings. Cash used for investing activities of $9.6 million was $6.4 million lower than $16.0 million in the prior period. The decrease was primarily due to lower capital expenditures in 2019.

**Results of Operations and Related Information**

In this section, we discuss and analyze our net sales, earnings before interest and taxes (which we refer to as "operating income") and other information relevant to an understanding of our results of operations for the three and six months ended June 30, 2019 and 2018 .

Following the disposition of the Brattleboro mill in December 2018, which reduced the sales in the Fine Paper and Packaging business segment and eliminated a significant portion of the products of the Other business segment, in January 2019 we realigned the remaining products manufactured in the Other business segment to be managed as part of the Technical Products business segment. As a result, we recast the comparable 2018 information and presented the $3.7 million and $8.2 million of net sales for the three and six months ended June 30, 2018 , respectively, of this remaining portion of the Other business segment within the Technical Products business segment. The 2018 operating income (loss) of the Other business segment was immaterial and was not recast.

***Analysis of Net Sales — Three and Six Months Ended June 30, 2019 and 2018***

The following table presents net sales by segment, expressed as a percentage of total net sales:

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2019 | | 2018 | |
| **Net sales** | | | | | | | | |
| Technical Products | $ 146.4 | 58% | $ 153.9 | 57 % | $ 286.4 | 58% | $ 307.4 | 57% |
| Fine Paper and Packaging | 107.0 | 42% | 115.8 | 43 % | 206.7 | 42% | 227.4 | 42% |
| Other | — | —% | 1.6 | — % | — | —% | 3.0 | 1% |
| Consolidated | $ 253.4 | 100% | $ 271.3 | 100 % | $ 493.1 | 100% | $ 537.8 | 100% |

***Commentary:***

The following table presents our net sales by segment for the three months ended June 30, 2019 and 2018 :

| | Three Months Ended June 30, | | Change in Net Sales Compared to Prior Period | | | |
|---|---|---|---|---|---|---|
| | | | | Change Due To | | |
| | 2019 | 2018 | Total Change | Volume | Net Price (a) | Currency |
| Technical Products | $ 146.4 | $ 153.9 | $ (7.5) | $ (11.2) | $ 8.1 | $ (4.4) |
| Fine Paper and Packaging | 107.0 | 115.8 | (8.8) | (8.9) | 0.1 | — |
| Other | — | 1.6 | (1.6) | (1.6) | — | — |
| Consolidated | $ 253.4 | $ 271.3 | $ (17.9) | $ (21.7) | $ 8.2 | $ (4.4) |

(a) Includes changes in selling price and product mix.

Consolidated net sales of $253.4 million for the three months ended June 30, 2019 decreased $17.9 million ( 7% ) from the prior year period. The decline in revenues resulted from lower volumes in both segments, reflecting the divestiture of the Brattleboro mill in December 2018 and weaker global market conditions. Increased selling prices in both segments and a more favorable Technical Products mix more than offset $4.4 million of unfavorable currency translation effects. On a constant currency basis and excluding the sale of Brattleboro, sales declined 2 percent compared with the prior year.

- Net sales in our technical products business decreased $7.5 million ( 5% ) from the prior year period. The revenue decline resulted from lower backings volumes and $4.4 million of unfavorable foreign currency effects, partly offset by volume growth in filtration, higher selling prices and a higher value sales mix.

- Net sales in our fine paper and packaging business decreased $8.8 million ( 8% ) from the prior year period. Approximately 75 percent of the revenue decline was due to the sale of Brattleboro, with the remainder due to lower commercial print volume and a less favorable sales mix that was only partly offset by higher selling prices and growth in premium packaging.

The following table presents our net sales by segment for the six months ended June 30, 2019 and 2018 :

| | Six Months Ended June 30, | | Change in Net Sales Compared to Prior Period | | | |
|---|---|---|---|---|---|---|
| | | | | Change Due To | | |
| | 2019 | 2018 | Total Change | Volume | Net Price (a) | Currency |
| Technical Products | $ 286.4 | $ 307.4 | $ (21.0) | $ (24.2) | $ 13.3 | $ (10.1) |
| Fine Paper and Packaging | 206.7 | 227.4 | (20.7) | (22.7) | 2.0 | — |
| Other | — | 3.0 | (3.0) | (3.0) | — | — |
| Consolidated | $ 493.1 | $ 537.8 | $ (44.7) | $ (49.9) | $ 15.3 | $ (10.1) |

Consolidated net sales of $493.1 million for the six months ended June 30, 2019 decreased $44.7 million ( 8% ) from the prior year period as a result of lower volumes, including the divestiture of the Brattleboro mill, and unfavorable currency effects, partially offset by increased selling prices and a higher-value sales mix.

- Net sales in our technical products business decreased $21.0 million ( 7% ) from the prior period. The revenue decline resulted from volume declines primarily in backings and negative foreign currency impacts partially offset by higher net selling prices and a higher value mix.

- Net sales in our fine paper and packaging business decreased $20.7 million ( 9% ) from the prior year period. Slightly more than half of the decline was due to the sale of Brattleboro, with the remainder mostly due to lower commercial print and consumer volumes. These items were partly offset by higher selling prices.

***Analysis of Operating Income — Three and Six Months Ended June 30, 2019 and 2018***

The following table sets forth line items from our Condensed Consolidated Statements of Operations as a percentage of net sales for the periods indicated and is intended to provide a perspective of trends in our historical results:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Net sales** | 100.0% | 100.0 % | 100.0% | 100.0% |
| Cost of products sold | 80.0 | 79.7 | 80.9 | 80.0 |
| **Gross profit** | 20.0 | 20.3 | 19.1 | 20.0 |
| Selling, general and administrative expenses | 10.6 | 9.3 | 10.6 | 9.7 |
| Impairment loss | — | 11.8 | — | 6.0 |
| Restructuring and other non-routine costs | 1.4 | 0.1 | 0.7 | 0.1 |
| Pension settlement and other benefit costs | — | 0.4 | — | 0.3 |
| Other expense - net | 0.2 | 0.3 | 0.3 | 0.3 |
| **Operating income (loss)** | 7.8 | (1.6) | 7.5 | 3.7 |
| Interest expense - net | 1.2 | 1.2 | 1.2 | 1.2 |
| **Income (loss) from continuing operations before income taxes** | 6.6 | (2.8) | 6.3 | 2.5 |
| Provision (benefit) for income taxes | 1.3 | (1.1) | 1.1 | 0.4 |
| **Income (loss) from continuing operations** | 5.4% | (1.8)% | 5.2% | 2.1% |

***Commentary:***

The following table presents our operating income by segment for the three months ended June 30, 2019 and 2018 :

| | Three Months Ended June 30, | | Change in Operating Income Compared to Prior Period | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Change Due To | | | | |
| | 2019 | 2018 | Total Change | Volume | Net Price (a) | Input Costs (b) | Currency | Other (c) |
| Technical Products | $ 12.5 | $ 15.8 | $ (3.3) | $ (3.0) | $ 4.7 | $ (2.2) | $ (0.5) | $ (2.3) |
| Fine Paper and Packaging | 12.9 | (8.8) | 21.7 | (0.5) | 2.1 | (1.9) | — | 22.0 |
| Other | — | (6.2) | 6.2 | — | — | — | — | 6.2 |
| Unallocated corporate costs | (5.6) | (5.1) | (0.5) | — | — | — | — | (0.5) |
| Consolidated | $ 19.8 | $ (4.3) | $ 24.1 | $ (3.5) | $ 6.8 | $ (4.1) | $ (0.5) | $ 25.4 |

(a) Includes changes in selling price and product mix.

(b) Includes price changes for raw materials and energy.

(c) Includes other manufacturing costs, over (under) absorption of fixed costs, distribution and SG&A expenses. In addition, it included the 2018 Brattleboro mill impairment loss, pension settlement and other benefit costs, and restructuring and other non-routine costs of $1.8 million in Technical Products, $25.5 million in Fine Paper and Packaging and $6.0 million in Other, offset in 2019 by restructuring costs of $0.4 million in Technical Products and $3.0 million in Fine Paper and Packaging. See the reconciliation table on F-24 for further detail.

Consolidated operating income increased $24.1 million from the prior year period to $19.8 million for the three months ended June 30, 2019 . The increase was mainly due to the absence of a $32.0 million impairment loss recognized in 2018 related to the divestiture of the Brattleboro mill. Excluding $3.5 million of adjustments for 2019 and $33.3 million of adjustments for 2018, adjusted operating income in 2019 decreased $5.7 million (20%), from $29.0 million to $23.3 million. The decrease in income resulted from lower sales and production volumes and associated manufacturing cost inefficiencies, as well as $1.7 million of higher SG&A and $0.5 million of unfavorable currency impacts. These items were partly offset by benefits from higher selling prices of $5.9 million that exceeded $4.1 million of increased input costs. Adjusting items in 2019 included $2.0 million for accelerated depreciation and other costs related to the planned consolidation of the fine paper manufacturing footprint with an idling of a paper machine by the end of the third quarter, $0.9 million of restructuring and other non-routine costs, and $0.6 million for costs related to resolution of an indirect tax audit for 2012-15. See the reconciliation table on F-24 for further detail.

- Operating income for our technical products business decreased $3.3 million from the prior year period. Excluding adjusting items of $1.8 million in 2018 and $0.4 million in 2019, adjusted operating income decreased $4.7 million ( 27% ) from $17.6 million to $12.9 million . Operating income decreased as a result of lower sales and production volumes and associated manufacturing cost inefficiencies, as well as higher SG&A expense and $0.5 million of unfavorable currency translation impacts. Increased selling prices and a higher value mix more than offset $2.2 million of higher input costs.

- Operating income for our fine paper and packaging business increased $21.7 million from the prior year period, as 2018 included $25.5 million of costs primarily related to the Brattleboro mill impairment loss whereas 2019 included $3.0 million of non-routine costs. Excluding these items, adjusted operating income of $15.9 million in 2019 decreased $0.8 million (5%) from $16.7 million in the prior year as a result of lower volume and a less favorable sales mix. Increased selling prices in the quarter were mostly able to offset $1.9 million of higher input costs.

- An operating loss of $6.2 million for our Other segment in 2018 was due to costs of $6.0 million for impairment and pension settlement costs assigned to this segment. The Other segment was discontinued following the sale of the Brattleboro mill in December 2018.

- Unallocated corporate expenses for the three months ended June 30, 2019 of $5.6 million increased $0.5 million from the prior year period primarily due to timing of certain expenditures.

The following table presents our operating income by segment for the six months ended June 30, 2019 and 2018 :

| | Six Months Ended June 30, | | Change in Operating Income Compared to Prior Period | Change Due To | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | Total Change | Volume | Net Price (a) | Input Costs (b) | Currency | Other (c) |
| Technical Products | $ 23.8 | $ 33.3 | $ (9.5) | $ (6.6) | $ 9.2 | $ (5.8) | $ (1.2) | $ (5.1) |
| Fine Paper and Packaging | 24.8 | 4.0 | 20.8 | (1.1) | 4.9 | (6.0) | — | 23.0 |
| Other | — | (6.2) | 6.2 | — | — | — | — | 6.2 |
| Unallocated corporate costs | (11.4) | (11.3) | (0.1) | — | — | — | — | (0.1) |
| Consolidated | $ 37.2 | $ 19.8 | $ 17.4 | $ (7.7) | $ 14.1 | $ (11.8) | $ (1.2) | $ 24.0 |

(a) Includes changes in selling price and product mix.

(b) Includes price changes for raw materials and energy.

(c) Includes other manufacturing costs, over (under) absorption of fixed costs, distribution and SG&A expenses. In addition, it included the 2018 Brattleboro mill impairment loss, pension settlement and other costs, and integration and restructuring costs of $1.8 million in Technical Products, $25.5 million in Fine Paper and Packaging, $6.0 million in Other, and $0.8 million in Unallocated corporate costs, offset in 2019 by restructuring costs of $0.4 million in Technical Products and $3.0 million in Fine Paper and Packaging. See the reconciliation table on F-24 for further detail.

Consolidated operating income of $37.2 million for the six months ended June 30, 2019 increased $17.4 million from the prior year period. The increase was mainly due to the absence of a $32.0 million impairment loss related to the divestiture of the Brattleboro mill recognized in 2018. Excluding $3.5 million of previously identified adjustments in 2019 and $34.1 million of adjustments in 2018, adjusted operating income decreased $13.2 million ( 24% ), primarily due to lower sales and production volumes and associated manufacturing cost inefficiencies. See the reconciliation table on F-24 for further detail.

- Operating income for our technical products business decreased $9.5 million from the prior year period. The decrease in income resulted from lower sales volumes, higher input costs, SG&A and unfavorable foreign currency impacts, partially offset by increased selling prices, a higher-value mix and lower distribution costs. Excluding 2019 adjustments of $0.4 million and 2018 adjustments of $1.8 million, adjusted operating income decreased $10.9 million ( 31% ).

- Operating income for our fine paper and packaging business increased $20.8 million from the prior year period. The increase was mainly due to adjustments in 2018 of $25.5 million for impairment related to the potential sale of the Brattleboro mill and associated research and office facilities, pension settlement costs related to withdrawing from a multi-employer pension plan, restructuring costs, and insurance settlement, partly offset by $2.0 million in 2019 for accelerated depreciation and related expenses on a paper machine scheduled to be idled by the end of the third quarter, $0.4 million of other restructuring costs and $0.6 million for costs due to a 2012-15 indirect tax audit. In addition, higher input costs, lower sales volumes and associated manufacturing cost inefficiencies, were only partly offset by higher selling prices, and lower SG&A and distribution costs. Excluding cost adjustments of $3.0 million in 2019 and $25.5 million in 2018, adjusted operating income decreased $1.7 million ( 6% ).

- Operating loss for our Other segment was $6.2 million in 2018 due to costs of $6.0 million for impairment and pension settlement costs assigned to the Other segment.

- Unallocated corporate expenses for the six months ended June 30, 2019 of $11.4 million were $0.1 million higher than the prior year period.

The following table sets forth our operating income by segment, adjusted for the effects of certain costs, for the periods indicated:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Technical Products** | | | | |
| GAAP Operating Income | $ 12.5 | $ 15.8 | $ 23.8 | $ 33.3 |
| Impairment loss | — | 1.1 | — | 1.1 |
| Restructuring and other non-routine costs | 0.4 | 0.3 | 0.4 | 0.3 |
| Pension settlement and other benefit costs | — | 0.4 | — | 0.4 |
| Adjusted Operating Income | 12.9 | 17.6 | 24.2 | 35.1 |
| | | | | |
| **Fine Paper and Packaging** | | | | |
| GAAP Operating Income (Loss) | 12.9 | (8.8) | 24.8 | 4.0 |
| Impairment loss | — | 25.1 | — | 25.1 |
| Idled paper machine costs | 2.0 | — | 2.0 | — |
| 2012-15 indirect tax audit costs | 0.6 | — | 0.6 | — |
| Restructuring and other non-routine costs | 0.4 | — | 0.4 | — |
| Pension settlement and other benefit costs | — | 0.4 | — | 0.4 |
| Adjusted Operating Income | 15.9 | 16.7 | 27.8 | 29.5 |
| | | | | |
| **Other/Unallocated Corporate** | | | | |
| GAAP Operating Loss | (5.6) | (11.3) | (11.4) | (17.5) |
| Impairment loss | — | 5.8 | — | 5.8 |
| Restructuring and other non-routine costs | 0.1 | — | 0.1 | — |
| Pension settlement and other benefit costs | — | 0.2 | — | 1.0 |
| Adjusted Operating Loss | (5.5) | (5.3) | (11.3) | (10.7) |
| | | | | |
| **Consolidated** | | | | |
| GAAP Operating Income (Loss) | 19.8 | (4.3) | 37.2 | 19.8 |
| Impairment loss | — | 32.0 | — | 32.0 |
| Idled paper machine costs | 2.0 | — | 2.0 | — |
| 2012-15 indirect tax audit costs | 0.6 | — | 0.6 | — |
| Restructuring and other non-routine costs | 0.9 | 0.3 | 0.9 | 0.3 |
| Pension settlement and other benefit costs | — | 1.0 | — | 1.8 |
| Adjusted Operating Income | $ 23.3 | $ 29.0 | $ 40.7 | $ 53.9 |

In accordance with generally accepted accounting principles in the United States ("GAAP"), consolidated operating income includes the pre-tax effects of the impairment loss, pension settlement and other costs, and integration/restructuring costs. We believe that by adjusting reported operating income to exclude the effects of such item, the resulting adjusted operating income is on a basis that reflects the results of our ongoing operations. We believe that providing adjusted operating results will help investors gain an additional perspective of underlying business trends and results. Adjusted operating income is not a recognized term under GAAP and should not be considered in isolation or as a substitute for operating income derived in accordance with GAAP. Other companies may use different methodologies for calculating their non-GAAP financial measures and, accordingly, our non-GAAP financial measures may not be comparable to their measures.

Table of Contents

***Additional Statement of Operations Commentary:***

- SG&A expense of $26.9 million for the three months ended June 30, 2019 was $1.7 million higher than SG&A expense of $25.2 million in the prior year period due in part to timing of items. For the three months ended June 30, 2019 , SG&A expense as a percent of sales increased to 10.6 % from 9.3 % in the prior year period due to lower sales and timing of SG&A costs. SG&A expense of $52.2 million for the six months ended June 30, 2019 was $0.2 million higher than SG&A expense of $52.0 million in the prior year period. For the six months ended June 30, 2019 , SG&A expense as a percent of sales increased to 10.6 % from 9.7 % in the prior year period.

- For the three months ended June 30, 2019 , net interest expense of $3.0 million decreased compared with $3.3 million in the prior year period, primarily due to lower debt in 2019. For the six months ended June 30, 2019 , net interest expense of $6.2 million decreased compared to $6.6 million for prior year period.

- Historically, our effective tax rate has differed from the U.S. statutory tax rate primarily due to the proportion of pre-tax income in jurisdictions with marginal tax rates that differ from the U.S. statutory tax rate, research and development and other tax credits and excess tax benefits from stock compensation. For the three months ended June 30, 2019 and 2018 , we recorded an income tax expense (benefit) of $3.2 million and $(2.8) million , respectively. The effective income tax (benefit) rate was 19% for the three months ended June 30, 2019 and (37)% for the three months ended June 30, 2018. For the six months ended June 30, 2019 and 2018, we recorded an income tax provision of $5.6 million and $1.8 million , respectively. The effective income tax rate was 18% for the six months ended June 30, 2019 and 14% for the six months ended June 30, 2018. The effective income tax (benefit) rates for the three and six months ended June 30, 2018 were significantly impacted by the effects of the $32 million impairment loss of the Brattleboro mill and associated research and office facilities, as similar sized reconciling items had a larger percentage impact on lower pre-tax book income. See Note 5, "Income Taxes" of Notes to Condensed Consolidated Financial Statements for a reconciliation of the effective income tax (benefit) rate to the U.S. federal statutory income tax (benefit) rate for each period.

**Liquidity and Capital Resources**

| | Six Months Ended June 30, | |
|---|---|---|
| | **2019** | **2018** |
| Net cash flow provided by (used in): | | |
| Operating activities | $ 41.0 | $ 39.8 |
| | | |
| Investing activities: | | |
| Capital expenditures | (9.0) | (15.8) |
| Other investing activities | (0.6) | (0.2) |
| Total | (9.6) | (16.0) |
| | | |
| Financing activities: | | |
| Net borrowing of long-term debt | (15.6) | (1.0) |
| Cash dividends paid | (15.2) | (13.9) |
| Shares purchased | (2.0) | (6.3) |
| Other financing activities | (0.4) | 0.3 |
| Total | (33.2) | (20.9) |
| Effect of exchange rate changes on cash and cash equivalents | — | (0.2) |
| Net increase (decrease) in cash and cash equivalents | $ (1.8) | $ 2.7 |

***Operating Cash Flow Commentary***

- Cash provided by operating activities of $41.0 million for the six months ended June 30, 2019 was $1.2 million higher than cash provided by operating activities of $39.8 million in the prior year period.

***Investing Commentary:***

- For the six months ended June 30, 2019 and 2018 , cash used by investing activities was $9.6 million and $16.0 million , respectively. The decrease was primarily due to reduced capital spending in 2019. For the full year 2019 , we expect aggregate annual capital expenditures to be at the lower end of our targeted range of 3% to 5% of net sales.

***Financing Commentary:***

Our liquidity requirements are provided by cash generated from operations and short and long-term borrowings.

- For the six months ended June 30, 2019 and 2018 , cash used in financing activities was $33.2 million and $20.9 million , respectively. Cash related to financing activities consists primarily of net borrowings of long-term debt, dividends paid and share repurchases.

- Availability under our revolving credit facility varies over time depending on the value of our inventory, receivables and various capital assets. As of June 30, 2019 , we had $43.4 million outstanding under our Global Revolving Credit Facilities and $176.5 million of available credit (based on exchange rates at June 30, 2019 ).

- We have required debt principal payments through June 30, 2020 of $2.7 million for principal payments on the two German loan agreements.

- For the six months ended June 30, 2019 , cash and cash equivalents decreased $1.8 million to $8.1 million at June 30, 2019 from $9.9 million at December 31, 2018 . Total debt decreased $15.4 million to $223.7 million at June 30, 2019 from $239.1 million at December 31, 2018 .

- As of June 30, 2019 , our cash balance of $8.1 million consists of $0.1 million in the U.S. and $8.0 million held at entities outside of the U.S. As of June 30, 2019 , there were no restrictions regarding the repatriation of our non-U.S. cash.

***Transactions With Shareholders***

- In November 2018, our Board of Directors approved a 10% increase in the quarterly dividend on our Common Stock, to $0.45 per share, effective with the March 2019 dividend payment. For the six months ended June 30, 2019 and 2018 , we paid cash dividends of $15.2 million ( $0.90 per common share) and $13.9 million ( $0.82 per common share), respectively.

- Purchases under the 2019 Stock Purchase Plan will be made from time to time in the open market or in privately negotiated transactions in accordance with the requirements of applicable law. The timing and amount of any purchases will depend on share price, market conditions and other factors. The 2019 Stock Purchase Plan does not require us to purchase any specific number of shares and may be suspended or discontinued at any time. For the six months ended June 30, 2019 and 2018 , we repurchased 31,268 shares of Common Stock at a cost of $1.9 million and 79,179 shares of Common Stock at a cost of $6.3 million , respectively. For further details on our Stock Purchase Plans refer to Note 9, "Stockholders' Equity" of Notes to Condensed Consolidated Financial Statements.

***Other Items:***

- As of June 30, 2019 , we had $45.1 million of state net operating losses ("NOLs"). Our state NOLs may be used to offset $2.8 million in state income taxes. If not used, substantially all of the state NOLs will expire in various amounts between 2019 and 2039. In addition, as of June 30, 2019 , we had $21.3 million of U.S. federal and $7.2 million of U.S. state research and development tax credits ("R&D Credits") which, if not used, will expire between 2029 and 2039 for the U.S. federal R&D Credits and between 2020 and 2034 for the state R&D Credits.

- We adopted the new accounting standards for leases effective January 1, 2019 by recognizing $16.2 million of lease right-of-use assets and $17.0 million of lease liabilities on our Condensed Consolidated Balance Sheets. The new standard did not have an impact on our results of operations or cash flows. See Note 11, "Leases" of Notes to Condensed Consolidated Financial Statements for further discussion as of June 30, 2019.

Management believes that our ability to generate cash from operations and our borrowing capacity are adequate to fund working capital, capital spending and other cash needs for the next 12 months. Our ability to generate adequate cash from operations beyond 2019 will depend on, among other things, our ability to successfully implement our business strategies, control costs in line with market conditions and manage the impact of changes in input prices and currencies. We can give no assurance we will be able to successfully implement these items.

**Critical Accounting Policies and Use of Estimates**

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. We believe that the estimates, assumptions and judgments described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Use of Estimates" of our most recent Annual Report on Form 10-K have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. The critical accounting policies used in the preparation of the consolidated financial statements are those that are important both to the presentation of financial condition and results of operations and require significant judgments with regard to estimates used. These critical judgments relate to the timing of recognizing sales revenue, the recoverability of deferred income tax assets, pension benefits and future cash flows associated with impairment testing of long-lived assets. Actual results could differ from these estimates and changes in these estimates are recorded when known. We believe that the consistent application of these policies enables us to provide readers of our financial statements with useful and reliable information about our operating results and financial condition. There have been no significant changes in these policies, or the estimates used in the application of the policies, since December 31, 2018 .

**Cautionary Note Regarding Forward-Looking Statements**

Certain statements in this Quarterly Report on Form 10-Q may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), or in releases made by the SEC, all as may be amended from time to time. Statements contained in this quarterly report that are not historical facts may be forward-looking statements within the meaning of the PSLRA and we caution investors that any forward-looking statements we make are not guarantees or indicative of future performance. These forward-looking statements rely on a number of assumptions concerning future events and are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to materially differ from such statements. Such risks, uncertainties and other factors include, but are not necessarily limited to, those set forth under the captions "Cautionary Note Regarding Forward-Looking Statements" and/or "Risk Factors" of our latest Form 10-K filed with the SEC as periodically updated by subsequently filed Form 10-Qs (these securities filings can be located on our website at www.neenah.com). Unless specifically required by law, we assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws.

You can identify forward-looking statements as those that are not historical in nature, particularly those that use terminology such as "may," "will," "should," "expect," "anticipate," "contemplate," "estimate," "believe," "plan," "project," "predict," "potential" or "continue," or the negative of these, or similar terms. In evaluating these forward-looking statements, you should consider the following factors, as well as others contained in our public filings from time to time, which may cause our actual results to differ materially from any forward-looking statement:

- changes in market demand for our products due to global economic and political conditions;
- the impact of competition, both domestic and international, 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;
- the loss of current customers or the inability to obtain new customers;
- increases in commodity prices, (particularly for pulp, energy and latex);
- our ability to control costs, including transportation, and implement measures designed to enhance operating efficiencies;
- the availability of raw materials and energy;
- the enactment of adverse federal, state or foreign tax or other legislation or changes in government policy or regulation;
- the impact of increased trade protectionism and tariffs on our business, results of operations and financial condition;
- unanticipated expenditures related to the cost of compliance with environmental and other governmental regulations;

- fluctuations in (i) exchange rates (in particular changes in the U.S. dollar/Euro currency exchange rates) and (ii) interest rates;
- increases in the funding requirements for our pension and postretirement liabilities;
- our ability to identify attractive acquisition targets and to successfully integrate acquired businesses into our existing operations;
- changes in asset valuations including write-downs of assets including property, plant and equipment; inventory, accounts receivable, deferred tax assets or other assets for impairment or other reasons;
- loss of key personnel;
- strikes, labor stoppages and changes in our collective bargaining agreements and relations with our employees and unions;
- capital and credit market volatility and fluctuations in global equity and fixed-income markets;
- our existing and future indebtedness;
- our net operating losses may not be available to offset our tax liability and other tax planning strategies may not be effective; and
- other risks that are detailed from time to time in reports we file with the SEC.

Any subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth or referred to above, as well as the risk factors contained in our most recent Annual Report on Form 10-K. Except as required by law, we disclaim any obligation to update such statements or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to the disclosure on this matter made in our Annual Report on Form 10-K for the year ended December 31, 2018 .

**Item 4. Controls and Procedures**

***Disclosure Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management in a timely manner.

As of June 30, 2019 , an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of June 30, 2019 .

***Internal Controls over Financial Reporting***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated whether any change in our internal control over financial reporting occurred during the six months ended June 30, 2019 . Based on that evaluation, we have concluded that there has been no change in our internal control over financial reporting during the six months ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We implemented internal controls to ensure we adequately evaluated our contracts and properly assessed the impact of the new accounting standard related to leases on our financial statements to facilitate the adoption on January 1, 2019. There were no significant changes to our internal control over financial reporting due to the adoption of the new leases standard.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

See Note 10, "Contingencies and Legal Matters" of Notes to Condensed Consolidated Financial Statements of Item 1 — Financial Statements.

### Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

***Purchases of Equity Securities:***

The following table contains information about our purchases of our equity securities for the three months ended June 30, 2019 .

| Month | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a) | Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Plans or Programs (a) |
|---|---|---|---|---|
| April | 268 | $66.28 | — | $24,745,942 |
| May | 19,923 | $59.20 | 19,263 | $23,610,095 |
| June | 7,720 | $59.48 | 7,720 | $23,150,883 |

(a) As of June 30, 2019 , the Company has purchased 31,268 shares of Common Stock at an aggregate cost of $1.9 million under the 2019 Stock Purchase Plan. For further discussion on the share repurchase plans refer to Note 9, "Stockholders' Equity" of Notes to Condensed Consolidated Financial Statements.

**Item 6. Exhibits**

| Exhibit Number | Exhibit |
|---|---|
| 10.1 | Form of Performance Share Unit Award Agreement |
| 10.2 | Form of Restricted Stock Unit Award Agreement (A - standard award) |
| 10.3 | Form of Restricted Stock Unit Award Agreement (B - standard award) |
| 31.1 | Certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101.INS | XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document (filed herewith). |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith). |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith). |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith). |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith). |

**SIGNATURES**

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

NEENAH, INC.

By: /s/ John P. O'Donnell

John P. O'Donnell
President, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Bonnie C. Lind

Bonnie C. Lind
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Larry N. Brownlee

Larry N. Brownlee
Vice President, Controller (Principal Accounting Officer)

August 7, 2019

# Neenah, Inc.
# 20__ Performance Share Unit Award Agreement

THIS AGREEMENT (the " **Agreement** "), effective ______, 20__, sets forth the terms and conditions of the grant of Performance Share Units (" **Performance Shares** ") by Neenah, Inc. (the " **Company** ") to the Participant pursuant to the provisions of the Neenah, Inc. 2018 Omnibus Stock and Incentive Compensation Plan (the " **Plan** "). The Participant's number of target Performance Shares for 20__ (the " **Target Performance Shares** ") has been provided to the Participant in the Participant's Morgan Stanley StockPlan Connect account.

**Summary**

The Award under this Agreement consists of two components, Component I and Component II .

The Component I portion of the Award has a one-year Performance Period and is subject to a two-year vesting period after the end of the Performance Period. The performance metrics are Return on Invested Capital (" **ROIC** "), Corporate Revenue Growth, and Adjusted Earnings per Share Growth.

The Component II portion of the Award has a three-year Performance Period and is vested at the end of the Performance Period. The performance metric is Relative TSR.

These components are described below under the headings " Component I " and " Component II ," respectively, and the features common to both components are described after that under the heading "Provisions Applicable to all Performance Shares." This summary is subject to the terms of the Agreement below.

**Agreement**

The Company and the Participant agree as follows:

**Component I: ROIC, Corporate Revenue Growth and Adjusted Earnings per Share Growth Component of Award**

1. **Performance Period** : The Performance Period for Component I commences on January 1, 20__ and ends on December 31, 20__.

2. **Performance Metrics** :

   (a) **"Return on Invested Capital"** (" **ROIC** ") is defined as the difference expressed in basis points (with 100 equal to 1 percentage point) between ROIC for the Company for the Performance Period and ROIC for the Company for the prior calendar year. " **ROIC** " is defined as After-tax Adjusted EBIT from continuing operations divided by Average Net Invested Capital. " **Adjusted EBIT** " is earnings before interest and taxes, excluding the effects of gains/losses on sale of assets, goodwill impairment, facility/asset closure, integration or restructuring costs, and other material non-recurring items. Tax rates are based on the statutory effective tax rates of each business entity adjusted for permanent differences impacting these rates. " **Average Net Invested Capital** " is the straight average for the twelve months of total assets less cash and short-term non-interest bearing liabilities, all expressed in constant currency.

   (b) " **Corporate Revenue Growth** " is defined as the percentage change in the Company's Net Sales for the Performance Period, excluding translation impacts from changes in foreign exchange rates, as compared with the prior calendar year.

   (c) " **Net Sales** " means net sales for Technical Products and Fine Paper and excludes revenues from non-strategic products reported as part of the Other segment.

   (d) " **Adjusted Earnings per Share Growth** " is defined as the percentage change in the Company's Adjusted Earnings per Share for the Performance Period, as compared with the prior calendar year. " **Adjusted Earnings per Share** " is defined as the Company's earnings per fully diluted common share from continuing operations, excluding the effects of gains/losses on sale of assets, goodwill impairment, facility/asset closure, integration or restructuring costs, and other material non-recurring items.

3. **Percentage Weighting for each Performance Metric** : The following percentage weighting for each performance metric will apply for purposes of determining the number of Performance Shares earned under Component I :

| Performance Metric | Weighting |
|---|---|
| ROIC | __% |
| Corporate Revenue Growth | __% |
| Adjusted Earnings per Share Growth | __% |

4. **Percentage Attained based on each Performance Metric** : The payout percentage attained based on each performance metric, which will be used for determining the number of Performance Shares earned under Component I , is as follows:

| | **Performance Metric Weighting** | **Threshold** | **Target** | **Maximum** |
|---|---|---|---|---|
| Payout Percentage Attained | | ___% | ___% | ___% |
| ROIC | __% | ___ bps | ___ bps | ___ bps |
| Corporate Revenue Growth | __% | __% | __% | __% |
| Adjusted Earnings per Share Growth | __% | __% | __% | __% |

Straight line extrapolation of the payout percentage attained will be calculated for results between Threshold and Target, and between Target and Maximum. Below Threshold, the payout percentage attained is 0%. For Maximum or above, the payout percentage attained is ___%. Notwithstanding the foregoing, the Compensation Committee retains discretion to adjust an award (increase or reduce) under this Agreement based on its assessment of the Company's performance with respect to strategic initiatives.

5. **Number of Performance Shares Earned** : The number of Performance Shares earned under Component I is determined as follows:

(a) Step 1: multiply the percentage weighting for each performance metric by the payout percentage attained based on such performance metric to arrive at the percentage of Target Performance Shares earned based on such performance metric;

(b) Step 2: add the sum of the percentages of Target Performance Shares earned based on each performance metric;

(c) Step 3: multiply the sum of the percentages of Target Performance Shares earned based on each performance metric by the total number of Target Performance Shares and

(d) Step 4: increase or reduce the award calculated in Step 3 by the percentage that the Compensation Committee determines in its discretion.

As an example, assume the percentage attained based on each performance metric is as shown below:

| | Percentage Weighting | x | Payout Percentage Attained | Percentage Target Shares Earned |
|---|---|---|---|---|
| ROIC | __% | x | ___% | = __% |
| Corporate Revenue Growth | __% | x | ___% | = __% |
| Adjusted Earnings per Share Growth | __% | x | ___% | = __% |

__% + __% + __% = __%.

6. **Dividend Equivalents** : The Performance Shares under Component I do not accrue dividend equivalents during the Performance Period, except if a Change in Control occurs during the Performance Period, in which case, they accrue dividend equivalents beginning on the date of the Change in Control. Beginning on the earlier of (a) the first day following the end of the Performance Period, or (b) the date of the Change in Control, the Performance Shares shall accrue dividend equivalents. The dividend equivalents shall be paid to the Participant in cash or shares of Stock, as determined by the authorized officers as designated by the Committee, within thirty (30) days following the end of each calendar quarter. The dividend equivalents paid for such calendar quarter will be equal to the dividend per Share (if any) declared by the Company during such calendar quarter, multiplied by the number of Performance Shares held by the Participant. If dividend equivalents for a calendar quarter are paid in shares of Stock, the number of shares of Stock will be equal to the dividend

equivalents for the calendar quarter, divided by the Fair Market Value per share of stock as of the date the dividend is payable as declared by the Company. After the Performance Shares have been settled or forfeited, no further dividend equivalents shall accrue.

7. **Vesting and Payment of the Performance Shares** : One hundred percent (100%) of the earned Performance Shares under Component I will vest on the earliest of the dates specified below and will be paid when specified below (with the vesting date listed first in each Subsection, followed by payment date):

(a) December 31, 20__ provided the Participant has continued in the employment of the Company, its Affiliates, or its Subsidiaries through such date, in which case the Performance Shares will be paid on December 31, 20__;

(b) On the date the Participant incurs a “ **Separation from Service** ” (within the meaning of Code Section 409A), if that occurs on or after July 1, 20__ and before December 31, 20__ due to death, “ **Retirement** ” or “ **Disability** ” (as defined in the Plan) (but in the case of Disability determined without regard to the length of any elimination period under the long term disability benefits plan), in which case the number of Performance Shares earned during Performance Period will be prorated based upon the ratio that the number of calendar months served during the Component I Performance Period (full credit given for partial months) bears to 12 months and will be paid upon the later of 20__, by February 28, 20__, or within thirty (30) days following the date of the Participant’s Separation from Service provided, however, if the Participant is a “ **Specified Employee** ” within the meaning of Code Section 409A, the Performance Shares will be paid six (6) months following such Separation from Service to the extent required to comply with Code Section 409A (but not before 20__, by February 28, 20__ or later than December 31, 20__ to the extent permissible under Code Section 409A);

(c) On the date of a “ **Change in Control** ” (as defined in Section 15 of “Provisions Applicable to all Performance Shares”), if that occurs on or after January 1, 2019 and before December 31, ____, with respect to which Neenah, Inc. is not the surviving entity, provided the Participant has continued in the employment of the Company, its Affiliates, or its Subsidiaries through such occurrence; provided, however, that if the Change in Control occurs on or after January 1, 2019 and before December 31, ____, the Participant shall be deemed to earn 75% of the Target Performance Shares. The Performance Shares will be paid within thirty (30) days following the Change in Control; or

(d) On the date the Participant incurs a Separation from Service if a Change in Control occurs on or after January 1, 20__ and before December 31, 20__, with respect to which Neenah, Inc. is the surviving entity, and within two years after the date of the Change in Control and before December 31, 20__, the Participant incurs a Separation from Service as a result of the Participant’s employment being terminated by the Company, its Affiliates, and/or Subsidiaries other than for Cause, or being terminated by the Participant for Good Reason; provided, however, that if the Change in Control occurs on or after January 1, 20__ and before December 31, 20__, the Participant shall be deemed to earn 75% of the Target Performance Shares. For the purposes of this Agreement, the terms “ **Cause** ” and “ **Good Reason** ” shall have the same meaning as provided in the Executive Severance Plan. The Performance Shares shall be paid within thirty (30) days following Separation from Service, but not later than December 31, 20__; provided, however, that in the case of a Participant who is a Specified Employee, the Performance Shares will be paid six (6) months following Separation from Service to the extent required to comply with Code Section 409A, but not later than December 31, 20__ to the extent permissible under Code Section 409A.

**Component II: Relative TSR Component of Award**

1. **Performance Period** : The Performance Period for Component II commences on January 1, 20__ and ends on December 31, 20__.

2. **Performance Measure** : **Relative Total Shareholder Return** (“ **Relative TSR** ”) is defined as the Company’s Total Shareholder Return (“ **TSR** ”) relative to the TSR of the companies in the Russell 2000 Value Index.

**“TSR”** is expressed as a percentage and calculated as follows:

$$\frac{\text{(December 20\_\_ average closing stock price + dividends paid and reinvested during the Performance Period - December 20\_\_ average closing stock price)}}{\text{December 20\_\_ average closing stock price}}$$

The TSR for companies (including the Company) in the Russell 2000 Value Index will be ranked from highest to lowest and Relative TSR will be measured based on the Company’s TSR ranking within each quartile of the companies in the Russell 2000 Value Index.

3. **Percentage Weighting for Relative TSR** : The Relative TSR percentage weighting is __% and will apply for determining the number of Performance Shares earned under Component II .

4. **Percentage Attained based on Relative TSR** : The payout percentage attained based on Relative TSR, which will be used for purposes of determining the number of Performance Shares earned under Component II , is as follows:

| | **Performance Metric Weighting** | **Threshold** | **Target** | **High** |
|---|---|---|---|---|
| Payout Percentage Attained | | ___% | ____% | ___% |
| Relative TSR | ___% | 3 rd Quartile Russell 2000 Value Index | 2 nd Quartile Russell 2000 Value Index | 1 st Quartile Russell 2000 Value Index |

Straight line extrapolation of the payout percentage attained will be calculated for results between Threshold and Target (i.e., over the 25 th percentile up to the 50 th percentile), and between Target and Maximum (i.e., over the 50 th percentile up to the 75 th percentile). Below Threshold, the payout percentage attained is 0%. For Maximum or above, the payout percentage attained is ___%. Notwithstanding the foregoing, the Compensation Committee retains discretion to adjust an award (increase or reduce) under this Agreement based on its assessment of the Company's performance with respect to strategic initiatives.

5. **Number of Performance Shares Earned** : The number of Performance Shares earned based on Relative TSR performance is determined as follows:

(a) Step 1: multiply ___% (i.e., the percentage weighting for Relative TSR) by the payout percentage attained based on Relative TSR to arrive at the percentage of Target Performance Shares earned based on Relative TSR;

(b) Step 2: multiply the percentage of Target Performance Shares earned based on Relative TSR by the total number of Target Performance Shares; and

(c) Step 3: increase or reduce the award calculated in Step 3 by the percentage that the Compensation Committee determines in its discretion.

As an example, assume the Relative TSR payout percentage below is attained:

| | Percentage Weighting | x | Payout Percentage Attained | | Percentage Target Shares Earned |
|---|---|---|---|---|---|
| Relative TSR | ___% | x | ___% | = | ___% |

Therefore, the number of Performance Shares earned based on Relative TSR is ___% of the number of Target Performance Shares.

6. **Dividend Equivalents** : The Performance Shares actually earned under Component II accrue dividend equivalents during the Performance Period. The dividend equivalents shall be paid to the Participant in cash or shares of Stock, as determined by the authorized officers as designated by the Committee. The dividend equivalents will be equal to the dividend per Share (if any) declared by the Company during the Performance Period, multiplied by the number of Performance Shares held by the Participant. If dividend equivalents are paid in shares of Stock, the number of shares of Stock will be equal to the dividend equivalents for each given date during the Performance Period, divided by the Fair Market Value per share of Stock as of the date the dividend is payable as declared by the Company. The dividend equivalents will be paid on the same date as the Award is paid pursuant to Section 7 of Component II . After the Performance Shares have been settled or forfeited, no further dividend equivalents shall accrue.

7. **Vesting and Payment of the Performance Shares** : One hundred percent (100%) of the earned Performance Shares under Component II will vest on the earliest of the dates specified below and will be paid when specified below (with the vesting date listed first in each Subsection, followed by payment date):

(a) December 31, 20__, provided the Participant has continued in the employment of the Company, its Affiliates, or its Subsidiaries through such date, in which case the Performance Shares will be paid in 20__ by February 28, 20__;

(b) On the date the Participant incurs a Separation from Service that occurs on or after July 1, 20__and before December 31, 20__due to death, Retirement or Disability (but in the case of Disability determined without regard to the length of any elimination period under the long term disability benefits plan), in which case the number of Performance Shares earned during the Performance Period will be prorated based upon the ratio that the number of calendar months served during the Component II Performance Period (full credit given for partial months) bears to 12 months (provided such ratio shall not exceed 100%) and will be paid in 20__by February 28, 20__, provided, however, if the Participant is a Specified Employee within the meaning of Code Section 409A, the Performance Shares will be paid six (6) months following such Separation from Service to the extent required to comply with Code Section 409A;

(c) On the date of a Change in Control with respect to which Neenah, Inc. is not the surviving entity, provided the Participant has continued in the employment of the Company, its Affiliates, or its Subsidiaries through such occurrence; provided, however, that the Participant shall be deemed to earn 25% of the Target Performance Shares. The Performance Shares will be paid within thirty (30) days following the Change in Control; or

(d) On the date the Participant incurs a Separation from Service if a Change in Control occurs with respect to which Neenah, Inc. is the surviving entity, and within two years after the date of the Change in Control and before December 31, 20__, the Participant incurs a Separation from Service as a result of the Participant's employment being terminated by the Company, its Affiliates, and/or Subsidiaries other than for Cause, or by the Participant for Good Reason; provided, however, that the Participant shall be deemed to earn __% of the Target Performance Shares. The Performance Shares will be paid within thirty (30) days following Separation from Service; provided, however, that in the case of a Participant who is a Specified Employee, the Performance Shares will be paid six (6) months following Separation from Service to the extent required to comply with Code Section 409A, but not later than February 28, 20__ to the extent permissible under Code Section 409A.

**Provisions Applicable to all Performance Shares**

1. **Settlement of Award** : The Company shall issue to the Participant one share of Stock (as defined in the Plan) for each Performance Share earned by the Participant that becomes vested in accordance with the provisions of Section 7 of Component I or Section 7 of Component II . Notwithstanding the forgoing or any other provision hereof, the Committee reserves the sole and unfettered discretion to reduce the number of shares of Stock that would otherwise be issuable pursuant to this Agreement. Any fractional share of Stock payable to the Participant in accordance with this Section shall be rounded up to the nearest whole share of Stock. Notwithstanding the foregoing, pursuant to Section 4.4 or Article 18 of the Plan, the Company may adjust the number or kind of shares or substitute cash.

2. **Termination of Employment for Other Reasons** : In the event that the Participant's employment with the Company terminates before December 31, 20__, then except as set forth in Section 7 of Component I or Section 7 of Component II , this Award and all Performance Shares hereunder shall be forfeited and no payment shall be made to the Participant.

3. **Nontransferability** : Performance Shares awarded pursuant to this Agreement may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (" **Transfer** "), other than by will or by the laws of descent and distribution. If any Transfer, whether voluntary or involuntary, of Performance Shares is made, or if any attachment, execution, garnishment, or lien shall be issued against or placed upon the Performance Shares, the Participant's right to such Performance Shares shall be immediately forfeited to the Company, and this Agreement shall lapse.

4. **Requirements of Law** : The granting of Performance Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

5. **Inability to Obtain Authorization** : The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance of any shares of Stock hereunder, shall relieve the Company of any liability with respect to the failure to issue such shares of Stock as to which such requisite authority shall not have been obtained.

6. **Tax Withholding** : The Company will have the power and the right to deduct or withhold, or require the Participant or the Participant's beneficiary to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

7. **Stock Withholding** : With respect to withholding required upon any taxable event arising as a result of Performance Shares granted hereunder, the Company, unless notified otherwise by the Participant in writing within thirty (30) days prior to the taxable event, will have the right to satisfy the tax withholding requirement by withholding shares of Stock having a Fair Market Value equal to the total statutory tax required to be withheld on the transaction. The Participant agrees to pay to the

Company, its Affiliates, and/or its Subsidiaries any amount of tax that the Company, its Affiliates, and/or its Subsidiaries may be required to withhold as a result of the Participant's participation in the Plan that are not satisfied by the means previously described.

8. **Administration** : This Agreement and the Participant's rights hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which will be binding upon the Participant.

9. **Continuation of Employment** : This Agreement will not confer upon the Participant any right to continuation of employment by the Company, its Affiliates, and/or its Subsidiaries, nor will this Agreement interfere in any way with the Company's, its Affiliates', and/or its Subsidiaries' right to terminate the Participant's employment at any time.

10. **Amendment to the Plan** : The Plan is discretionary in nature and the Committee may terminate, amend, or modify the Plan; provided, however, that no such termination, amendment, or modification of the Plan may adversely affect the Participant's rights under this Agreement, without the Participant's written approval.

11. **Amendment to This Agreement** : The Committee may terminate, amend, or modify this Agreement. No such termination, amendment, or modification of the Agreement may adversely affect the Participant's rights under this Agreement, without the Participant's written approval.

12. **Successor** : All obligations of the Company under the Plan and this Agreement, with respect to the Performance Shares, will be binding on any legal successor to or assigns of the Company.

13. **Severability** : The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions will nevertheless be binding and enforceable.

14. **Applicable Laws and Consent to Jurisdiction** : The validity, construction, interpretation, and enforceability of this Agreement will be determined and governed by the laws of the state of Delaware without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction and agree that such litigation will be conducted in the federal or state courts of the state of Georgia.

15. **Definition of Change in Control** : " **Change in Control** " means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets" (as such terms are defined below).

(a) A " **change in ownership of the Company** " shall occur on the date that any one person, or more than one person acting as a "Group" (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company; provided, however, that, if any one person or more than one person acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company. In addition, the following shall not constitute a change in ownership of the Company: (i) any acquisition by any one person, or more than one person acting as a Group, who on December 1, 2004 is the "beneficial owner" (within the meaning of Rule 13d-3 of the Rules and Regulations under the Securities Exchange Act of 1934, as amended) (a " **Beneficial Owner** ") of thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the " **Outstanding Company Voting Securities** "), (ii) any acquisition directly from the Company, including without limitation, a public offering of securities, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates, or (v) any transaction described in Subsection (d) below.

(b) A " **change in the effective control of the Company** " occurs on the date that:

(i) Any one person, or more than one person acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company; provided, however, if any one person, or more than one person acting as a group, is considered to own thirty-five percent (35%) or more of the total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the effective control of the Company. Notwithstanding the foregoing, the following shall not constitute a change in the effective control of the Company: (A) any acquisition by any one person, or more than one person acting as a Group, who on December 1, 2004 is the Beneficial Owner of thirty percent (30%) or more of the Outstanding Company Voting Securities, (B) any acquisition directly from the Company, including without limitation, a public offering of securities, (C) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates, or (D) any transaction described in Subsection (d) below; or

(ii) A majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; provided, however, that this Paragraph (ii) shall apply only to the Company if no other corporation is a majority shareholder of the Company.

(c) A " **change in the ownership of a substantial portion of the Company's assets** " occurs on the date that any one person, or more than one person acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total "Gross Fair Market Value" (as defined below) equal to or more than 90% of the total Gross Fair Market Value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that, a transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to:

(i) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(iii) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company;

(iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in Paragraph (iii) hereof); or

(v) a Successor Entity pursuant to a transaction described in Subsection (d) below.

(d) Consummation of a reorganization, merger, or consolidation to which the Company is a party, or a sale or other disposition of all or substantially all of the assets of the Company (a " **Business Combination** ") shall not constitute a change in ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the Company's assets, if following such Business Combination: (i) all or substantially all the individuals or entities who were the Beneficial Owners of Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than sixty percent (60%) of the combined voting power of the outstanding voting securities entitled to vote generally in the election of the members of the board of directors of the company resulting from the Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (the " **Successor Entity** ") in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Voting Securities; (ii) no person or Group (excluding any Successor Entity or any employee benefit plan, or related trust, of the Company or such Successor Entity) beneficially owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Successor Entity, except to the extent that such ownership existed prior to the Business Combination; and (iii) at least a majority of the members of the board of directors of the Successor Entity were members of the incumbent Board (including members of the Board whose appointment or election is endorsed by a majority of the Board prior to the date of the appointment or election) at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

(e) For purposes of the definition of Change in Control:

(i) " **Group** " means persons acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock of the Company or assets of the Company, or a similar business transaction with the Company (the " **Transaction** "); provided, however, that with respect to any person who owns stock of both the Company and the other corporation in a Transaction, such person will only be treated as acting as a group with respect to his or her interest in the other corporation prior to the Transaction;

(ii) " **Gross Fair Market Value** " means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets; and

(iii) Notwithstanding any other provision hereof, stock ownership shall be determined under Code Section 409A, and no Change in Control shall be deemed to have occurred hereunder unless such event constitutes a change in the ownership or effective control of the Company or in a substantial portion of the assets of the Company under Code Section 409A.

16. **"Retirement"** means voluntary resignation of employment by a Participant, who is also an employee of the Company or an Affiliate (as defined in the Plan),after (i) the later of attaining age sixty-five (65) or the fifth anniversary of the Participant's date of hire, or (ii) attaining age fifty-five (55) with at least five (5) Years of Vesting Service; provided, however, that if a Participant is a participant under the Company's Pension Plan or Retirement Contribution Plan, "Retirement" shall mean satisfying the requirements for "retirement" or "early retirement" as defined in the applicable plan. For purposes of the definition of "Retirement," " **Years of Vesting Service** " shall be determined in the same manner as years of vesting service are determined pursuant to the Company's Pension Plan or Retirement Contribution Plan, whichever is applicable to the Participant; however, if such plan is subsequently terminated, the "Committee" (as defined in the Plan) shall determine the meaning of such term in its sole discretion.

17. **Compensation Recovery Policy** : The Board has adopted this compensation recovery policy (the " **Clawback Policy** ") for "named executive officers," other senior officers and participants (each hereinafter referred to individually as an " **Executive** " and collectively as " **Executives** ") in the Company's Management Incentive Plan (" **MIP** ") and the Company's Long-term Compensation Plan (" **LTCP** "), and the Performance Shares granted under this Agreement shall be deemed to be components of the MIP and/or the LTCP. Under the Clawback Policy, the Board may, to the extent permitted by governing law, require reimbursement of any MIP bonus or LTCP stock grants paid to an individual Executive, a group of Executives or all Executives if: (i) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, (ii) the Board reasonably determines that the Executive engaged in conduct that caused or partially caused the need for the restatement or that the restatement is of such a nature as to warrant seeking recovery of compensation from all or some larger group of Executives, and (iii) a lower payment would have been made to the Executive (or group of Executives) based upon the restated financial results. In each such instance, the Board may seek to recover the relevant overpayment amount of the MIP bonus or LTCP grant for the period at issue. In applying the Clawback Policy, the Board will have sole discretion in determining whether an Executive's conduct has or has not met any particular standard of conduct under law or Company policy and whether the compensation recovery should apply to an individual Executive or a larger group of Executives and the extent of the amount of recovery sought. Further, following a restatement of the Company's financial statements, the Company will recover any compensation received by (a) the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002 (Section 304 of the Sarbanes-Oxley Act of 2002 requires the Chief Executive Officer and Chief Financial Officer of a company to disgorge their bonuses and other incentive compensation where (i) the company must prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws and (ii) the noncompliance results from misconduct), or (b) an executive officer, to the extent required under Section 954 of the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

18. **The Plan Governs; Capitalized Terms** : The Plan provides a complete description of the terms and conditions governing the Performance Shares. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms will completely supersede and replace the conflicting terms of this Agreement. All capitalized terms will have the meanings ascribed to them in the Plan, unless specifically defined otherwise herein.

# Neenah, Inc.
# 20__ Restricted Stock Unit Award Agreement (A)

THIS AGREEMENT (the " **Agreement** "), effective ______, 20__, sets forth the terms and conditions of the grant of Restricted Stock Units by Neenah, Inc. (the " **Company** "), to the Participant, pursuant to the provisions of the Neenah, Inc. 2018 Omnibus Stock and Incentive Compensation Plan (the " **Plan** ").

**1. General Grant Information** . The Participant has been selected to receive an Award of Restricted Stock Units, with specific grant information recorded by Morgan Stanley Smith Barney or other duly authorized administrator (" **MSSB** "). The grant information includes date of grant and number of Restricted Stock Units.

**2. Grant of Restricted Stock Units** . The Award of Restricted Stock Units is pursuant to the terms and conditions contained herein. This form of agreement applies only to Restricted Stock Units that have been identified with the code set forth in the lower left corner of this page.

**3. Vesting Period** . The Restricted Stock Units shall become vested to the extent provided, and all restrictions will lapse to the extent of vesting, upon the earliest to occur of the following events:

(a) one-third (1/3) on December 31, 20__, one-third (1/3) on December 31, 20__, and one-third (1/3) on December 31, 20__, provided the Participant has continued in the employment of the Company, its Affiliates, and/or its Subsidiaries through the applicable date (the time period from the date of grant to December 31, 20__ is referred to herein as the " **Vesting Period** ");

(b) upon the Participant's termination of employment due to death, Disability, or Retirement, provided the Participant has continued in the employment of the Company, its Affiliates, and/or its Subsidiaries through such event; or

(c) on the date of the termination of Participant's employment with the Company if within two years after a Change in Control, Participant's employment is terminated by the Company, its Affiliates, and/or Subsidiaries other than for Cause, or is terminated by the Participant for Good Reason. For the purposes of this Agreement, the terms " **Cause** " and " **Good Reason** " shall have the same meaning as provided in the Executive Severance Plan.

**4. Termination of Service for Other Reasons** . Unless otherwise stated herein, in the event the Participant's service with the Company terminates for any reason before one hundred percent (100%) vesting pursuant to Paragraph 3, all of the unvested Restricted Stock Units the Participant holds at the time the Participant's service terminates shall be forfeited to the Company.

**5. Deferral of Restricted Stock Units** . Prior to the beginning of the calendar year in which the Restricted Stock Units are granted (or, with respect to the first year in which the Participant becomes eligible to participate in the Neenah Participants' Deferred Compensation Plan, within 30 days after becoming eligible and prior to the date of grant), the Participant may make an irrevocable election to defer all or a portion of the Restricted Stock Units under the Neenah Deferred Compensation Plan. Each Participant who elects to defer an amount of his Restricted Stock Units shall be deemed to have elected to defer all corresponding dividend equivalents applicable to such Restricted Stock Units. If the Participant makes a timely election to defer the Restricted Stock Units under the Neenah Deferred Compensation Plan, payment of the Restricted Stock Units and the dividend equivalents applicable to such Restricted Stock Units will be governed by the terms of the Neenah Deferred Compensation Plan.

**6. Payment of Restricted Stock Units** . Unless the Participant has timely made an election to defer the Restricted Stock Units under the Neenah Deferred Compensation Plan, (a) the Participant shall be entitled to receive shares of Stock for Restricted Stock Units the restrictions of which have lapsed pursuant to Paragraph 3 herein, (b) the Participant will receive a number of shares of Stock equal to the number of vested Restricted Stock Units, and (c) the shares of Stock will be issued in Stock certificates or in book-entry form in the Participant's name as soon as administratively practicable, but not later than the earlier of thirty (30) days after the restrictions lapse or the last day of the calendar year in which the restrictions lapse; provided, however, if the Participant is a "specified employee" (within the meaning of Code Section 409A) and the Participant is entitled to the issuance of Stock as a result of the Participant's "separation from service" (within the meaning of Code Section 409A), the issuance shall be made six months after separation from service to the extent required to comply with Code Section 409A, but not later than the date the issuance of Stock otherwise would have occurred had the Participant remained employed, to the extent permissible under Code Section 409A.

**7. Dividends** . The Participant shall be entitled to receive dividend equivalents on (i) vested and (ii) unvested and nonforfeited Restricted Stock Units, which represent the right to receive cash payments (or payment in the form of shares of Stock if the dividend is paid in shares of Stock) measured by the aggregate dividends payable to a shareholder of record while the Participant holds the Restricted Stock Units on a number of shares of Stock that correspond to the number of Restricted Stock Units. The dividend equivalents shall be paid on approximately the same dates that the corresponding dividends are paid to the Company's shareholders of record, except as provided in Paragraph 5.

**8. Right as Stockholder** . The Participant shall not have voting or any other rights as a shareholder of the Company with respect to Restricted Stock Units. The Participant will obtain full voting and other rights as a shareholder of the Company upon the settlement of Restricted Stock Units in shares of Stock.

**9. Nontransferability** . During the Vesting Period, Restricted Stock Units awarded pursuant to this Agreement may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated (" **Transfer** ") other than by will or by the laws of descent and distribution, except as provided in the Plan. If any Transfer, whether voluntary or involuntary, of Restricted Stock Units is made, or if any attachment, execution, garnishment, or lien shall be issued against or placed upon the

Restricted Stock Units, the Participant's right to such Restricted Stock Units shall be immediately forfeited to the Company, and this Agreement shall lapse.

**10. Requirements of Law** . The granting of Restricted Stock Units under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**11. Administration** . This Agreement and the Participant's rights hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant.

**12. Continuation of Employment** . This Agreement shall not confer upon the Participant any right to continuation of service with the Company, nor shall this Agreement interfere in any way with the Company's right to terminate the Participant's service at any time.

**13. Amendment to the Plan** . The Plan is discretionary in nature and the Committee may terminate, amend, or modify the Plan; provided, however, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Agreement, without the Participant's written approval.

**14. Amendment to this Agreement** . Any amendment and/or termination of this Agreement will not accelerate a payment date if such amendment or termination would subject such amounts to taxation under Code Section 409A.

**15. Successor** . All obligations of the Company under the Plan and this Agreement, with respect to the Restricted Stock Units, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

**16. Severability** . The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

**17. Applicable Laws and Consent to Jurisdiction** . The validity, construction, interpretation, and enforceability of this Agreement shall be determined and governed by the laws of the state of Delaware without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction and agree that such litigation shall be conducted in the federal or state courts of the state of Georgia.

**18. Code Section 409A.** This Agreement is intended to comply with Code Section 409A and all of the provisions of this Agreement shall be construed consistent with that intent. References herein to the Participant's cessation of service, termination of service and similar terms shall be construed to refer to a "separation from service" within the meaning of Code Section 409A.

**19. Definition of Retirement:** " **Retirement** " means voluntary resignation of employment by a Participant, who is also an employee of the Company or an Affiliate (as defined in the Plan),after (i) the later of attaining age sixty-five (65) or the fifth anniversary of the Participant's date of hire, or (ii) attaining age fifty-five (55) with at least five (5) Years of Vesting Service; provided, however, that if a Participant is a participant under the Company's Pension Plan or Retirement Contribution Plan, "Retirement" shall mean satisfying the requirements for "retirement" or "early retirement" as defined in the applicable plan. For purposes of the definition of "Retirement," " **Years of Vesting Service** " shall be determined in the same manner as years of vesting service are determined pursuant to the Company's Pension Plan or Retirement Contribution Plan, whichever is applicable to the Participant; however, if such plan is subsequently terminated, the "Committee" (as defined in the Plan) shall determine the meaning of such term in its sole discretion.

**20. Definition of Change in Control:** " **Change in Control** " means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets" (as such terms are defined below).

(a) A " **change in ownership of the Company** " shall occur on the date that any one person, or more than one person acting as a "Group" (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company; provided, however, that, if any one person or more than one person acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company. In addition, the following shall not constitute a change in ownership of the Company: (i) any acquisition by any one person, or more than one person acting as a Group, who on December 1, 2004 is the "beneficial owner" (within the meaning of Rule 13d-3 of the Rules and Regulations under the Securities Exchange Act of 1934, as amended) (a " **Beneficial Owner** ") of thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the " **Outstanding Company Voting Securities** "), (ii) any acquisition directly from the Company, including without limitation, a public offering of securities, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates, or (v) any transaction described in <u>Clause (d)</u> below.

(b) A " **change in the effective control of the Company** " occurs on the date that:

(1) Any one person, or more than one person acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company; provided, however, if any one person, or more than one person acting as a group, is considered to own thirty-five percent (35%) or more of the total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a

change in the effective control of the Company. Notwithstanding the foregoing, the following shall not constitute a change in the effective control of the Company: (A) any acquisition by any one person, or more than one person acting as a Group, who on December 1, 2004 is the Beneficial Owner of thirty percent (30%) or more of the Outstanding Company Voting Securities, (B) any acquisition directly from the Company, including without limitation, a public offering of securities, (C) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates, or (D) any transaction described in Clause (d) below; or

(2) A majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; provided, however, that this Subclause (2) shall apply only to the Company if no other corporation is a majority shareholder of the Company.

(c) A " **change in the ownership of a substantial portion of the Company's assets** " occurs on the date that any one person, or more than one person acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total "Gross Fair Market Value" (as defined below) equal to or more than 90% of the total Gross Fair Market Value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that, a transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to:

(1) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(3) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company;

(4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in Subclause (3) hereof); or

(5) a Successor Entity pursuant to a transaction described in Clause (d) below.

(d) Consummation of a reorganization, merger, or consolidation to which the Company is a party, or a sale or other disposition of all or substantially all of the assets of the Company (a " **Business Combination** ") shall not constitute a change in ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the Company's assets, if following such

Business Combination: (i) all or substantially all the individuals or entities who were the Beneficial Owners of Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than sixty percent (60%) of the combined voting power of the outstanding voting securities entitled to vote generally in the election of the members of the board of directors of the company resulting from the Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (the " **Successor Entity** ") in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Voting Securities; (ii) no person or Group (excluding any Successor Entity or any employee benefit plan, or related trust, of the Company or such Successor Entity) beneficially owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Successor Entity, except to the extent that such ownership existed prior to the Business Combination; and (iii) at least a majority of the members of the board of directors of the Successor Entity were members of the incumbent Board (including members of the Board whose appointment or election is endorsed by a majority of the Board prior to the date of the appointment or election) at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

(e) For purposes of the definition of Change in Control:

(1) " **Group** " means persons acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock of the Company or assets of the Company, or a similar business transaction with the Company (the " **Transaction** "); provided, however, that with respect to any person who owns stock of both the Company and the other corporation in a Transaction, such person will only be treated as acting as a group with respect to his or her interest in the other corporation prior to the Transaction;

(2) " **Gross Fair Market Value** " means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets; and

(3) Notwithstanding any other provision hereof, stock ownership shall be determined under Code Section 409A, and no Change in Control shall be deemed to have occurred hereunder unless such event constitutes a change in the ownership or effective control of the Company or in a substantial portion of the assets of the Company under Code Section 409A.

**21. Compensation Recovery Policy:** The Board has adopted this compensation recovery policy (the " **Clawback Policy** ") for "named executive officers," other senior officers and participants (each hereinafter referred to individually as an " **Executive** " and collectively as " **Executives** ") in the Company's Management Incentive Plan (" **MIP** ") and the Company's Long-term Compensation Plan (" **LTCP** "), and the Restricted Stock Units granted under this Agreement shall be deemed to be components of the MIP and/or the LTCP. Under the Clawback

Policy, the Board may, to the extent permitted by governing law, require reimbursement of any MIP bonus or LTCP stock grants paid to an individual Executive, a group of Executives or all Executives if: (i) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, (ii) the Board reasonably determines that the Executive engaged in conduct that caused or partially caused the need for the restatement or that the restatement is of such a nature as to warrant seeking recovery of compensation from all or some larger group of Executives, and (iii) a lower payment would have been made to the Executive (or group of Executives) based upon the restated financial results. In each such instance, the Board may seek to recover the relevant overpayment amount of the MIP bonus or LTCP grant for the period at issue. In applying the Clawback Policy, the Board will have sole discretion in determining whether an Executive's conduct has or has not met any particular standard of conduct under law or Company policy and whether the compensation recovery should apply to an individual Executive or a larger group of Executives and the extent of the amount of recovery sought. Further, following a restatement of the Company's financial statements, the Company will recover any compensation received by (a) the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002 (Section 304 of the Sarbanes-Oxley Act of 2002 requires the Chief Executive Officer and Chief Financial Officer of a company to disgorge their bonuses and other incentive compensation where (i) the company must prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws and (ii) the noncompliance results from misconduct), or (b) an executive officer, to the extent required under Section 954 of the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

**22. The Plan Governs; Capitalized Terms** : The Plan provides a complete description of the terms and conditions governing the Restricted Stock Units. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms will completely supersede and replace the conflicting terms of this Agreement. All capitalized terms will have the meanings ascribed to them in the Plan, unless specifically defined otherwise herein.

# Neenah, Inc.
# 20__ Restricted Stock Unit Award Agreement (B)

THIS AGREEMENT (the " **Agreement** "), effective ______, 20__, sets forth the terms and conditions of the grant of Restricted Stock Units by Neenah, Inc. (the " **Company** "), to the Participant, pursuant to the provisions of the Neenah, Inc. 2018 Omnibus Stock and Incentive Compensation Plan (the " **Plan** ").

1. **General Grant Information** . The Participant has been selected to receive an Award of Restricted Stock Units, with specific grant information recorded by Morgan Stanley Smith Barney or other duly authorized administrator (" **MSSB** "). The grant information includes date of grant and number of Restricted Stock Units.

2. **Grant of Restricted Stock Units** . The Award of Restricted Stock Units is pursuant to the terms and conditions contained herein. This form of agreement applies only to Restricted Stock Units that have been identified with the code set forth in the lower left corner of this page.

3. **Vesting Period** . The Restricted Stock Units shall become vested to the extent provided, and all restrictions will lapse to the extent of vesting, upon the earliest to occur of the following events:

(a) one-third (1/3) on December 31, 20__, one-third (1/3) on December 31, 20__, and one-third (1/3) on December 31, 20__, provided the Participant has continued in the employment of the Company, its Affiliates, and/or its Subsidiaries through the applicable date (the time period from the date of grant to December 31, 20__ is referred to herein as the " **Vesting Period** ");

(b) upon the Participant's termination of employment due to death or Disability, provided the Participant has continued in the employment of the Company, its Affiliates, and/or its Subsidiaries through such event; or

(c) on the date of the termination of Participant's employment with the Company if within two years after a Change in Control, Participant's employment is terminated by the Company, its Affiliates, and/or Subsidiaries other than for Cause, or is terminated by the Participant for Good Reason. For the purposes of this Agreement, the terms " **Cause** " and " **Good Reason** " shall have the same meaning as provided in the Executive Severance Plan.

4. **Termination of Service for Other Reasons** . Unless otherwise stated herein, in the event the Participant's service with the Company terminates for any reason before one hundred percent (100%) vesting pursuant to Paragraph 3, all of the unvested Restricted Stock Units the Participant holds at the time the Participant's service terminates shall be forfeited to the Company.

5. **Deferral of Restricted Stock Units** . Prior to the beginning of the calendar year in which the Restricted Stock Units are granted (or, with respect to the first year in which the Participant

becomes eligible to participate in the Neenah Participants' Deferred Compensation Plan, within 30 days after becoming eligible and prior to the date of grant), the Participant may make an irrevocable election to defer all or a portion of the Restricted Stock Units under the Neenah Deferred Compensation Plan. Each Participant who elects to defer an amount of his Restricted Stock Units shall be deemed to have elected to defer all corresponding dividend equivalents applicable to such Restricted Stock Units. If the Participant makes a timely election to defer the Restricted Stock Units under the Neenah Deferred Compensation Plan, payment of the Restricted Stock Units and the dividend equivalents applicable to such Restricted Stock Units will be governed by the terms of the Neenah Deferred Compensation Plan.

**6. Payment of Restricted Stock Units** . Unless the Participant has timely made an election to defer the Restricted Stock Units under the Neenah Deferred Compensation Plan, (a) the Participant shall be entitled to receive shares of Stock for Restricted Stock Units the restrictions of which have lapsed pursuant to Paragraph 3 herein, (b) the Participant will receive a number of shares of Stock equal to the number of vested Restricted Stock Units, and (c) the shares of Stock will be issued in Stock certificates or in book-entry form in the Participant's name as soon as administratively practicable, but not later than the earlier of thirty (30) days after the restrictions lapse or the last day of the calendar year in which the restrictions lapse; provided, however, if the Participant is a "specified employee" (within the meaning of Code Section 409A) and the Participant is entitled to the issuance of Stock as a result of the Participant's "separation from service" (within the meaning of Code Section 409A), the issuance shall be made six months after separation from service to the extent required to comply with Code Section 409A, but not later than the date the issuance of Stock otherwise would have occurred had the Participant remained employed, to the extent permissible under Code Section 409A.

**7. Dividends** . The Participant shall be entitled to receive dividend equivalents on (i) vested and (ii) unvested and nonforfeited Restricted Stock Units, which represent the right to receive cash payments (or payment in the form of shares of Stock if the dividend is paid in shares of Stock) measured by the aggregate dividends payable to a shareholder of record while the Participant holds the Restricted Stock Units on a number of shares of Stock that correspond to the number of Restricted Stock Units. The dividend equivalents shall be paid on approximately the same dates that the corresponding dividends are paid to the Company's shareholders of record, except as provided in Paragraph 5.

**8. Right as Stockholder** . The Participant shall not have voting or any other rights as a shareholder of the Company with respect to Restricted Stock Units. The Participant will obtain full voting and other rights as a shareholder of the Company upon the settlement of Restricted Stock Units in shares of Stock.

**9. Nontransferability** . During the Vesting Period, Restricted Stock Units awarded pursuant to this Agreement may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated (" **Transfer** ") other than by will or by the laws of descent and distribution, except as provided in the Plan. If any Transfer, whether voluntary or involuntary, of Restricted Stock Units is made, or if any attachment, execution, garnishment, or lien shall be issued against or placed upon the Restricted Stock Units, the Participant's right to such Restricted Stock Units shall be immediately forfeited to the Company, and this Agreement shall lapse.

**10. Requirements of Law** . The granting of Restricted Stock Units under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**11. Administration** . This Agreement and the Participant's rights hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Committee may adopt for administration of the Plan. It is expressly understood that the Committee is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant.

**12. Continuation of Employment** . This Agreement shall not confer upon the Participant any right to continuation of service with the Company, nor shall this Agreement interfere in any way with the Company's right to terminate the Participant's service at any time.

**13. Amendment to the Plan** . The Plan is discretionary in nature and the Committee may terminate, amend, or modify the Plan; provided, however, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Agreement, without the Participant's written approval.

**14. Amendment to this Agreement** . Any amendment and/or termination of this Agreement will not accelerate a payment date if such amendment or termination would subject such amounts to taxation under Code Section 409A.

**15. Successor** . All obligations of the Company under the Plan and this Agreement, with respect to the Restricted Stock Units, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

**16. Severability** . The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

**17. Applicable Laws and Consent to Jurisdiction** . The validity, construction, interpretation, and enforceability of this Agreement shall be determined and governed by the laws of the state of Delaware without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction and agree that such litigation shall be conducted in the federal or state courts of the state of Georgia.

**18. Code Section 409A.** This Agreement is intended to comply with Code Section 409A and all of the provisions of this Agreement shall be construed consistent with that intent. References herein to the Participant's cessation of service, termination of service and similar terms shall be construed to refer to a "separation from service" within the meaning of Code Section 409A.

**19. Definition of Change in Control:** " **Change in Control** " means the occurrence of a "change in the ownership of the Company," a "change in the effective control of the Company," or a "change in the ownership of a substantial portion of the Company's assets" (as such terms are defined below).

(a) A " **change in ownership of the Company** " shall occur on the date that any one person, or more than one person acting as a "Group" (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Company; provided, however, that, if any one person or more than one person acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company. In addition, the following shall not constitute a change in ownership of the Company: (i) any acquisition by any one person, or more than one person acting as a Group, who on December 1, 2004 is the "beneficial owner" (within the meaning of Rule 13d-3 of the Rules and Regulations under the Securities Exchange Act of 1934, as amended) (a " **Beneficial Owner** ") of thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the " **Outstanding Company Voting Securities** "), (ii) any acquisition directly from the Company, including without limitation, a public offering of securities, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates, or (v) any transaction described in Clause (d) below.

(b) A " **change in the effective control of the Company** " occurs on the date that:

(1) Any one person, or more than one person acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty-five percent (35%) or more of the total voting power of the stock of the Company; provided, however, if any one person, or more than one person acting as a group, is considered to own thirty-five percent (35%) or more of the total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the effective control of the Company. Notwithstanding the foregoing, the following shall not constitute a change in the effective control of the Company: (A) any acquisition by any one person, or more than one person acting as a Group, who on December 1, 2004 is the Beneficial Owner of thirty percent (30%) or more of the Outstanding Company Voting Securities, (B) any acquisition directly from the Company, including without limitation, a public offering of securities, (C) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates, or (D) any transaction described in Clause (d) below; or

(2) A majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or

election; provided, however, that this Subclause (2) shall apply only to the Company if no other corporation is a majority shareholder of the Company.

(c) A " **change in the ownership of a substantial portion of the Company's assets** " occurs on the date that any one person, or more than one person acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total "Gross Fair Market Value" (as defined below) equal to or more than 90% of the total Gross Fair Market Value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that, a transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to:

(1) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(3) a person, or more than one person acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company;

(4) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in Subclause (3) hereof); or

(5) a Successor Entity pursuant to a transaction described in Clause (d) below.

(d) Consummation of a reorganization, merger, or consolidation to which the Company is a party, or a sale or other disposition of all or substantially all of the assets of the Company (a " **Business Combination** ") shall not constitute a change in ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the Company's assets, if following such Business Combination: (i) all or substantially all the individuals or entities who were the Beneficial Owners of Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than sixty percent (60%) of the combined voting power of the outstanding voting securities entitled to vote generally in the election of the members of the board of directors of the company resulting from the Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) (the " **Successor Entity** ") in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Voting Securities; (ii) no person or Group (excluding any Successor Entity or any employee benefit plan, or related trust, of the Company or such Successor Entity) beneficially owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding voting securities of the Successor

Entity, except to the extent that such ownership existed prior to the Business Combination; and (iii) at least a majority of the members of the board of directors of the Successor Entity were members of the incumbent Board (including members of the Board whose appointment or election is endorsed by a majority of the Board prior to the date of the appointment or election) at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

(e) For purposes of the definition of Change in Control:

(1) " **Group** " means persons acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock of the Company or assets of the Company, or a similar business transaction with the Company (the " **Transaction** "); provided, however, that with respect to any person who owns stock of both the Company and the other corporation in a Transaction, such person will only be treated as acting as a group with respect to his or her interest in the other corporation prior to the Transaction;

(2) " **Gross Fair Market Value** " means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets; and

(3) Notwithstanding any other provision hereof, stock ownership shall be determined under Code Section 409A, and no Change in Control shall be deemed to have occurred hereunder unless such event constitutes a change in the ownership or effective control of the Company or in a substantial portion of the assets of the Company under Code Section 409A.

**20. Compensation Recovery Policy:** The Board has adopted this compensation recovery policy (the " **Clawback Policy** ") for "named executive officers," other senior officers and participants (each hereinafter referred to individually as an " **Executive** " and collectively as " **Executives** ") in the Company's Management Incentive Plan (" **MIP** ") and the Company's Long-term Compensation Plan (" **LTCP** "), and the Restricted Stock Units granted under this Agreement shall be deemed to be components of the MIP and/or the LTCP. Under the Clawback Policy, the Board may, to the extent permitted by governing law, require reimbursement of any MIP bonus or LTCP stock grants paid to an individual Executive, a group of Executives or all Executives if: (i) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, (ii) the Board reasonably determines that the Executive engaged in conduct that caused or partially caused the need for the restatement or that the restatement is of such a nature as to warrant seeking recovery of compensation from all or some larger group of Executives, and (iii) a lower payment would have been made to the Executive (or group of Executives) based upon the restated financial results. In each such instance, the Board may seek to recover the relevant overpayment amount of the MIP bonus or LTCP grant for the period at issue. In applying the Clawback Policy, the Board will have sole discretion in determining whether an Executive's conduct has or has not met any particular standard of conduct under law or Company policy and whether the compensation recovery should apply to an individual Executive or a larger group of Executives and the extent of the amount of recovery sought. Further, following a restatement of the Company's financial statements, the Company will recover any compensation received by (a) the Chief Executive Officer and Chief Financial Officer that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002 (Section 304 of the Sarbanes-Oxley Act of 2002 requires the Chief Executive Officer and Chief Financial Officer of a company to disgorge their bonuses and other incentive compensation where (i) the company must prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws and (ii) the noncompliance results from misconduct), or (b) an executive officer, to the extent required under Section 954 of the Dodd-Frank Wall Street Reform Act and Consumer Protection Act.

**21. The Plan Governs; Capitalized Terms** : The Plan provides a complete description of the terms and conditions governing the Restricted Stock Units. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan's terms will completely supersede and replace the conflicting terms of this Agreement. All capitalized terms will have the meanings ascribed to them in the Plan, unless specifically defined otherwise herein.

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO SECTION 302**
**OF THE SARBANES-OXLEY ACT OF 2002**

I, John P. O'Donnell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Neenah, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ John P. O'Donnell

John P. O'Donnell

President, Chief Executive Officer, and Director (Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO SECTION 302**
**OF THE SARBANES-OXLEY ACT OF 2002**

I, Bonnie C. Lind, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Neenah, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Bonnie C. Lind

Bonnie C. Lind
Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

**Exhibit 32.1**

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

In connection with the Quarterly Report of Neenah, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2019 , as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John P. O’Donnell, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John P. O’Donnell

John P. O’Donnell
President, Chief Executive Officer and Director
(Principal Executive Officer)
Date: August 7, 2019

**Exhibit 32.2**

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

In connection with the Quarterly Report of Neenah, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Bonnie C. Lind, Senior Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(a) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bonnie C. Lind

Bonnie C. Lind
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)
Date: August 7, 2019