

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☐ the final return/report;	
	☐ an amended return/report;	☐ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan	<u>APPLETON PAPERS RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN</u>		1b Three-digit plan number (PN) ▶
			<u>001</u>
		1c Effective date of plan <u>09/01/1984</u>	
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)	2b Employer Identification Number (EIN) <u>36-2556469</u>		
	2c Sponsor's telephone number <u>920-734-9841</u>		
<u>PO BOX 359</u> <u>APPLETON, WI 54912-0359</u>	2d Business code (see instructions) <u>322100</u>		

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2011	THOMAS FERREE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2011	JEFFREY FLETCHER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") APPLETON PAPERS INC. PO BOX 359 APPLETON, WI 54912-0359	3b Administrator's EIN 36-2556469 3c Administrator's telephone number 920-734-9841
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	3195
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	2145
b Retired or separated participants receiving benefits.....	6b	2
c Other retired or separated participants entitled to future benefits.....	6c	990
d Subtotal. Add lines 6a , 6b , and 6c	6d	3137
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	33
f Total. Add lines 6d and 6e	6f	3170
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	2823
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	92

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2H 2J 2K 2O 2Q 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ ¹ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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<div>SCHEDULE A (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A Name of plan APPLETON PAPERS RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500. APPLETON PAPERS INC.	D Employer Identification Number (EIN) 36-2556469

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	441462	3170	01/01/2010	12/01/2010

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end **4** 0**5** Current value of plan's interest under this contract in separate accounts at year end **5** 0**6** Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier **6b****c** Premiums due but unpaid at the end of the year **6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ CUSTODIAL GUARANTEED FUND CONTRACT**b** Balance at the end of the previous year **7b** 27240577**c** Additions: (1) Contributions deposited during the year **7c(1)** 11892(2) Dividends and credits **7c(2)**(3) Interest credited during the year **7c(3)** 593738(4) Transferred from separate account **7c(4)**(5) Other (specify below) **7c(5)** 3889230

▶ TRANSFERS

(6) Total additions **7c(6)** 4494860**d** Total of balance and additions (add **b** and **c(6)**). **7d** 31735437**e** Deductions:(1) Disbursed from fund to pay benefits or purchase annuities during year **7e(1)** 4184994(2) Administration charge made by carrier **7e(2)** 1286(3) Transferred to separate account **7e(3)**(4) Other (specify below) **7e(4)** 27549157

▶ TRANSFERS

(5) Total deductions **7e(5)** 31735437**f** Balance at the end of the current year (subtract **e(5)** from **d**) **7f** 0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan APPLETON PAPERS RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 APPLETON PAPERS INC.	D Employer Identification Number (EIN) 36-2556469	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 37 50 64	CONTRACT ADMINISTRATOR	8080	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

STATE STREET GLOBAL ADVISORS

04-1867445

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21 56 99	TRUSTEE	228375	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>APPLETON PAPERS RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>APPLETON PAPERS INC.</u>	D Employer Identification Number (EIN) <u>36-2556469</u>

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2024625	1681306
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	66	110200
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	2060089	1636673
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	1550092	1619962
(9) Value of interest in common/collective trusts	1c(9)	482661	25122321
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	78303263	86279485
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	27240577	0
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	135854254	125644210
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	247515627	242094157

Liabilities

g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	6050946	4354748
k Total liabilities (add all amounts in lines 1g through 1j)	1k	6050946	4354748

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	241464681	237739409
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	4844952	
(B) Participants	2a(1)(B)	9859649	
(C) Others (including rollovers)	2a(1)(C)	367680	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		15072281

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	814	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	84484	
(F) Other	2b(1)(F)	593738	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		679036

(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1424755	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1424755

(3) Rents	2b(3)		0
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	12471351	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	12926336	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-454985

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	-3477681	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		-3477681
(6) Net investment gain (loss) from common/collective trusts	2b(6)		160914
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		9377182
c Other income.....	2c		-183
d Total income. Add all income amounts in column (b) and enter total.....	2d		22781319

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	26307555	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	6982	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		26314537
f Corrective distributions (see instructions)	2f		82628
g Certain deemed distributions of participant loans (see instructions).....	2g		14108
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	8080	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		8080
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		26419353

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		-3638034
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		87238

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **BAKER TILLY VIRCHOW KRAUSE LLP**

(2) EIN: **39-0859910**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	0
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	0
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	0
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
INTERFLEX GROUP INC 401(K) PLAN AND TRUST	54-1218863	001
NEX PERFORMANCE FILMS INC 401(K) PLAN	27-2875250	001

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>APPLETON PAPERS RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>APPLETON PAPERS INC.</u>	D Employer Identification Number (EIN) <u>36-2556469</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>42-0127290</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☒ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☒ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☒ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☒ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**APPLETON PAPERS INC. RETIREMENT
SAVINGS AND EMPLOYEE STOCK
OWNERSHIP PLAN**

Appleton, Wisconsin

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

Including Independent Auditors' Report

December 31, 2010 and 2009

**APPLETON PAPERS INC. RETIREMENT SAVINGS AND
EMPLOYEE STOCK OWNERSHIP PLAN**

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INDEPENDENT AUDITORS' REPORT

To the Trustees
Appleton Papers Inc. Retirement Savings and Employee Stock Ownership Plan
Appleton, Wisconsin

We were engaged to audit the accompanying statements of net assets available for benefits of Appleton Papers Inc. Retirement Savings and Employee Stock Ownership Plan (the "Plan") as of December 31, 2010 and 2009 and the statements of changes in net assets available for benefits for the years then ended, and the supplemental schedules as of December 31, 2010 and for the year then ended as listed in the accompanying table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Principal Trust Company and State Street Corporation, the trustees of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustees hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the trustees as of December 31, 2010 and 2009, and for the years then ended, that the information provided to the plan administrator by the trustees is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustees have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Baker Tilly Virchow Krause, LLP

Appleton, Wisconsin
October 3, 2011

**APPLETON PAPERS INC. RETIREMENT SAVINGS AND
EMPLOYEE STOCK OWNERSHIP PLAN**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2010 and 2009

ASSETS		
	<u>2010</u>	<u>2009</u>
Investments, at fair value	\$ 239,235,758	\$ 242,579,795
Receivables:		
Employer contributions	1,681,306	2,024,625
Notes receivable from participants	1,619,962	1,550,092
Other receivables	<u>110,200</u>	<u>66</u>
Total Receivables	<u>3,411,468</u>	<u>3,574,783</u>
TOTAL ASSETS	<u>242,647,226</u>	<u>246,154,578</u>
LIABILITIES		
Accounts payable	<u>4,354,748</u>	<u>6,050,946</u>
NET ASSETS REFLECTING INVESTMENTS AT FAIR VALUE	238,292,478	240,103,632
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>(553,069)</u>	<u>1,361,049</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 237,739,409</u>	<u>\$ 241,464,681</u>

See accompanying notes to financial statements.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ADDITIONS		
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value	\$ 6,284,611	\$ -
Interest and dividends	<u>1,424,755</u>	<u>1,466,301</u>
Total Investment Income	<u>7,709,366</u>	<u>1,466,301</u>
Contributions:		
Participants'	9,859,319	10,010,203
Company	4,844,952	5,377,336
Rollovers	<u>367,680</u>	<u>74,783</u>
	<u>15,071,951</u>	<u>15,462,322</u>
Total Additions	<u>22,781,317</u>	<u>16,928,623</u>
DEDUCTIONS		
Deductions from net assets attributed to:		
Net depreciation in fair value	-	65,879,506
Benefits paid to participants	26,411,271	27,830,242
Administrative expenses	<u>8,080</u>	<u>6,590</u>
Total Deductions	<u>26,419,351</u>	<u>93,716,338</u>
Net Change	(3,638,034)	(76,787,715)
NET ASSETS AVAILABLE FOR BENEFITS -		
Beginning of Year	241,464,681	318,252,396
Transfer to other plans, net	<u>(87,238)</u>	<u>-</u>
NET ASSETS AVAILABLE FOR BENEFITS - END OF YEAR	<u>\$ 237,739,409</u>	<u>\$ 241,464,681</u>

See accompanying notes to financial statements.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 1 - Description of the Plan

The following description of the Appleton Papers Inc. Retirement Savings and Employee Stock Ownership Plan (the "Plan") provides only general information. Participants should refer to the Plan's summary plan description for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established by Appleton Papers Inc. (the "Company") and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Eligibility of full-time salaried and nonsalaried employees and part-time employees to participate in the Plan is defined in the plan document. Upon enrollment in the Plan, a participant may direct employer and employee contributions to any combination of available investment options.

Fair Value of Financial Instruments

The Plan's short-term financial instruments consist of the following: cash and cash equivalents, accounts receivable and accounts payable. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instrument's short-term nature.

The fair value of the Plan's securities are based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

For the years ended December 31, 2010 and 2009, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

Contributions

Each year, participants may contribute up to 50% of pretax annual compensation (salary reduction contributions), as defined in the Plan and subject to Internal Revenue Code limitations. Participants may also contribute amounts representing distributions from other qualified plans (rollover contributions). The Company matches participant contributions to the Plan in varying amounts as defined in the plan document. Additional company contributions may be contributed at the discretion of the company's Board of Directors. The Company's matching contributions to the ESOP account or 401(k) account related to employee deferrals were made in Paperweight Development Corp. ("PDC") common stock until October 27, 2006, when the Plan was amended. The Plan was amended to provide matching contributions in cash, to the participants 401(k) account. From April 24, 2009 to October 8, 2009 the Company suspended the 401(k) fund match for all non-union employees. Contributions are subject to certain federal limitations.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 1 - Description of the Plan (cont.)

Contributions (cont.)

All United States employees of the Company and its subsidiaries may defer a portion of their salary into the ESOP portion of the Plan. These deferrals will accumulate in a short-term interest fund until the next stock valuation date. At that time, the funds will be used to purchase shares based upon the price of company stock at the valuation date preceding or following the date on which the deferrals were made, whichever is lower. The shares of company stock purchased with a participant's deferrals and any company matching contribution allocated to a participant's ESOP account will remain invested in company stock until (1) legal diversification, see below (2) additional diversification, see below (3) a participant is eligible for a distribution.

Diversification

Legal diversification is available to participants who have reached age 55 with 10 years of participation in the Plan. During the first five years after meeting that criteria, the participant may annually elect to diversify up to 25% of the total number of shares of company stock allocated to their ESOP accounts (including shares that the participant previously elected to diversify), and in the sixth and final year may diversify up to 50% (including shares that the participant previously elected to diversify).

Additional diversification is available to all participants on an annual basis to elect to diversify up to 10% of the total number of shares of company stock allocated to their ESOP accounts. The approval of additional diversification elections are subject to non-discriminatory rules established by the ESOP Committee and are available only to the extent permitted under the Company's loan agreements.

Put Option

The Company shall issue a put option to each participant who receives a distribution of company stock if, at the time of such distribution, company stock is not then readily tradable on an established market. The put option shall permit the participant to sell such company stock at its then fair market value, as determined by an independent appraiser, to the Company after the date the company stock is distributed to the participant.

Voting Rights

The voting of company stock shall be subject to the provisions of ERISA. Any corporate matter that involves the voting of company stock with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all of the assets of a trade or business, or such other transactions that may be regulation, each participant may be entitled to direct the trustee as to the exercise of any shareholder voting rights attributable to shares of company stock then allocated to their ESOP account.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 1 - Description of the Plan (cont.)

Participant Accounts

Each participant's account is credited with the participant's salary reduction contributions, rollover contributions and an allocation of the Company's contributions and plan earnings thereon (net of administrative expenses). Allocations are based on the participant's eligible compensation or account balances, as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their salary reduction and rollover contributions plus earnings thereon. Participants who leave the Plan because of death, early or normal retirement, or disability retirement, as defined in the Plan, are considered 100% vested. Company contributions and earnings thereon vest in accordance with provisions of the Plan as follows:

<u>Vesting Years of Service</u>	<u>Percentage Vested</u>
1	20%
2	40%
3	60%
4	80%
5 or more	100%

Forfeited Accounts

As of December 31, 2010 and 2009, forfeited nonvested accounts totaled \$95,420 and \$71,382, respectively. These accounts will be used to reduce future company contributions. Also, in 2010 and 2009, Company contributions were reduced by \$316,325 and \$128,637, respectively from forfeited nonvested accounts.

Payment of Benefits

Benefits may be paid to the participant or beneficiary upon death, disability, retirement or termination of employment, as defined in the plan agreement. The Plan provides for normal retirement at age 65 and early retirement on or after attaining age 55. The total vested portion of a participant's account balance is distributed in the form of a lump-sum payment, installments, or an annuity. Participants experiencing financial hardship may withdraw a portion of this account balance as defined in the Plan. The hardship withdrawal must be withdrawn from the non-ESOP component of the Plan first. Hardship withdrawals are made from participant's elective accounts only to the extent available.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 1 - Description of the Plan (cont.)

Payment of Benefits (cont.)

Requests for distributions from the company stock fund will be granted in accordance with the Plan's current distribution policy. Under such policy, accounts of less than \$5,000 at termination, annual installment distributions to participants who have terminated employment due to retirement, death and/or disability, and who have requested distributions for periods ranging between 5 to 10 years, and minimum distributions required to be made following the later of the calendar year in which the participant attains age 70½, or the calendar year in which the participant's employment has terminated are made without regard to lender covenants. In addition, participants who have requested lump sum or annual installment distributions over periods of less than five years will receive such distributions in five annual installments over a period of not more than six years without regard to any limitations on amounts permitted to be distributed under lender covenants, provided the ESOP committee has the right to accelerate such installment payments in its sole discretion in a non-discriminatory manner. Distribution installments of contributions after November 9, 2001, may be delayed up to six years.

Termination of Plan

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$25,000 or 50% of their vested account balance. These notes are collateralized by the balance in the participant's account. The notes bear interest at rates that range from 4.25% to 10.5%, as of December 31, 2010 and 2009, which are commensurate with local prevailing rates at the date of origination as determined quarterly by the plan administrator. Notes with maturities of 1 to 5 years may be taken (up to 15 years for primary residence loans). Participants may not have more than one note outstanding from each component of the Plan at any time. Principal and interest is paid ratably through payroll deductions with no early payment penalty.

Accounts Payable

Accounts payable represents all distributions paid, by the Company, for the period from July 1st through December 31st that need to be removed from trust assets in order to reimburse the Company.

Administrative Expenses

Certain administrative costs are paid by the Company.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan's management to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from these estimates.

Investment Valuation and Income Recognition

The Plan's investments are valued at fair value using quoted market prices where available, except for shares of PDC, which are valued by an appraisal, and the common collective trust fund that is a fully benefit responsive guaranteed investment contract which is valued at contract value.

Net appreciation or depreciation of investments included in the accompanying statement of changes in net assets available for benefits includes realized gains or losses from the sale of investments and unrealized appreciation or depreciation in fair value of investments. Net unrealized appreciation or depreciation in the fair value of investments represents the net change in the fair value of the investments held during the period. The net realized gains or losses on the sale of investments represents the difference between the sale proceeds and the fair value of the investment as of the beginning of the period or the cost of the investment if purchased during the year.

The ESOP investments are held in trust by State Street Global Advisors and consist primarily of common shares of PDC. PDC holds 100% of the outstanding common stock of the Company. The shares of PDC are valued at fair value on December 31, 2010 and 2009. Fair value is determined semi-annually (June 30 and December 31) by an independent appraiser. The initial 10.7 million shares of PDC common stock were acquired by the plan in early November 2001 at a price of \$10.00 per share. At December 31, 2010 and 2009, the value of the PDC common stock, as determined by an independent appraiser, was \$12.84 and \$13.26 per share, respectively.

Purchases and sales of securities are recorded on a trade-date basis for non-ESOP components. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Purchases and sales of PDC common stock are conducted on a semi-annual basis and are based on the value determined by an independent appraiser as defined by the Plan.

Payment of Benefits

Benefits are recorded when paid. Distributions from the Company stock fund that have not been paid as of December 31, 2010 and 2009 were \$22,077,325 and \$22,416,247, respectively.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Notes Receivable from Participants

In September 2010, the Financial Accounting Standards Board ("FASB") released Accounting Standards Update ("ASU") 2010-25, Reporting Loans to Participants by Defined Contribution Pension Plans. The ASU clarifies how loans to participants should be classified and measured by defined contribution pension benefit plans. Participant loans were previously classified as investments at fair value. The ASU requires that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. As required under the ASU, the Plan has retrospectively adopted the ASU as of December 31, 2009.

The adoption of the ASU impacted the classification of participant loans on the statements of net assets available for benefits, but had no impact on net assets available for benefits.

Reclassifications

For comparability, certain 2009 amounts have been reclassified to conform with classifications adopted in 2010.

NOTE 3 - Information Prepared and Certified by Trustees - Unaudited

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by Principal Trust Company and State Street Corporation, the trustees of the Plan.

	<u>2010</u>		<u>2009</u>
Investments:			
Cash and cash equivalents	\$ <u>1,636,673</u>		\$ <u>2,060,089</u>
Mutual funds:			
Vanguard Institutional Index	18,376,370	*	17,048,285
Other	<u>67,903,115</u>		<u>61,254,978</u>
Total Mutual Funds	<u>86,279,485</u>		<u>78,303,263</u>
Common collective trust:			
Wells Fargo Stable Value	<u>25,675,390</u>	*	<u>26,362,189</u>
Common stock:			
Paperweight Development Corp.	<u>125,644,210</u>	*	<u>135,854,254</u>
Total Investments at Fair Value	<u>\$ 239,235,758</u>		<u>\$ 242,579,795</u>
Notes receivable from participants	<u>\$ 1,619,962</u>		<u>\$ 1,550,092</u>

Investments that represent 5% or more of the Plan's net assets are separately identified with an "***". The total investments above report fully-responsive investment contracts at contract value.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 3 - Information Prepared and Certified by Trustees - Unaudited (cont.)

During the years ended December 31, 2010 and 2009, the Plan's investments (including gains and losses on investments bought, sold, and held during the year) appreciated (depreciated) in value as follows:

	<u>2010</u>	<u>2009</u>
PDC stock	\$ (3,593,393)	\$ (81,051,148)
Mutual Funds	8,515,927	16,533,672
Common Collective Trust	<u>1,362,077</u>	<u>(1,362,030)</u>
Net appreciation (depreciation) in fair value	6,284,611	(65,879,506)
Interest and Dividends	<u>1,424,755</u>	<u>1,466,301</u>
Net Investment Income (Loss)	<u>\$ 7,709,366</u>	<u>\$ (64,413,205)</u>

The Plan invests in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

The Plan provides for various investment options in any combination of common stock, mutual funds and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

NOTE 4 - Fair Value of Financial Instruments

The Plan follows accounting principles generally accepted in the United States of America for measuring, reporting, and disclosing fair value. These standards apply to all assets and liabilities that are measured, reported, and/or disclosed on a fair value basis.

As defined in the accounting standards, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 4 - Fair Value of Financial Instruments (cont.)

The plan sponsor is responsible for the determination of fair value. Accordingly, they perform periodic analysis on the prices received from the pricing services used to determine whether the prices are reasonable estimates of fair value. As a result of these reviews, the plan sponsor has not historically adjusted the prices obtained from the pricing services.

The tables below presents the investments measured at fair value on a recurring basis by level within the hierarchy:

		December 31, 2010			
		Total	Level 1	Level 2	Level 3
Mutual Funds:					
Large Cap Equity Funds	37,905,437	37,905,437	-	-	-
Mid-Cap Equity Funds	8,668,950	8,668,950	-	-	-
Small Cap Equity Funds	1,983,554	1,983,554	-	-	-
International Equity Funds	8,191,284	8,191,284	-	-	-
Balanced Funds	18,900,402	18,900,402	-	-	-
Fixed Income Funds	10,629,858	10,629,858	-	-	-
Common Collective Trust Fund:					
Fixed Income Fund	25,675,390	-	25,675,390	-	-
Cash and Cash Equivalents	1,636,673	1,636,673	-	-	-
Company Stock	125,644,210	-	-	-	125,644,210
Total Investments	\$ 239,235,758	\$ 87,916,158	\$ 25,675,390	\$ 125,644,210	

		December 31, 2009			
		Total	Level 1	Level 2	Level 3
Mutual Funds:					
Large Cap Equity Funds	35,007,103	35,007,103	-	-	-
Mid-Cap Equity Funds	7,038,535	7,038,535	-	-	-
Small Cap Equity Funds	1,270,950	1,270,950	-	-	-
International Equity Funds	8,776,006	8,776,006	-	-	-
Balanced Funds	17,452,562	17,452,562	-	-	-
Fixed Income Funds	8,758,107	8,758,107	-	-	-
Common Collective Trust Fund:					
Fixed Income Fund	26,362,189	-	483,642	25,878,547	-
Cash and Cash Equivalents	2,060,089	2,060,089	-	-	-
Company Stock	135,854,254	-	-	-	135,854,254
Total Investments	\$ 242,579,795	\$ 80,363,352	\$ 483,642	\$ 161,732,801	

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 4 - Fair Value of Financial Instruments (cont.)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	<u>Employer Stock</u>	<u>Fixed Income Funds</u>
Balances, January 1, 2009	\$ 231,347,332	\$ 26,098,299
Net gain (loses) (realized and unrealized) included in change in net assets available for benefits	(81,051,148)	(1,362,030)
Interest credited	23,730	215,087
Transfers into/out of Level 3 **	-	(483,642)
Purchases	7,857,382	4,868,247
Sales	<u>(22,323,042)</u>	<u>(3,457,414)</u>
 Balances, December 31, 2009	 135,854,254	 25,878,547
Net gain (loses) (realized and unrealized) included in change in net assets available for benefits	(3,593,393)	1,362,077
Interest credited	31,362	593,702
Purchases	6,596,355	2,100,496
Sales	<u>(13,244,368)</u>	<u>(29,934,822)</u>
 Balances, December 31, 2010	 <u>\$ 125,644,210</u>	 <u>\$ -</u>
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at December 31, 2009	<u>\$ (81,051,148)</u>	<u>\$ (1,362,030)</u>
Net unrealized gains (losses) included in net income relating to assets and liabilities still held at December 31, 2010	<u>\$ (3,593,393)</u>	<u>\$ -</u>

** Transfers into/out of Level 3 are reported using a beginning of year value. Transfers are due to redirecting investments from the Principal Fixed Income Option to the Wells Fargo Stable Value Option. See Note 5.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 5 - Stable Value Fund - Unaudited

At December 31, 2010 and 2009, the Plan holds investments in the Wells Fargo Stable Value Fund. Effective September 20, 2009, this investment option became available. At that time, investment direction and balances that were directed to the Principal Fixed Income Option were redirected to the Wells Fargo Stable Value Fund. The Wells Fargo Stable Value Fund temporarily consisted of a combination of the Principal Fixed Income Option and the Wells Fargo Stable Value Fund in 2009. Investment returns for the new Wells Fargo Stable Value Fund reflected the combined returns of the two blended investment options in 2009. Once this transition was completed in 2010, the Wells Fargo Stable Value Fund is the only remaining investment.

The Stable Value Fund invests in a variety of investment contracts such as guaranteed investment contracts ("GICs") issued by insurance companies and other financial institutions and other investment products (synthetic GICs and collective investment trusts) with similar characteristics. The Stable Value Fund holds investments in fully benefit-responsive investment contracts that provide that the Plan may make withdrawals at contract value for benefit-responsive requirements.

The interest crediting rate is the periodic interest rate accrued to participants and is either set at the beginning of the contract and held constant, or reset periodically to reflect the performance of the underlying securities. Traditional GICs do not reset their crediting rates as they provide a fixed rate of interest over the term of the maturity of the contract. Synthetic GICs are designed to reset their respective crediting rates typically on a quarterly basis and cannot credit interest at a rate less than zero percent. Synthetic GICs will track current market yields on a trailing basis. The rate reset allows the contract value of the portfolio to converge to the market value over time. Variables impacting future crediting rates on synthetic GICs include current yield of assets back the wrap contracts, duration of the assets back the wrap contracts, and existing differences between the market values of assets backing wrap contracts and the contract values of the wrap contracts. The average yield and crediting interest rate of the Stable Value was 2.90% and 3.32% at December 31, 2010 and 2009, respectively. The crediting interest rates on the underlying investments are reviewed periodically for resetting. GICs generally do not permit issuers to terminate the agreement prior to the scheduled maturity date.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under Employee Retirement Income Security Act of 1974. The plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable.

At December 31, 2010, the Wells Fargo Stable Value Fund had a contract value of \$25,122,321. At December 31, 2010, the Wells Fargo Stable Value Fund had a fair value of \$25,675,390.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 6 - Parties In Interest Transactions

Participants elect to invest the assets of the non-ESOP component of the Plan in funds managed and sold by Principal Financial Group. The Plan conducted the following transactions with the trustee:

	2010	2009
Total purchases	\$ 12,944,992	\$ 14,914,867
Total sales	41,547,771	54,577,323

Participants elect to invest the assets of the ESOP component of the Plan in funds managed and sold by State Street Corporation. The Plan conducted the following transactions with the trustee:

	2010	2009
Total purchases	\$ 6,596,355	\$ 7,857,382
Total sales	13,244,368	22,323,042

Administrative expenses were paid by the plan sponsor for services provided by the trustees for the years ended December 31, 2010 and 2009.

NOTE 7 - Tax Status

The Plan obtained its latest determination letter on June 27, 2002, in which the Internal Revenue Service ("IRS") stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter. The plan administrator believes that the Plan, as amended, is designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the plan administrator believes that the Plan was qualified and the related trust was tax-exempt at the financial statement date.

Accounting principles generally accepted in the United States of America require the Plan's management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of March 31, 2011 and 2010, there were no uncertain tax positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2007.

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2010 and 2009

NOTE 8 - Modification to an Affiliated Plan

As a result of an amendment dated December 8, 2010, the Appleton Papers Inc. Retirement Plan, a pension plan sponsored by the the Company, will be frozen for non-bargaining unit (salaried) employees effective March 1, 2011. A prior amendment, dated December 5, 2007, froze the pension plan effective January 1, 2015. Any affected employees who were employed by the Company as of December 31, 2007 continued to accrue benefits under the Appleton Papers Inc. Retirement Plan until the revised freeze date of March 1, 2011, at which point employee benefits under the Appleton Papers Inc. Retirement Plan will be replaced with employer contributions to the Appleton Papers Retirement Savings and Employee Stock Ownership Plan based on employee age and years of service. Any salaried employees hired on or after January 1, 2008 automatically receive employer contributions to the Appleton Papers Inc. Retirement Savings and Employee Stock Ownership Plan and do not have the option to participate in the Appleton Papers Inc. Retirement Plan. Individuals employed by the Company as of December 31, 2007 had until April 1, 2008 to elect whether to begin receiving employer contributions under the Appleton Papers Inc. Retirement Savings and Employee Stock Ownership Plan or remain in the Appleton Papers Inc. Retirement Plan until the date it becomes frozen.

NOTE 9 - Subsequent Events

The Plan has evaluated subsequent events through October 3, 2011, which is the date that the financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements.

SUPPLEMENTAL INFORMATION

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

SCHEDULE H, LINE 4(I) - SCHEDULE OF ASSETS (HELD AT YEAR END)

Plan 001

EIN 36-2556469

December 31, 2010

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Market Value
	Cash and Cash Equivalents			
*	Paperweight Development	Cash and Cash Equivalents	**	\$ 1,636,673
	Common Collective Trust Fund			
	Wells Fargo Bank, N.A.	Wells Fargo Stable Value Fund	**	25,122,321
	Mutual Funds			
*	Principal Financial Services	Principal LifeTime Strategic Income Inst'l Fund	**	474,991
*	Principal Financial Services	Principal LifeTime 2010 Instl Fund	**	3,086,006
*	Principal Financial Services	Principal LifeTime 2020 Instl Fund	**	7,266,177
*	Principal Financial Services	Principal LifeTime 2030 Instl Fund	**	5,619,163
*	Principal Financial Services	Principal LifeTime 2040 Instl Fund	**	1,884,163
*	Principal Financial Services	Principal LifeTime 2050 Instl Fund	**	569,901
*	Principal Financial Services	Principal MidCap S&P 400 Index Instl Fund	**	3,828,277
*	Principal Financial Services	Principal SmallCap S&P 600 Index Instl Fund	**	1,983,554
	Frontegra	Frontegra IronBridge SMID I Fund	**	4,840,673
	American Funds	American Funds EuroPacific Growth Fund	**	8,191,284
	PIMCO	PIMCO Total Return Instl Fund	**	10,629,858
	Dodge & Cox	Dodge & Cox Stock Fund	**	9,629,605
	American Century	American Century LargeCap Growth II Fund	**	9,899,463
	Vanguard	Vanguard Inst'l Index Fund	**	18,376,370
	Total Mutual Funds			86,279,485
	Company Stock			
*	Paperweight Development Corp.	9,785,375 Shares Common Stock	**	125,644,210
	Notes Receivable from Participants	Various participants, interest rates ranging		
*	- ESOP	from 4.25% to 10.25%, due in varying amounts through 2025	\$-0-	740,123
	Notes Receivable from Participants	Various participants, interest rates ranging		
*	- Non-ESOP	from 4.25% to 10.25%, due in varying amounts through 2025	\$-0-	879,839
	Total Assets (Held at End of Year)			\$ 240,302,651
*	Represents a party in interest			
**	Cost omitted for participant directed investments			

APPLETON PAPERS INC. RETIREMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

SCHEDULE H, LINE 4(J) - SCHEDULE OF REPORTABLE TRANSACTIONS

Plan 001

EIN 36-2556469

December 31, 2010

(a) Identity of Party Involved	(b) Description of Asset	(c) (1) Purchase Price	(d) (1) Selling Price	(e) Lease Rental	(f) Expenses Incurred with Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
* Principal Financial Services	Stable Value Fund	- \$	34,401,063 \$	- \$	- \$	33,704,011 \$	34,401,063 \$	697,052
* Paperweight Development	Cash and Cash Equivalents	-	12,471,351	-	-	19,982,324	12,471,351	(7,510,973)
		\$ -	\$ 46,872,414	\$ -	\$ -	\$ 53,686,335	\$ 46,872,414	\$ (6,813,921)

* Represents a party in interest

(1) Purchase/selling price was equal to fair value on the date of purchase/sale.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

APPLETON PAPERS RETIREMENT SAVINGS AND
EMPLOYEE STOCK OWNERSHIP PLAN
EIN 36 2556469
PLAN NUMBER 001
PLAN YEAR 01/01/2010 TO 12/31/2010

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	The American Funds	Registered Investment Company Am Fds EuroPacific Grth R4 Fd	\$ 7,756,096.91	\$ 8,191,283.82
	State Street Bank and Trust Company	Interest Bearing Cash Company Stock Cash Account	\$ 2,259.17	\$ 1,636,672.51
	Dodge and Cox Funds	Registered Investment Company Dodge & Cox Stock Fund	\$ 8,274,178.84	\$ 9,629,605.36
	Frontegra	Registered Investment Company IronBridge Frontegra SMID I Fd	\$ 3,706,403.38	\$ 4,840,672.62
*	Princor Financial Services	Registered Investment Company Prin LgCap Growth II R5 Fund	\$ 9,341,137.08	\$ 9,899,462.76
*	Princor Financial Services	Registered Investment Company Prin LifeTime Str Inc Inst Fd	\$ 421,717.92	\$ 474,991.50
*	Princor Financial Services	Registered Investment Company Prin LifeTime 2010 Inst Fund	\$ 2,398,103.99	\$ 3,086,005.56
*	Princor Financial Services	Registered Investment Company Prin LifeTime 2020 Inst Fund	\$ 5,488,063.55	\$ 7,266,177.04
*	Princor Financial Services	Registered Investment Company Prin LifeTime 2030 Inst Fund	\$ 4,117,355.87	\$ 5,619,162.55
*	Princor Financial Services	Registered Investment Company Prin LifeTime 2040 Inst Fund	\$ 1,397,339.64	\$ 1,884,162.87
*	Princor Financial Services	Registered Investment Company Prin LifeTime 2050 Inst Fund	\$ 430,979.00	\$ 569,901.48
*	Princor Financial Services	Registered Investment Company Prin MidCap S&P 400 Idx Inst Fd	\$ 2,646,072.97	\$ 3,828,276.92
*	Princor Financial Services	Registered Investment Company Prin SmCap S&P 600 Idx Inst Fd	\$ 1,472,088.30	\$ 1,983,554.34
*	PDC STOCK	Employer Security PDC Stock Fund	\$195,447,102.10	\$125,644,210.13
	PIMCO Funds	Registered Investment Company PIMCO Total Return Instl Fund	\$ 10,574,044.05	\$ 10,629,857.88

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

APPLETON PAPERS RETIREMENT SAVINGS AND
EMPLOYEE STOCK OWNERSHIP PLAN
EIN 36 2556469
PLAN NUMBER 001
PLAN YEAR 01/01/2010 TO 12/31/2010

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	Vanguard Group	Registered Investment Company Vanguard Inst'l Index Fund	\$ 17,178,728.21	\$ 18,376,369.89
	Wells Fargo	Common/Collective Trust WELLS FARGO STABLE VALUE C FD	\$ 25,065,517.01	\$ 25,122,320.54
	Participant Loans	Range of Interest Rates Rates Range From 4.25% To 10.50%	\$ 0.00	\$ 1,619,962.00

SCHEDULE H,Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

APPLETON PAPERS RETIREMENT SAVINGS AND
EMPLOYEE STOCK OWNERSHIP PLAN
EIN 36-2556469
PLAN NUMBER 001
PLAN YEAR 01/01/2010 TO 12/31/2010

SCHEDULE H,Line 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

DESCRIPTION OF ASSET	(A) Total Number of Purchases	(B) Total Number of Sales	(C) Total Value of Purchases	(D) Total Value of Sales	(E) Net Gain/(Loss)
Stable Value Fund	166		\$5,980,772.66		
Stable Value Fund		430		\$34,401,062.77	\$697,052.01
Wells Fargo Stable Val C Fd	19		\$25,799,675.99		
Wells Fargo Stable Val C Fd		23		\$735,023.36	\$864.38
PDC Stock Fund	27		\$7,434,925.02		
PDC Stock Fund		70		\$12,471,350.96	(\$7,510,973.44)

* Schedule is prepared using the alternative way of reporting (iii) series transactions under DOL Regulation 2520.103-6(d)(2).