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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PAC PAPER, INC. EMPLOYEE 401(K) INVESTMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1991

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

PAC PAPER, INC.

6416 NW WHITNEY ROAD
VANCOUVER, WA 98665

6416 NW WHITNEY ROAD
VANCOUVER, WA 98665

2b Employer Identification Number (EIN)
91-0962521

2c Sponsor's telephone number
360-695-7771

2d Business code (see instructions)
322200

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.	10/15/2013	STEVEN MARKS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2013	STEVEN MARKS
	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

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

PAC PAPER, INC.

6416 NW WHITNEY ROAD
VANCOUVER, WA 98665

3b Administrator's EIN
91-0962521

3c Administrator's telephone number
360-695-7771

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

5	Total number of participants at the beginning of the plan year	**5**	139
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**	97
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	34
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	131
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	132
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	131
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	4
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2S 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics 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

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)	☐	**A** (Insurance Information)
(4)	☒	**C** (Service Provider Information)
(5)	☐	**D** (DFE/Participating Plan Information)
(6)	☐	**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2012** **This Form is Open to Public Inspection.**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
PAC PAPER, INC. EMPLOYEE 401(K) INVESTMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAC PAPER, INC.

D Employer Identification Number (EIN)
91-0962521

Part I Service Provider Information (see instructions)

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).. . . . . [X] 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

FID.INV.INST.OPS.CO.

04-2647786

(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)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(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?
64 65 37 60	RECORDKEEPER	4287	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] 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 [ ]

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)

(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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
ABF LG CAP VAL INV - STATE STREET B 225 FRANKLIN STREET BOSTON, MA 02111	0.40%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
COLUMBIA ACORN Z - COLUMBIA MGT INV 04-2838628	0.40%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
JHANCOCK DSCPL VAL A - JOHN HANCOCK 01-0233346	0.55%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
OPPHMR DEV MKTS A - OFI GLOBAL ASSE TWO WORLD FINANCIAL CENTER 225 LIBERTY STREET, 14TH FLOOR NEW YORK, NY 10281	0.50%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
ROYCE OPPORTUNITY S - BOSTON FINANC P.O. BOX 8480 BOSTON, MA 02266	0.45%

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
RS PARTNERS A - BOSTON FINANCIAL DA P.O. BOX 8480 BOSTON, MA 02266	0.55%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
TMPL GLOBAL BOND A - FRANKLIN TEMPL 94-3167260	0.40%

(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

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(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:

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

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
PAC PAPER, INC. EMPLOYEE 401(K) INVESTMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAC PAPER, INC.

D Employer Identification Number (EIN)
91-0962521

Part I Asset and Liability Statement

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)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	473909	274312
(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)	240620	231109
(9) Value of interest in common/collective trusts	1c(9)		
(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)	3814987	4906601
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(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	4529516	5412022
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	4529516	5412022

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) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	221392	
	(B) Participants	2a(1)(B)	280860	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		502252
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	35	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	12068	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		12103
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	129990	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		129990
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		493391
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1137736
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	242798	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		242798
f Corrective distributions (see instructions)	2f		8097
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	4335	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		4335
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		255230
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		882506
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

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)** [X] Disclaimer **(4)** [ ] Adverse

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

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

(1) Name: MAGINNIS & CAREY, LLP **(2)** EIN: 93-0567723

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 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.)	4a		X	
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.)	4b		X	

			Yes	No	Amount
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.)	4c		X	
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.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		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?	4g		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?	4h		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.)	4i	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.)	4j		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?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		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.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ **Yes** ☒ **No**

If "Yes," enter the amount of any plan assets that reverted to the employer this year **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)

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

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

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
PAC PAPER, INC. EMPLOYEE 401(K) INVESTMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAC PAPER, INC.

D Employer Identification Number (EIN)
91-0962521

Part I Distributions

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** 0

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): 04-6568107

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 of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

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 (include any prior year accumulated funding deficiency not waived) **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 or other authority 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

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. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

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.

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**

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

MAGINNIS & CAREY LLP

CERTIFIED PUBLIC ACCOUNTANTS SINCE 1945

To the Trustees and Plan Administrators
Pac-Paper, Inc.
Employee 401(k) Investment Plan
Vancouver, Washington

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Pac-Paper, Inc. Employee 401(k) Investment Plan, which comprise the statements of net assets available for the benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Managements' Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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 information summarized in Note 7, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2012 and 2011, that the information provided to the plan administrator by the trustee is complete and accurate.

220 NW 2ND AVENUE
SUITE 1000
PORTLAND, OREGON
97209-3971

TEL 503.227.0519
EMAIL INFO@MAGINNIS-CAREY.COM
FAX 503.295.1019
WEB WWW.MAGINNIS-CAREY.COM

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PKF North America
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Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year), which is the responsibility of plan management, is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, 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.

Maginnis & Carey LLP

Portland, Oregon
October 1, 2013

220 NW 2ND AVENUE
SUITE 1000
PORTLAND, OREGON
97209-3971

TEL 503.227.0519
EMAIL INFO@MAGINNIS-CAREY.COM
FAX 503.295.1019
WEB WWW.MAGINNIS-CAREY.COM

Member of
PKF North America
An association of legally independent firms

PAC-PAPER, INC.
EMPLOYEE 401(K) INVESTMENT PLAN
Vancouver, Washington

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS — DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Investments, at fair value (Notes 2, 3, 6, 7)		
Money market fund	274,312	473,909
Mutual funds	4,906,601	3,814,987
Total investments	5,180,913	4,288,896
Receivables		
Employer contributions	211,218	221,367
Notes receivable from participants (Notes 2, 7, 9)	231,109	240,620
Total receivables	442,327	461,987
Total assets	5,623,240	4,750,883
LIABILITIES		
Corrective distributions payable	10,176	8,432
NET ASSETS AVAILABLE FOR BENEFITS	$5,613,064	$4,742,451

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

PAC-PAPER, INC.
EMPLOYEE 401(K) INVESTMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
ADDITIONS TO NET ASSETS		
Investment income		
Earnings and net appreciation in fair value of investments (Notes 7, 8)	493,392	-0-
Interest and dividends (Note 7, 8)	130,024	113,108
	623,416	113,108
Interest on notes receivable from participants (Note 7)	12,068	14,824
Participant contributions	272,288	264,382
Roth deferral contributions	8,572	5,957
Employer contributions	211,243	221,367
Total additions	1,127,587	619,638
DEDUCTIONS FROM NET ASSETS		
Deprecation in fair value of investments (Notes 7, 8)	-0-	281,450
Participant distributions	242,463	364,077
Administrative fees	4,335	3,718
Corrective distributions	10,176	8,432
Total deductions	256,974	657,677
Net additions (deductions)	870,613	(38,039)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year	4,742,451	4,780,490
End of year	$5,613,064	$4,742,451

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

1. DESCRIPTION OF THE PLAN

The following description of the Pac-Paper, Inc. ("Company") Employee 401(k) Investment Plan ("Plan") provides only general information. Reference should be made to the Plan document for a more complete description of its provisions.

GENERAL. The Plan is a defined contribution 401(k) plan and employee profit sharing plan established by the Company under the provisions of section 401(a) of the Internal Revenue Code for the benefit of eligible employees of the Company. The Plan's administrative committee manages the operation and administration of the Plan. Fidelity Management Trust Company serves as Trustee, custodian, and agent of the Plan. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS. Contributions to the Plan are in the form of salary reductions which participants have elected to defer in lieu of current compensation. At the Company's discretion, it may match a portion of the participant's elective contribution or make a non-elective contribution, not to exceed the limits allowed by law. New participants are automatically enrolled in the Plan and 3% of eligible compensation is withheld unless a participant elects to change or discontinue their contributions.

PARTICIPANT ACCOUNTS. Each participant's account is credited with an allocation of (a) employee elective deferrals, (b) the Company's matching or non-elective contribution if any, and (c) Plan earnings or losses. Item (a) is allocated based on participant's elective contributions. Items (b) and (c) are allocated based on annual compensation, elective deferrals or participant account balances, as defined and specified in the Plan agreement.

VESTING. Participants are fully vested in their rollover and elective contributions plus earnings thereon. Vesting in the remainder of their accounts is based on years of service. A participant is 100% vested after six years of credited service, and also upon death, disability or upon reaching normal retirement age.

PAYMENT OF BENEFITS. On termination of service, death, total disability, or upon reaching normal retirement age, a participant or beneficiary may elect to receive a lump sum amount equal to the account value or installments as defined by the Plan.

INVESTMENT OPTIONS. Upon enrollment, a participant may direct contributions to certain investment accounts selected by the Trustee. Participants may change their investment options daily.

FORFEITED ACCOUNTS. At December 31, 2012 and 2011, forfeited non-vested accounts totaled $10,971 and $10,323, respectively. These accounts, not used to pay administrative expenses, will be used to reduce future qualified matching and non-elective contributions.

EXPENSES. Certain expenses of plan administration, including professional fees, are provided by the Company without charge to the Plan. In addition, other expenses of Plan administration, including computer services, office supplies and payroll expenses of administrative and clerical personnel are provided by the Company without charge to the Plan.

NOTES RECEIVABLE FROM PARTICIPANTS. Participants may borrow from their accounts up to a maximum amount as specified in the Plan. Such loans bear interest commensurate with market rates and balances are secured by the individual borrower's participant account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Plan employs accounting policies generally accepted in the United States of America. The Financial Accounting Standards Board ("FASB") has issued guidance which establishes the FASB Accounting Standards Codification (the "Codification" or "FASB ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the trustees to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

The Plan has implemented the accounting guidance for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, the Plan does not believe it has any uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of December 31, 2012. The Plan's tax filings are subject to audit by U.S. Federal taxing authorities and open audit years are 2009 to 2012.

VALUATION OF INVESTMENT - MONEY MARKET FUND. Money market funds are valued at cost which approximates market.

VALUATION OF INVESTMENTS - MUTUAL FUNDS. Investments in mutual funds are carried at fair value, which is the net asset value per unit of each mutual fund multiplied by the number of units owned. The value of each unit is computed by the mutual fund company on the last business day of the plan year, based on quoted market prices of the underlying securities, bonds and other financial instruments owned by each fund.

RISKS AND UNCERTAINTIES. The Plan provides for investment options in mutual funds, which invest in portfolios of investment securities through Fidelity Management Trust Company, the custodian of the Plan assets. 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 statements of changes in net assets available for benefits.

From time to time, investments may include 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.

SUBSEQUENT EVENTS. The Plan has evaluated subsequent events through October 1, 2013, the date that the financial statements were available for issue.

Effective January 1, 2013, the Company amended the Plan to include 401(k) safe harbor non-elective employer contributions.

3. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 for financial assets and financial liabilities are described below:

Level 1	Values are based on quoted prices in active markets for identical securities.
Level 2	Values are based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets in non-active markets; or (c) valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.
Level 3	Values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs may reflect the Plan's estimates of the assumptions that market participants would use in valuing the financial asset or financial liability.

Pursuant to FASB ASC 820, fair value is a market-based measure, considered from the perspective of a market participant who owns an asset or owes a liability. Accordingly, when market observable data is not readily available, assumptions are set to reflect those that market participants would be presumed to use in pricing the asset or liability at the measurement date. Prices and inputs are used that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

The following is a summary of the inputs used, as of December 31, 2012 and 2011, involving the Plan's financial assets and liabilities carried at fair value. The inputs or methodologies used for valuing investments may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the table below, please refer to the Valuation of Investments section in Note 2.

3. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES - Continued

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2012
FINANCIAL ASSETS:				
Investments:				
Money market fund	274,312			274,312
Mutual funds				
Large cap stock	676,521			676,521
Mid cap stock	344,239			344,239
Small cap stock	127,924			127,924
International stock	443,490			443,490
Specialty stock	87,492			87,492
Blended stock and bond funds	2,802,473			2,802,473
Income bond	424,462			424,462
Total financial assets	$5,180,913	$-0-	$-0-	$5,180,913

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011
FINANCIAL ASSETS:				
Investments:				
Money market fund	473,909			473,909
Mutual funds				
Large cap stock	375,393			375,393
Mid cap stock	399,621			399,621
Small cap stock	104,195			104,195
International stock	321,007			321,007
Specialty stock	114,905			114,905
Blended stock and bond funds	2,319,826			2,319,826
Income bond	180,040			180,040
Total financial assets	$4,288,896	$-0-	$-0-	$4,288,896

4. INCOME TAX STATUS

The Plan has not filed for a letter of determination with the Internal Revenue Service. The Plan prototype obtained its latest determination letter March 31, 2008 in which the Internal Revenue Service stated that the prototype plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. Once qualified, the Plan is required to operate in conformity with the Internal Revenue Code to maintain its qualification. The Plan has been amended to meet the requirements of certain changes to the law, but the plan administrator believes that the Plan is qualified and the related trust is tax-exempt as of the financial statement date.

5. PLAN TERMINATION

Although it has not expressed any intention to do so, the employer Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, participants would become fully vested in all their accounts.

6. INVESTMENTS

The Plan's investments are held by Fidelity Management Trust Company and are participant directed. The following presents the fair values of the investments. Investments that represent five percent or more of net assets available for benefits are separately identified.

	2012	2011
Investments at fair value:		
Fidelity Freedom 2015 Fund (25,291 and 24,681 shares)	298,683	269,761
Fidelity Freedom 2020 Fund (46,382 and 40,860 shares)	663,725	536,086
Fidelity Freedom 2030 Fund (50,571and 49,469 shares)	719,626	635,182
Fidelity Freedom 2035 Fund (35,068 and 32,527 shares)	414,860	343,156
Columbia Acorn Z Fund (7,363 and 5,045 shares)	224,191	139,050
Oppenheimer Developing Markets Fund (6,316 and 5,101 shares)	222,895	149,560
Fidelity Retirement Money Market Portfolio (274,312 and 473,909 shares)	274,312	473,909
	2,818,292	2,546,704
Other investments and assets not separately identified	2,362,621	1,742,192
Total investments	$5,180,913	$4,288,896

7. INFORMATION CERTIFIED BY TRUSTEE AND CUSTODIAN OF THE PLAN

The following summary of unaudited information regarding the Plan and included in the Plan's financial statements and supplemental schedule was certified by the trustee of the Plan, Fidelity Management Trust Company as of and for the years ended December 31, 2012 and 2011. The information was furnished to the Plan administrator and the Plan administrator has obtained certification from the trustee and custodian that such information is complete and accurate.

	2012	2011
Investments	$5,180,913	$4,288,896
Notes receivable from participants	231,109	240,620
Earnings and net appreciation (depreciation) in fair value of investments	493,392	(281,450)
Interest and dividend income	130,024	113,108
Interest income on notes receivable from participants	12,068	14,824

8. EARNINGS AND NET APPRECIATION (DEPRECIATION) IN FAIR VALUE

For the years ended December 31, 2012 and 2011, respectively, the Plan's investments (including investments bought, sold, and held during the year) appreciated in value as follows:

	Interest and dividends (including capital gain distributions)	Net realized and unrealized appreciation (depreciation)	Total
December 31, 2012			
Money market fund	35		35
Mutual funds	129,989	493,392	623,381
	$130,024	$493,392	$623,416

	Interest and dividends (including capital gain distributions)	Net realized and unrealized appreciation (depreciation)	Total
December 31, 2011			
Money market fund	38		38
Mutual funds	113,070	(281,450)	(168,380)
	$113,108	$(281,450)	$(168,342)

9. NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable from participants at December 31, 2012 and 2011 were as follows:

	2012	2011
Notes receivable from participants consist of notes from, participants, secured by account balances, due in bi-weekly installments with varying terms from three to ten years from date of issue, including interest of 4.25 to 7.75% per annum	$231,109	$240,620

10. RELATED-PARTY TRANSACTIONS

The majority of Plan investments are shares of mutual funds managed by FMR Corp. Fidelity Investments Institutional Operations Company, Inc. provides administrative services to the Plan and is an affiliated entity of FMR Corp. and of the trustee; therefore these transactions qualify as party-in-interest transactions.

11. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits reported in the financial statements at December 31, 2012 and 2011 as compared to the Form 5500. The Form 5500 has been prepared using the cash basis of accounting:

	2012	2011
Net assets available for benefits- financial statements	5,613,064	4,742,451
Employer contribution receivable - December 31	(211,218)	(221,367)
Excess deferrals due to participants - December 31	10,176	8,432
Net assets available for benefits - Form 5500	$5,412,022	$4,529,516
Net additions - financial statements	870,613	
Employer contribution receivable - December 31, 2011	221,367	
Excess deferrals due to participants - December 31, 2011	(8,432)	
Employer contribution receivable - December 31, 2012	(211,218)	
Excess deferrals due to participants - December 31, 2012	10,176	
Net income (loss) - Form 5500	$882,506	

SUPPLEMENTARY INFORMATION

PAC-PAPER, INC.
EMPLOYEE 401(K) INVESTMENT PLAN
EIN: 91-0962521
PLAN NO. 001

SCHEDULE H, LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF YEAR) (AS REPORTED BY FIDELITY MANAGEMENT TRUST COMPANY) — DECEMBER 31, 2012

(a)	(b) IDENTITY OF ISSUE	(c) DESCRIPTION OF INVESTMENT (Participant Directed)	(d) COST	CURRENT (e) VALUE
		Money Market Fund		
*	Fidelity	Retirement Market Fund (274,312 shares)	a	274,312
		Mutual Funds		
	Columbia Acorn Z	Mid Cap (7,363 shares)	a	224,191
	American Beacon	Large Cap Value Plan Ahead Class (7,023 shares)	a	144,261
	Oppenheimer	Developing Markets Fund (6,316 shares)	a	222,895
*	Fidelity	Balanced Fund (7,294 shares)	a	147,202
*	Fidelity	Capital Appreciation Fund (6,205 shares)	a	182,307
*	Fidelity	Capital & Income Fund (6,640 shares)	a	63,082
*	Fidelity	Freedom 2000 Fund (310 shares)	a	3,838
*	Fidelity	Freedom 2005 Fund (344 shares)	a	3,855
*	Fidelity	Freedom 2010 Fund (916 shares)	a	12,934
*	Fidelity	Freedom 2015 Fund (25,291 shares)	a	298,683
*	Fidelity	Freedom 2020 Fund (46,382 shares)	a	663,725
*	Fidelity	Freedom 2025 Fund (15,619 shares)	a	186,646
*	Fidelity	Freedom 2030 Fund (50,571 shares)	a	719,626
*	Fidelity	Freedom 2035 Fund (35,068 shares)	a	414,860
*	Fidelity	Freedom 2040 Fund (27,277 shares)	a	225,307
*	Fidelity	Freedom 2045 Fund (3,418 shares)	a	33,425
*	Fidelity	Freedom 2050 Fund (2,591 shares)	a	24,982
*	Fidelity	Freedom Income Fund (5,755 shares)	a	67,391
*	Fidelity	International Discovery Fund (3,601 shares)	a	119,072
*	Fidelity	Leveraged Company Stock Fund (3,726 shares)	a	120,048
*	Fidelity	Real Estate Investment Portfolio (2,722 shares)	a	87,492
*	Fidelity	Stock Selector Small Cap Fund (1,433 shares)	a	28,808
*	Fidelity	Total Bond Fund (18,325 shares)	a	200,654
	RS	Partners Fund (1,950 shares)	a	62,253
	Royce	Opportunity Fund (3,192 shares)	a	36,863
*	Spartan	International Index Fund (2,962 shares)	a	101,523
*	Spartan	500 Index Fund (3,466 shares)	a	174,999
	Templeton	Global Bond Fund (12,012 shares)	a	160,725
	John Hancock	Disciplined Value Fund Class A (12,167 shares)	a	174,954
				4,906,601
		Notes Receivable from Participants		
*	Notes receivable from participants	Interest at 4.25 to 7.75% per annum, due in semi-monthly installments from 3 to 10 years	$-0-	231,109
				$5,412,022

* - Denotes a party-in-interest with respect to the Plan.
a - The cost of participant-directed investments is not required to be disclosed.

See independent auditors' report.