# 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

**2014**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [X] 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. . . . . ▶ [X]

**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
LONGVIEW FIBRE PAPER AND PACKAGING, INC. UNION HOURLY 401(K) PLAN

**1b** Three-digit plan number (PN) ▶ 009

**1c** Effective date of plan 06/03/1985

**2a** Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)
LONGVIEW FIBRE PAPER AND PACKAGING, INC.

P.O. BOX 639
LONGVIEW, WA 98632-7411

300 FIBRE WAY
LONGVIEW, WA 98632-7411

**2b** Employer Identification Number (EIN)
20-3674771

**2c** Plan Sponsor's telephone number
360-425-1550

**2d** Business code (see instructions)
322100

**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. | 10/12/2015 | JEFFREY ZROBACK |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/12/2015 | JEFFREY ZROBACK |
| | **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)
ANTHONY MAYER
KAPSTONE PAPER AND PACKAGING CO.
300 FIBRE WAY
LONGVIEW, WA 98632

Preparer's telephone number (optional)
360-442-7639

| | | |
|---|---|---|
| **3a** Plan administrator's name and address [X] Same as Plan Sponsor | **3b** Administrator's EIN | |
| | **3c** Administrator's telephone number | |
| **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: | **4b** EIN | |
| **a** Sponsor's name | **4c** PN | |
| **5** Total number of participants at the beginning of the plan year | **5** | 1133 |
| **6** Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** Total number of active participants at the beginning of the plan year | **6a(1)** | 967 |
| **a(2)** Total number of active participants at the end of the plan year | **6a(2)** | 0 |
| **b** Retired or separated participants receiving benefits | **6b** | 0 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 0 |
| **d** Subtotal. Add lines **6a(2)**, **6b**, and **6c**. | **6d** | 0 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 0 |
| **f** Total. Add lines **6d** and **6e**. | **6f** | 0 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 0 |
| **h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **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

**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)** [X] 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)** [X] 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)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] ___ **A** (Insurance Information)
- **(4)** [X] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

## Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .....…… ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2014**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

| | |
|---|---|
| **A** Name of plan<br>LONGVIEW FIBRE PAPER AND PACKAGING, INC. UNION HOURLY 401(K) PLAN | **B** Three-digit plan number (PN) ▶ 009 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500<br>LONGVIEW FIBRE PAPER AND PACKAGING, INC. | **D** Employer Identification Number (EIN)<br>20-3674771 |

## 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).. . . . . ☐ 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

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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)

VANGUARD FIDUCIARY TRUST COMPANY

23-2186884

| (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? |
|---|---|---|---|---|---|---|
| 15 16 26 37 38 59 | TRUSTEE/RECORD KEEPER | 32040 | 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 |
|---|---|---|
| VANGUARD FIDUCIARY TRUST COMPANY | 26 | 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. |
|---|---|
| LAZARD FUNDS, INC.<br><br>13-3777414 | 10 BASE POINTS PAID OUTSIDE THE EXPENSE RATIO |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| VANGUARD FIDUCIARY TRUST COMPANY | 26 | 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 FUNDS MANAGEMENT CO.<br><br>41-1861053 | 26 BASE POINTS PAID OUTSIDE THE EXPENSE RATIO |

| **(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:

# 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

**2014**

**This Form is Open to Public Inspection**

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

**A** Name of plan
LONGVIEW FIBRE PAPER AND PACKAGING, INC. UNION HOURLY 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 009

**C** Plan sponsor's name as shown on line 2a of Form 5500
LONGVIEW FIBRE PAPER AND PACKAGING, INC.

**D** Employer Identification Number (EIN)
20-3674771

## 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) | 80882 | |
| **(2)** Participant contributions | 1b(2) | 162618 | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(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) | 2759155 | |
| **(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) | 105351253 | |
| **(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 | 108353908 | 0 |
| | **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 | 108353908 | 0 |

## 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) | 4641870 | |
| | **(B)** Participants | 2a(1)(B) | 2495115 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 8219 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 7145204 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(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) | 90386 | |
| | **(F)** Other | 2b(1)(F) | 2435998 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 2526384 |
| | **(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) | | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 0 |
| | **(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) | | 0 |
| | **(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) | | 0 |

| | | (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) | | 4829497 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 14501085 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 23013834 | |
| **(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) | | 23013834 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: **(1)** Professional fees | 2i(1) | 27870 | |
| **(2)** Contract administrator fees | 2i(2) | | |
| **(3)** Investment advisory and management fees | 2i(3) | | |
| **(4)** Other | 2i(4) | | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 27870 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 23041704 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | -8540619 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | |
| **(2)** From this plan | 2l(2) | | 99813289 |

## 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: GRANT THORNTON LLP **(2)** EIN: 36-6055558

**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 | | 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? | 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 | | | |

**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) |
|---|---|---|
| LONGVIEW FIBRE PAPER AND PACKAGING INC. SALARIED 401(K) PLAN | 20-3674771 | 007 |
| KAPSTONE PAPER AND PACKAGING CO 401(K) PLAN | 20-2699372 | 001 |
| | | |
| | | |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

## Part V Trust Information (optional)

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

Financial Statements and Report of Independent Certified Public Accountants

# Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan

December 31, 2014 and 2013

# Contents


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Grant Thornton

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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To the Participants and Administrator of
Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan

**Report on the financial statements**

We were engaged to audit the accompanying financial statements of Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related notes to the financial statements.

Management's responsibility for the financial statements

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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 certified information described in Note 5, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the certifying entity meets the requirements of 29 CFR 2520.103-8. The Plan administrator obtained a certification from this entity as of December 31, 2014 and 2013, and for the year ended December 31, 2014, stating that the certified information provided to the Plan administrator is complete and accurate.

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.

Supplementary information

The supplemental schedule, Schedule H, Part IV, Line 4j - Schedule of Reportable Transactions for the year ended December 31, 2014, is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information 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, we do not express an opinion on the supplemental schedule.

**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 certified information described in Note 5, 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.

Portland, Oregon
October 6, 2015

Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,

| | 2014 | 2013 |
|---|---|---|
| ASSETS | | |
| Investments (Notes 2, 4, 8): | | |
| Mutual funds | $ - | $105,351,253 |
| Total investments | - | 105,351,253 |
| Receivables: | | |
| Participants' contributions | - | 162,618 |
| Employer contributions | - | 80,882 |
| Notes receivable from participants | - | 2,759,155 |
| Total receivables | - | 3,002,655 |
| Net assets available for benefits | $ - | $108,353,908 |

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

Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 2014

| | |
|---|---|
| Additions: | |
| Investment income: | |
| Net appreciation in fair value of investments (Note 4) | $ 4,829,497 |
| Dividends and interest | 2,435,998 |
| Total investment income | 7,265,495 |
| Interest income on notes receivable from participants | 90,386 |
| Contributions: | |
| Participant | 4,641,870 |
| Employer | 2,495,115 |
| Total contributions | 7,136,985 |
| Other | 8,219 |
| Total additions | 14,501,085 |
| Deductions: | |
| Benefits paid to participants | 23,013,834 |
| Administrative expenses and other deductions (Notes 1,6) | 27,870 |
| Total deductions | 23,041,704 |
| Net transfers into the Plan | 145,988 |
| Transfers out of the Plan due to merger | (99,959,277) |
| Decrease in net assets | (108,353,908) |
| Net assets available for benefits | |
| Beginning of year | 108,353,908 |
| End of year | $ - |

The accompanying notes are an integral part of this financial statement.

Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan

NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

## NOTE 1 - PLAN DESCRIPTION

The following description of the Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

### General

In 2013, Longview Fibre Paper and Packaging, Inc. ("Longview") was acquired by KapStone Paper and Packaging Corporation (the "Company"). The name of the Plan was retained. The Plan is a defined contribution plan covering all eligible hourly employees of the Company who have completed one year of service. For purposes of eligibility, one year of service is each consecutive twelve-month period ending on the day preceding the anniversary of an employee's date of hire during which the employee has rendered at least 870 hours of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

During 2014, the Pension Committee approved merging of the Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan, the Longview Fibre Paper and Packaging, Inc. Salaried 401(k) Plan and the KapStone Paper and Packaging Corporation 401(k) Plan into one plan. The merging of these plans was effective on December 31, 2014.

Additionally, during 2014 the Pension Committee elected to use Fidelity Investments as the record keeper for all Company benefit plans effective January 1, 2015.

### Investment of Plan Assets

Prior to the merger of the plans and upon enrollment in the Plan, a participant may direct contributions in whole percentage increments into the following funds:

- **American Funds Euro Pacific Growth Fund; R-4 Shares** seek long-term growth of capital by investing in equity securities of companies in Europe and the Pacific Basin.

- **American Funds Growth Fund of America; R-4 Class common stocks** seek to invest in companies that appear to offer superior opportunities for growth of capital. It may also hold cash or money market instruments.

- **Columbia Real Estate Equity Fund Class Z** seeks a high level of dividend income and long-term growth of capital by investing in equity securities of companies in the real estate industry.

- **Janus Small Cap Value Fund Institutional Shares** seek long-term growth of capital by investing in the stocks of small companies whose stock is considered undervalued in the marketplace relative to their assets, earnings, cash flow, or business franchise.

NOTE 1 - PLAN DESCRIPTION - Continued

- **Lazard Emerging Markets; Open Shares** seek long-term capital appreciation by investing primarily in equity securities of companies in countries with emerging markets.

- **PIMCO Total Return Fund; Administrative Class** seeks maximum total return, consistent with preservation of capital, by investing in a diversified portfolio of Fixed-Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements.

- **PIMCO Real Return Fund; Administrative Class** aims to help investors protect their purchasing power against the effects of inflation by seeking real (inflation-adjusted) returns primarily from Treasury Inflation-Protected Securities.

- **Rainier: Small/Mid Cap Equity Portfolio** seeks to provide maximum long-term capital appreciation by investing in the common stock of small- and mid-capitalization companies traded in the U.S. with prospects of strong earnings growth and attractive overall business fundamentals, selling at reasonable valuations.

- **Vanguard 500 Index Fund Investor Shares** seek to provide long-term growth of capital and income from dividends by holding all of the 500 stocks that make up the unmanaged Standard & Poor's 500 Index.

- **Vanguard Admiral Treasury Money Market Fund** seeks to provide a high level of income and stable share price by investing in U.S. Treasury securities and securities issued by U.S. government agencies or instruments.

- **Vanguard Balanced Index Fund Investor Shares** seek to provide income and long-term growth of capital and income by dividing its assets between indexed portfolios of stocks (60 percent) and bonds (40 percent).

- **Vanguard Extended Market Index Fund Investor Shares** seek to provide long-term growth of capital by attempting to match the performance of the Standard & Poor's Completion Index, a broadly diversified index of stocks of small- and medium-size U.S. companies.

- **Vanguard Global Equity Fund** seeks to provide long-term capital appreciation by investing primarily in U.S. and foreign stocks chosen mostly on the basis of bottom-up stock analysis. The fund typically invests across a wide range of industries, and its holdings are expected to represent a mix of value and growth stocks, as well as a mix of established and emerging stock markets.

- **Vanguard Prime Money Market Fund** seeks to provide current income while maintaining liquidity and a stable share price of $1 by investing in high-quality, short-term money market instruments.

NOTE 1 - PLAN DESCRIPTION - Continued

- **Vanguard Target Retirement Funds** (Vanguard Target Retirement 2010 Fund, Vanguard Target Retirement 2015 Fund, Vanguard Target Retirement 2020 Fund, Vanguard Target Retirement 2025 Fund, Vanguard Target Retirement 2030 Fund, Vanguard Target Retirement 2035 Fund, Vanguard Target Retirement 2040 Fund, Vanguard Target Retirement 2045 Fund, Vanguard Target Retirement 2050 Fund, Vanguard Target Retirement 2055 Fund, Vanguard Target Retirement 2060 Fund, Vanguard Target Retirement Income) consist of twelve separate funds that include a portfolio of stocks, bonds and money market funds using an asset weighting that is appropriate for the targeted time horizon. As the years progress, the funds' allocations to the underlying investments will shift toward a more conservative stance.

- **Vanguard Total Bond Market Index Fund Investor Shares** seek to track the performance of a broad, market weighted bond index.

- **Vanguard Total International Stock Index Fund** offers investors a low-cost way to gain equity exposure to both developed and emerging international economies. The fund tracks stock markets all over the globe, with the exception of the United States. Because it invests in non-U.S. stocks, including those in developed and emerging markets, the fund can be more volatile than a domestic fund.

- **Vanguard Windsor II Fund Investor Shares** seeks to provide long-term growth of capital and income from dividends by investing in a diversified group of out-of-favor stocks of large-capitalization companies. The stocks generally sell at prices below the overall market average compared to their dividend income and future return potential.

Contributions

Effective March 18, 2013, the Plan was amended to allow participants to contribute up to 100 percent of their eligible compensation as contribution. Prior to this, participants could contribute up to 19 percent of their compensation for each payroll period as a pre-tax and/or after-tax contribution, as defined by the Plan. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. Unless directed otherwise, contributions are invested by default in the Vanguard Target Retirement Fund for the year nearest the year in which the participant will attain age 65. The Company matches participant contributions at certain locations. For one location, the Company matches 40 percent of the participants' pre-tax contributions up to four percent of compensation. For another location, the Company matches 50 percent of the participants' pre-tax contributions up to four percent of compensation. For these two locations, the Company makes an additional match of three percent of participants' eligible compensation if hired before January 1, 2011. For those hired on or after January 1, 2011 the additional matching amount is two percent of participants' eligible compensation. For three locations, the matching amount is equal to 50 percent of participants' pre-tax contributions with the match not to exceed $800.

NOTE 1 - PLAN DESCRIPTION - Continued

The matching Company contributions are invested in various investment options, as directed by the participants. Contributions are subject to limitations established in the Internal Revenue Code ("IRC") Section 415(c). Additionally, the Tax Reform Act of 1986 limits annual amounts deferred by participants under all deferral arrangements to $17,500 for taxable year 2014.

Participant Accounts

Each participant's account is credited with the participant's contribution and the Company's matching contributions and allocations of any applicable fund earnings or losses. Allocations are based on participant earnings on account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

During the year various employees transferred from hourly to salary jobs, or salary to hourly jobs, as part of the normal course of business. Under terms of the Company's plans, when an employee moves from one plan to another, their plan assets are transferred between the plans. All terms, such as vesting, contributions and loans continue from their original date. The net transfers into this Plan from other Company sponsored plans totaled $145,988. Additionally, as part of the merger of this Plan, all participant assets and loan balances were transferred to the KapStone Paper and Packaging Corporation 401(k) Plan effective December 31, 2014. The transfer totaled $99,959,277

Vesting

Participants are immediately and fully vested in their pre-tax and after-tax contributions, including earnings thereon.

The Company's matching contributions become vested as follows:

| Years of Service | |
|---|---|
| Fewer than 3 | 0% |
| 3 or more | 100% |

In addition, the Plan provides for full vesting of the Company's contributions, including earnings thereon, upon retirement, death or permanent and total disability. Normal retirement age is 65.

If a participant who is not fully vested terminates employment and returns to service after a break of five years or more, the value of the Company's unvested contributions credited to the participant's account prior to termination of employment is permanently forfeited.

If a participant terminates employment but returns to service after a break in service of less than five years, the current value of the Company's unvested contributions credited to the participant's account prior to termination of service is credited to the participant's account upon the participant's return to service.

NOTE 1 - PLAN DESCRIPTION - Continued

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of $1,000, up to a maximum equal to $50,000 or 50 percent of their vested account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates which commensurate with the prime rate as announced the last business day of each calendar quarter. Participants may have only one loan outstanding at any given time. As of December 31, 2014, all outstanding loans were transferred to the KapStone Paper and Packaging Corporation 401(k) Plan as part of the merging of the plans. As of December 31, 2013, interest rates on outstanding loans ranged from 3.25 percent to 9.50 percent per annum. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

If a participant's account balance exceeds $5,000 upon termination due to retirement, death or disability, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, a partial payment (up to four per year), or quarterly installments over a period not to exceed the life expectancy of the participant and his or her beneficiary. If, upon termination, a participant's account balance does not exceed $5,000, it will be distributed in the form of a single lump-sum distribution. A lump-sum withdrawal may also be made upon attainment of age 59 ½, or in the event of hardship. Withdrawal requests for financial hardship are limited to the amount of a participant's fully vested account balance.

Forfeited Accounts

As of December 31, 2014 and 2013 the Plan had amounts totaling $26,203 and $23,208, respectively, representing forfeited, non-vested amounts resulting from employee terminations. These amounts were allocated back into the Plan subsequent to employee terminations, and will be used to restore accounts of rehired former participants, pay Plan fees and expenses, or to reduce future matching contributions.

Fees and Expenses

The Plan provides that the Company will pay administrative costs and expenses of the Plan, including trustee and management fees. Such costs not paid by the Company are paid from the Plan's assets. Fees for participant loans are paid by the participants receiving the loans.

## NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

### Investment Valuation and Income Recognition

The Plan's investments and changes in net assets are stated at fair value. 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. Quoted market prices are used to value investments.

Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. The net appreciation (depreciation) in the fair value of investments consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments held by the Plan. See Note 8 for further discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

### Payment of Benefits

Benefits are recorded when paid.

### Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance, plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2014 or 2013. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

## NOTE 3 - RISKS AND UNCERTAINTIES

The Plan provides investment options in various combinations of investment securities. Investment securities are exposed to various risks including, but not limited to, interest rates, market conditions and credit risks. 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 the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the financial statements.

## NOTE 4 - INVESTMENTS

There were no investments representing five percent or more of Plan assets as of December 31, 2014. The following presents investments that represent five percent or more of the Plan's net assets at December 31, 2013:

| | 2013 |
|---|---|
| Vanguard 500 Index Fund Investor Shares | $ 18,722,762 |
| Vanguard Balanced Index Fund Investor Shares | 17,279,142 |
| Vanguard Prime Money Market Fund | 12,976,392 |
| Vanguard Target Retirement 2025 Fund | 6,706,173 |
| Vanguard Target Retirement 2015 Fund | 6,290,791 |
| Vanguard Target Retirement 2020 Fund | 5,743,598 |
| Vanguard Admiral Treasury Money Market Fund | 5,665,550 |

During the fiscal year ended December 31, 2014, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

| | 2014 |
|---|---|
| Mutual Funds | $ 4,829,497 |

## NOTE 5 - CERTIFIED INFORMATION

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Under the provisions of ERISA, information certified by a trust company or insurance company need not be subjected to independent audit.

NOTE 5 - CERTIFIED INFORMATION - Continued

Accordingly, Vanguard Fiduciary Trust Company, the trustee of the Plan, has certified that the following data included in the accompanying financial statements and supplemental schedules are complete and accurate:

- Investments and notes receivable from participants, as shown in the statements of net assets available for benefits as of December 31, 2014 and 2013.
- Total investment income and interest income on notes receivable from participants, as shown in the statement of changes in net assets available for benefits for the year ended December 31, 2014.
- Schedule H, Part IV, Line 4j - schedule of reportable transactions for the year ended December 31, 2014.

NOTE 6 - RELATED PARTY TRANSACTIONS

Prior to the transfer of Plan assets to the KapStone Paper and Packaging Corporation 401(k) Plan, certain Plan investments were shares of mutual funds issued by Vanguard Fiduciary Trust Company (the "Trustee" as defined by the Plan). These transactions qualified as party-in-interest transactions. Fees paid by the Plan to the Trustee were $27,870, for the year ended December 31, 2014. During 2014, the Pension Committee elected to use Fidelity Investments as the record keeper for all Company benefit plans, effective January 1, 2015.

NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, the 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 Plan termination, participants would become 100 percent vested in their employer contributions.

NOTE 8 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

NOTE 8 - FAIR VALUE MEASUREMENTS - Continued

| | |
|---|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include:<br>• quoted prices for similar assets or liabilities in active markets;<br>• quoted prices for identical or similar assets or liabilities in inactive markets;<br>• inputs other than quoted prices that are observable for the asset or liability;<br>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.<br>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments classified within level 3 whose fair value measurements consider several inputs may include level 1 or level 2 inputs as components of the overall fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

*Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 8 - FAIR VALUE MEASUREMENTS - Continued

There were no investments held by the Plan as of December 31, 2014. The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2013:

| | 2013 | | | |
|---|---|---|---|---|
| Asset | Level 1 | Level 2 | Level 3 | Total |
| Mutual Funds: | | | | |
| Short-Term Reserves | $ 18,641,942 | $ - | $ - | $ 18,641,942 |
| Balanced Funds | 48,371,425 | - | - | 48,371,425 |
| Bond Funds | 5,588,960 | - | - | 5,588,960 |
| Specialty Stock Funds | 1,046,538 | - | - | 1,046,538 |
| Domestic Stock Funds | 28,562,625 | - | - | 28,562,625 |
| International Stock Funds | 3,139,763 | - | - | 3,139,763 |
| Total | $105,351,253 | $ - | $ - | $105,351,253 |

NOTE 9 - TAX STATUS

The Internal Revenue Service has determined and informed the Company, by letter dated May 3, 2012, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's legal counsel believe the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 6, 2015, the date of the independent certified public accountant report noting no additional matters that require disclosure or adjustment to the financial statements.

# Supplementary Information

Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan

SCHEDULE H, PART IV, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

For the year ended December 31, 2014

| Identity of Party Involved | Identity of Asset | Purchase Price | Selling Price | Cost of Asset | Current Value of Asset on Transaction Date | Historical Gain (Loss) |
|---|---|---|---|---|---|---|
| Vanguard | Vanguard 500 Index Fund | $ 2,715,603 | $ - | $ - | $ 2,715,603 | $ - |
| Vanguard | Vanguard 500 Index Fund | - | 23,449,270 | 15,992,014 | 23,449,270 | 7,457,256 |
| Vanguard | Vanguard Admiral Trsy MM | 6,331 | - | - | 6,331 | - |
| Vanguard | Vanguard Admiral Trsy MM | - | 5,671,882 | 5,671,882 | 5,671,882 | - |
| Vanguard | Vanguard Balance Ix Inv | 2,062,059 | - | - | 2,062,059 | - |
| Vanguard | Vanguard Balance Ix Inv | - | 20,569,755 | 14,969,556 | 20,569,755 | 5,600,199 |
| Vanguard | Vanguard Extend Mkt Index. | 1,028,088 | - | - | 1,028,088 | - |
| Vanguard | Vanguard Extend Mkt Index. | - | 4,686,179 | 3,565,989 | 4,686,179 | 1,120,190 |
| Vanguard | Vanguard Prime Money Market | 4,032,584 | - | - | 4,032,584 | - |
| Vanguard | Vanguard Prime Money Market | - | 17,017,195 | 17,017,195 | 17,017,195 | - |
| Vanguard | Vanguard Tgt Retirement 2015 | 1,436,226 | - | - | 1,436,226 | - |
| Vanguard | Vanguard Tgt Retirement 2015 | - | 7,956,407 | 6,805,995 | 7,956,407 | 1,150,412 |
| Vanguard | Vanguard Tgt Retirement 2020 | 1,422,091 | - | - | 1,422,091 | - |
| Vanguard | Vanguard Tgt Retirement 2020 | - | 7,481,841 | 6,271,684 | 7,481,841 | 1,210,157 |
| Vanguard | Vanguard Tgt Retirement 2025 | 1,562,978 | - | - | 1,562,978 | - |
| Vanguard | Vanguard Tgt Retirement 2025 | - | 8,566,320 | 7,087,339 | 8,566,320 | 1,478,981 |
| Vanguard | Vanguard Tgt Retirement 2035 | 819,760 | - | - | 819,760 | - |
| Vanguard | Vanguard Tgt Retirement 2035 | - | 4,712,442 | 3,740,948 | 4,712,442 | 971,494 |

Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan

SCHEDULE H, PART IV, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

For the year ended December 31, 2014

| Identity of Party Involved | Identity of Asset | Purchase Price | Selling Price | Cost of Asset | Current Value of Asset on Transaction Date | Historical Gain (Loss) |
|---|---|---|---|---|---|---|
| Vanguard | Vanguard 500 Index Fund | $ 2,715,603 | $ - | $ - | $ 2,715,603 | $ - |
| Vanguard | Vanguard 500 Index Fund | - | 23,449,270 | 15,992,014 | 23,449,270 | 7,457,256 |
| Vanguard | Vanguard Admiral Trsy MM | 6,331 | - | - | 6,331 | - |
| Vanguard | Vanguard Admiral Trsy MM | - | 5,671,882 | 5,671,882 | 5,671,882 | - |
| Vanguard | Vanguard Balance Ix Inv | 2,062,059 | - | - | 2,062,059 | - |
| Vanguard | Vanguard Balance Ix Inv | - | 20,569,755 | 14,969,556 | 20,569,755 | 5,600,199 |
| Vanguard | Vanguard Extend Mkt Index. | 1,028,088 | - | - | 1,028,088 | - |
| Vanguard | Vanguard Extend Mkt Index. | - | 4,686,179 | 3,565,989 | 4,686,179 | 1,120,190 |
| Vanguard | Vanguard Prime Money Market | 4,032,584 | - | - | 4,032,584 | - |
| Vanguard | Vanguard Prime Money Market | - | 17,017,195 | 17,017,195 | 17,017,195 | - |
| Vanguard | Vanguard Tgt Retirement 2015 | 1,436,226 | - | - | 1,436,226 | - |
| Vanguard | Vanguard Tgt Retirement 2015 | - | 7,956,407 | 6,805,995 | 7,956,407 | 1,150,412 |
| Vanguard | Vanguard Tgt Retirement 2020 | 1,422,091 | - | - | 1,422,091 | - |
| Vanguard | Vanguard Tgt Retirement 2020 | - | 7,481,841 | 6,271,684 | 7,481,841 | 1,210,157 |
| Vanguard | Vanguard Tgt Retirement 2025 | 1,562,978 | - | - | 1,562,978 | - |
| Vanguard | Vanguard Tgt Retirement 2025 | - | 8,566,320 | 7,087,339 | 8,566,320 | 1,478,981 |
| Vanguard | Vanguard Tgt Retirement 2035 | 819,760 | - | - | 819,760 | - |
| Vanguard | Vanguard Tgt Retirement 2035 | - | 4,712,442 | 3,740,948 | 4,712,442 | 971,494 |