WestRock Co
Form 10-K
November 27, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended September 30, 2015

OR

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

For the transition period from to

Commission file number 001-37484

WESTROCK COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Delaware	47-3335141
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
501 South 5th Street, Richmond, Virginia	23219-0501
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (804) 444-1000

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

Title of Each Class	Name of Exchange on Which Registered
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

The aggregate market value of the common equity held by non-affiliates of the registrant as of March 31, 2015, the last day of the registrant's most recently completed second fiscal quarter (based on the last reported closing price of $64.50 per share of RockTenn Common Stock, as reported on the New York Stock Exchange on such date), was approximately $8,926 million. RockTenn was the accounting acquirer in the Combination (as defined), which closed after March 31, 2015.

As of November 6, 2015, the registrant had 257,113,604 shares of Common Stock, par value $0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Stockholders to be held on February 2, 2016, are incorporated by reference in Parts II and III.

Table of Contents

WESTROCK COMPANY
INDEX TO FORM 10-K

Table of Contents

Glossary of Terms

The following terms or acronyms used in this Form 10-K are defined below:

Term or Acronym	Definition
2004 Incentive Stock Plan	Amended and Restated 2004 Incentive Stock Plan
A/R Sales Agreement	As defined on p. 82
AFMC	Alternative fuel mixture credits
AGI In-Store	A.G. Industries, Inc.
Antitrust Litigation	As defined on p. 107
APBO	Accumulated postretirement benefit obligation
ASC	FASB's Accounting Standards Codification
ASU	Accounting Standards Update
BSF	Billion square feet
Boiler MACT	As defined on p. 9
Business Combination Agreement	The Second Amended and Restated Business Combination Agreement, dated as of April 17, 2015 and amended as of May 5, 2015 by and among WestRock, RockTenn, MWV, RockTenn Merger Sub, and MWV Merger Sub.
CBA or CBAs	Collective bargaining agreements
CBPC	Cellulosic biofuel producers credits
CEO	Chief Executive Officer
CERCLA	The Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CFO	Chief Financial Officer
Closing Date	July 1, 2015
Code	The Internal Revenue Code of 1986, as amended
Combination	Pursuant to the Business Combination Agreement, (i) RockTenn Merger Sub was merged with and into RockTenn, with RockTenn surviving the merger as a wholly owned subsidiary of WestRock, and (ii) MWV Merger Sub was merged with and into MWV, with MWV surviving the merger as a wholly owned subsidiary of WestRock, which occurred on July 1, 2015
Common Stock	Our common stock, par value $0.01 per share
containerboard	Linerboard and corrugating medium
CPM	Canadian Pensioners' Mortality
CTO	Crude tall oil
Credit Agreement	As defined on p. 80
Credit Facility	As defined on p. 80
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPA	U.S. Environmental Protection Agency
ERISA	Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder
ESPP Plan	The 1993 Employee Stock Purchase Plan, as amended and restated
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FCPA	Foreign Corrupt Practices Act

Farm Credit Facility	As defined on p. 80
Farm Loan Credit Agreement	As defined on p. 80
FIFO	First-in first-out inventory valuation method
FIP	Funding improvement plan

Table of Contents

Term or Acronym	Definition
GAAP	Generally accepted accounting principles in the U.S.
GHG	Greenhouse gases
GPS	Green Power Solutions of Georgia, LLC
IDBs	Industrial Development Bonds
Installment Note	As defined on p. 108
IRS	Internal Revenue Service
LIBOR	The London Interbank Offered Rate
LIFO	Last-in first-out inventory valuation method
MACT	Maximum Achievable Control Technology
MEPP or MEPPs	Multiemployer pension plan(s)
MMBtu	One million British Thermal Units
MMSF	Millions of square feet
MWV	WestRock MWV, LLC, formerly known as MeadWestvaco Corporation
MWV TN	As defined on p. 108
MWV TN II	As defined on p. 108
MWV Merger Sub	Milan Merger Sub, LLC
New ESPP Plan	The WestRock Employee Stock Purchase Plan
NOV	Notice of Violation
NPG	NPG Holding, Inc.
NYSE	New York Stock Exchange
OSHA	The Occupational Safety and Health Act
Pension Act	Pension Protection Act of 2006
Plum Creek	Plum Creek Timber Company, Inc
PRP or PRPs	Potentially responsible parties
PSD	Prevention of Significant Deterioration
Receivables Facility	Our receivables backed financing facility
RockTenn	WestRock RKT Company, formerly known as Rock-Tenn Company
RockTenn Common Stock	RockTenn Class A common stock, par value $0.01 per share
RockTenn Merger Sub	Rome Merger Sub, Inc.
RP	Rehabilitation plan
SAR or SARs	Stock appreciation rights
SEC	Securities and Exchange Commission
Seven Hills	Seven Hills Paperboard LLC
SG&A	Selling, general and administrative expenses
Smurfit-Stone	Smurfit-Stone Container Corporation
Smurfit-Stone Acquisition	Our May 27, 2011 acquisition of Smurfit-Stone
SP Fiber	SP Fiber Holdings, Inc.
SP Fiber Acquisition	Our October 1, 2015 acquisition of SP Fiber
Supplemental Plans	Supplemental retirement savings plans
Tacoma Mill	The Tacoma Kraft Paper Mill formerly owned by Simpson
Timber Note	As defined on p. 108
TNH	Timber Note Holdings LLC
USW	United Steelworkers Union
U.S.	United States
WestRock	WestRock Company

Table of Contents

PART I

Item 1. BUSINESS

Unless the context otherwise requires, “we”, “us”, “our”, “WestRock” and “the Company” refer to the business of WestRock Company, its wholly-owned subsidiaries and its partially-owned consolidated subsidiaries.

General

We are a global leading provider of packaging solutions and manufacturers of containerboard and paperboard. We operate locations in North America, South America, Europe and Asia. We also operate a specialty chemicals business and we develop real estate in Charleston, South Carolina.

WestRock was formed on March 6, 2015, for the purpose of effecting the Combination and, prior to the Combination, did not conduct any activities other than those incidental to its formation and the matters contemplated by the Business Combination Agreement in connection with the Combination. On July 1, 2015, pursuant to the Business Combination Agreement, RockTenn and MWV completed a strategic combination of their respective businesses. Pursuant to the Business Combination Agreement, RockTenn and MWV became wholly owned subsidiaries of WestRock. RockTenn was the accounting acquirer in the Combination; therefore, the historical consolidated financial statements of RockTenn for periods prior to the Combination are considered to be the historical financial statements of WestRock and thus WestRock’s consolidated financial statements for fiscal 2015 reflect RockTenn’s consolidated financial statements for periods from October 1, 2014 through June 30, 2015, and WestRock’s thereafter. We believe the Combination will combine two industry leaders to create a premier global provider of consumer and corrugated packaging solutions.

WestRock is the successor issuer to RockTenn and MWV pursuant to Rule 12g-3(c) under the Exchange Act. Pursuant to Rule 12g-3(d) under the Exchange Act, shares of Common Stock, were deemed to be registered under Section 12(b) of the Exchange Act, and WestRock is subject to the informational requirements of the Exchange Act, and the rules and regulations promulgated thereunder. On July 2, 2015, shares of Common Stock began regular-way trading on the NYSE under the ticker symbol “WRK”.

Subsequent to the Combination, we have aligned our financial results in four reportable segments: Corrugated Packaging, Consumer Packaging, Specialty Chemicals, and Land and Development. Corrugated Packaging reflects the combination of RockTenn’s Corrugated Packaging and Recycling segments with MWV’s Industrial segment. The combined segment consists of corrugated mill and packaging operations, as well as our recycling operations. Consumer Packaging reflects the combination of MWV’s Food & Beverage, and Home, Health & Beauty segments, as well as RockTenn’s Consumer Packaging and Merchandising Displays segment. The combined segment consists of consumer mills, folding carton, beverage, merchandising displays, home, health and beauty dispensing, and partition operations. Specialty Chemicals is the MWV segment that manufactures and distributes specialty chemicals for the automotive, energy and infrastructure industries. Land and Development is the MWV Community Development and Land Management segment that develops and sells real estate primarily in the Charleston, South Carolina market. We have reclassified prior period segment results to align to these segments for all periods presented herein.

WestRock intends to complete the separation of its specialty chemicals business, now called Ingevity, through a spin-off or other alternative transaction. We are targeting an approximate March 1, 2016 separation. However, there can be no assurance of the timeframe in which the separation will occur or that the separation will occur at all. Until the separation occurs, WestRock will have the discretion to determine and change the terms of the separation or determine not to proceed with the separation.

Products

Corrugated Packaging Segment

We are one of the largest integrated producers of containerboard measured by tons produced, and one of the largest producers of high-graphics preprinted linerboard in North America. We have integrated mill and corrugated box operations in North America, Brazil and India. We believe we are one of the largest paper recyclers in North America and our recycling operations provide substantially all of the recycled fiber to our mills as well as to third parties. Our Brazil operation also owns forestlands which provide virgin fiber to our Brazilian mill. We operate an integrated corrugated packaging system that manufactures primarily containerboard, corrugated sheets, corrugated packaging and preprinted linerboard for sale to consumer and industrial products manufacturers and corrugated box manufacturers. We produce a full range of high-quality corrugated containers designed to protect, ship, store and display products made to our customers' merchandising and distribution specifications. We also convert corrugated sheets into corrugated products ranging from one-color protective cartons to graphically brilliant point-of-purchase packaging. Our corrugated container plants serve local customers, regional and large national accounts. Corrugated packaging is used to provide protective packaging for shipment and distribution of food, paper, health and beauty and other household, consumer, commercial and industrial products. Corrugated packaging may also be graphically enhanced for retail sale, particularly in club store locations. We provide customers with innovative packaging solutions to advertise and sell their products. We also provide structural and graphic design, engineering services and custom, proprietary and standard automated packaging machines, offering customers turn-key installation, automation, line integration and packaging solutions. To make corrugated sheet stock, we feed linerboard and corrugating medium into a corrugator that flutes the medium to specified sizes, glues the linerboard and fluted medium together and slits and cuts the resulting corrugated paperboard into sheets to customer specifications. Our containerboard mills and corrugated container operations are integrated with the majority of our containerboard production used internally by our corrugated container operations. The balance is either used in trade swaps with other manufacturers or sold domestically and internationally.

Our recycling operations provide substantially all of the recycled fiber to our mills and we sell to third parties. Our recycling operations procure recovered paper (also known as recycled fiber) from our converting facilities and from third parties such as factories, warehouses, commercial printers, office complexes, grocery and retail stores, document storage facilities, paper converters and other wastepaper collectors. We handle a wide variety of grades of recovered paper, including old corrugated containers, office paper, box clippings, newspaper and print shop scraps. We operate recycling facilities that collect, sort, grade, and bale recovered paper and after sorting and baling, we transfer it to our mills for processing, or sell it, principally to U.S. manufacturers of paperboard or containerboard as well as manufacturers of tissue, newsprint, roofing products and insulation, and to export markets. We also collect aluminum and plastics for resale to manufacturers of these products. Our waste services business arranges recycling and waste disposal services for its customers. We operate a nationwide fiber marketing and brokerage system that serves large regional and national accounts as well as our recycled paperboard and containerboard mills and sells scrap materials from our converting businesses and mills. Brokerage contracts provide bulk purchasing, often resulting in lower prices and cleaner recovered paper. Many of our recycling facilities are located close to our recycled paperboard and containerboard mills, ensuring availability of supply with reduced shipping costs.

Sales of corrugated packaging products to external customers accounted for 64.9%, 71.8% and 73.5% of our net sales in fiscal 2015, 2014 and 2013, respectively.

Consumer Packaging Segment

We operate integrated virgin and recycled fiber paperboard mills and consumer packaging converting operations, which convert items such as folding and beverage cartons, displays, dispensing, and interior partitions. Our integrated system of virgin and recycled mills produces paperboard for our converting operations and third parties. We internally consume or sell coated natural kraft, bleached paperboard and coated recycled paperboard to manufacturers of folding cartons and other paperboard products, and internally consume or sell our specialty recycled paperboard to manufacturers of solid fiber interior packaging, tubes and cores, book covers and other paperboard products. The mill owned by our Seven Hills joint venture in Lynchburg, VA, manufactures gypsum paperboard liner for sale to our joint venture partner.

We are one of the largest manufacturers of folding and beverage cartons in North America, we believe we are the largest manufacturer of temporary promotional point-of-purchase displays in North America measured by net sales and we believe we are the largest manufacturer of solid fiber partitions in North America measured by net sales. Our folding and beverage cartons are used to package food, paper, beverages, dairy products, tobacco, health and beauty and other household consumer, commercial and industrial products primarily for retail sale. We also manufacture express mail envelopes for the overnight courier industry and for the global healthcare market, secondary packages designed to enhance patient adherence for prescription drugs, as well as paperboard packaging and closures for over-the-counter and prescription drugs. Folding cartons typically protect customers' products during shipment and distribution and employ graphics to promote them at retail. We manufacture folding and beverage cartons from recycled and virgin paperboard, laminated paperboard and various substrates with specialty characteristics such as grease masking and microwaveability. We print, coat, die-cut and glue the cartons to customer specifications and ship finished cartons to customers for assembling, filling and sealing. We employ a broad range of offset, flexographic, gravure, backside printing, coating and finishing technologies and support our customers with new package development, innovation and design services and package testing services. We manufacture and sell our solid fiber and corrugated partitions and die-cut paperboard components principally to glass container manufacturers and producers of beer, food, wine, spirits, cosmetics and pharmaceuticals and to the automotive industry.

We manufacture and assemble (pack) temporary and permanent point-of-purchase displays. We design, manufacture and, in many cases, pack temporary displays for sale to consumer products companies and retailers. These displays are used as marketing tools to support new product introductions and specific product promotions in mass merchandising stores, supermarkets, convenience stores, home improvement stores and other retail locations. We also design, manufacture and, in some cases, pre-assemble permanent displays for the same categories of customers. We make temporary displays primarily from corrugated paperboard. Unlike temporary displays, permanent displays are restocked; therefore, they are constructed primarily from metal, plastic, wood and other durable materials. We provide contract packing services such as multi-product promotional packing and product manipulation such as multipacks and onpacks. We manufacture and distribute point of sale material utilizing litho, screen, and digital printing technologies. We manufacture lithographic laminated packaging for sale to our customers that require packaging with high quality graphics and strength characteristics.

We produce dispensing systems such as pumps for fragrances, lotions, creams and soaps, flip-top and applicator closures for bath and body products and lotions, and plastic packaging for hair and skin care products. For the global home and garden market, we produce trigger sprayers for surface cleaners and fabric care, aerosol actuators for air fresheners, hose-end sprayers for lawn and garden maintenance and spouted and applicator closures for a variety of other home and garden products. For the global healthcare market, we produce sprayers used for nasal and throat applications.

Sales of consumer packaging products to external customers accounted for 32.5%, 28.2% and 26.5% of our net sales in fiscal 2015, 2014 and 2013, respectively.

Specialty Chemicals Segment

We manufacture, market and distribute specialty chemicals derived from sawdust and other byproducts of the papermaking process in North America, Europe, South America and Asia. Products include performance chemicals derived from pine chemicals used in printing inks, asphalt paving and adhesives as well as in the agricultural, paper and petroleum industries. We also produce activated carbon products used in gas vapor emission control systems for automobiles and trucks, as well as applications for air, water and food purification. Sales of specialty chemicals to external customers accounted for 2.2% of our net sales in fiscal 2015. The Specialty Chemicals segment was formed as a result of the Combination; therefore there are no prior year comparisons in our financial statements.

Land and Development Segment

We are responsible for maximizing the value of development acres owned in the Charleston, South Carolina region through a land development partnership with Plum Creek. We develop real estate including (i) selling development property, (ii) entitling and improving high-value tracts, and (iii) master planning of select landholdings. Sales in our Land and Development segment to external customers accounted for 0.4% of our net sales in fiscal 2015. The Land and Development segment was formed as a result of the Combination; therefore there are no prior year comparisons in our financial statements.

Raw Materials

The primary raw materials that our mill operations use are recycled fiber at our recycled paperboard and containerboard mills and virgin fibers from hardwoods and softwoods at our virgin containerboard and paperboard mills. Some of our virgin containerboard is manufactured with some recycled fiber content. Recycled fiber prices and virgin fiber prices can fluctuate significantly. While virgin fiber prices have generally been more stable than recycled fiber prices, they also fluctuate, particularly driven by changes in weather such as during prolonged periods of heavy rain or drought, or during housing construction slowdowns or accelerations.

Recycled and virgin paperboard and containerboard are the primary raw materials that our converting operations use. Our converting operations use many different grades of paperboard and containerboard. We supply substantially all of our converting operations' needs for recycled and virgin paperboard and containerboard from our own mills and through the use of trade swaps with other manufacturers, which allow us to optimize our mill system and reduce freight costs. Because there are other suppliers that produce the necessary grades of recycled and bleached paperboard and containerboard used in our converting operations, we believe that should we incur production disruptions for recycled or virgin paperboard or containerboard we would be able to source significant replacement quantities from other suppliers. However, the failure to obtain these supplies or the failure to obtain these supplies at reasonable market prices could have an adverse effect on our results of operations.

Energy

Energy is one of the most significant costs of our mill operations. The cost of natural gas, coal, oil, electricity and wood by-products (biomass) at times have fluctuated significantly. In our recycled paperboard mills, we use primarily natural gas and electricity, supplemented with fuel oil and coal to generate steam used in the paper making process and to operate our recycled paperboard machines. In our virgin fiber mills, we use biomass, natural gas, coal and fuel oil to generate steam used in the paper making process, to generate some or all of the electricity used on site and to operate our paperboard machines. We primarily use electricity and natural gas to operate our converting facilities. We generally purchase these products from suppliers at market or tariff rates. See Item 1. “Business — Governmental Regulation — Environmental Regulation” for additional information regarding our energy related spending.

Transportation

Inbound and outbound freight is a significant expenditure for us. Factors that influence our freight expense are distance between our shipping and delivery locations, distance from customers and suppliers, mode of transportation (rail, truck, intermodal and ocean) and freight rates, which are influenced by supply and demand and fuel costs. The principal markets for our products are in North America, South America, Europe and Asia.

Sales and Marketing

Our top 10 external customers represented approximately 13% of consolidated net sales in fiscal 2015, none of which individually accounted for more than 10% of our consolidated net sales. We generally manufacture our products pursuant to customers’ orders. The loss of any of our larger customers could have an adverse effect on the income attributable to the applicable segment and, depending on the significance of the product line, our results of operations. We believe that we have good relationships with our customers. In fiscal 2015, products sold to our top 10 customers by segment represented 17%, 22% and 33% of our external sales in our Corrugated Packaging segment, Consumer Packaging segment and Specialty Chemicals segment, respectively.

As a result of our vertical integration, our mills’ sales volumes may be directly impacted by changes in demand for our packaging products. Prior to the Combination, we sold approximately half of our coated recycled paperboard mills’ production and approximately half of our bleached paperboard production to our converting operations, primarily to manufacture folding cartons; we sold approximately two-thirds of our containerboard production, including trade swaps and buy/sell transactions, to our converting operations, to manufacture corrugated products. Under the terms of our Seven Hills joint venture arrangement, our joint venture partner is required to purchase all of the qualifying gypsum paperboard liner produced by Seven Hills; and, excluding the Seven Hills production previously described and our Aurora, IL production converted into book covers and other products, we supply approximately two-fifths of our specialty mills’ production to our converting operations, primarily to manufacture interior partitions. Following the Combination, we sell nearly two-thirds of our coated natural kraft mill’s production to our converting operations, primarily to manufacture folding and beverage cartons. The mill production at the two bleached paperboard mills acquired in the Combination is primarily sold to third parties. We have the ability to move our internal sourcing among certain of our mills to maximize our operations.

We market our products primarily through our own sales force. We also market a number of our products through independent sales representatives, independent distributors or both. We generally pay our sales personnel a base salary plus commissions. We pay our independent sales representatives on a commission basis. We discuss foreign net sales to unaffiliated customers and other non-U.S. operations financial and other segment information in “Note 19. Segment Information” of the Notes to Consolidated Financial Statements included herein.

Competition

We operate in a challenging global marketplace and compete with many large, well established and highly competitive manufacturers and service providers. Our business is affected by a range of macroeconomic conditions, including industry capacity changes, global competition, economic conditions in the U.S. and abroad, as well as currency exchange rates.

The industries we operate in are highly competitive, and no single company dominates any of those industries. Our paperboard and containerboard operations compete with integrated and non-integrated national and regional companies operating primarily in North America, and to a limited extent, manufacturers outside of North America. Our competitors include large and small, vertically integrated companies and numerous smaller non-integrated companies. In the corrugated packaging and folding and beverage carton markets, we compete with a significant number of national, regional and local packaging suppliers in North America and abroad. Our dispensing and specialty chemicals operations compete globally with manufacturers for global end markets. In the solid fiber interior packaging, promotional point-of-purchase display, and converted paperboard products markets, we primarily compete with a smaller number of national, regional and local companies offering highly specialized products. Our recycled fiber brokerage and collection operations compete with various other companies for the procurement and supply of recovered paper, including brokers and companies that export recovered paper to international markets. The Land and Development segment competes in the real estate sales and development market in the Charleston, SC region.

Because all of our businesses operate in highly competitive industry segments, we regularly bid for sales opportunities to customers for new business or for renewal of existing business. The loss of business, the award of new business or the renewal of business at substantially different terms, from our larger customers, may have a significant impact on our results of operations.

Table of Contents

The primary competitive factors we face include price, design, product innovation, quality and service, with varying emphasis on these factors depending on the product line and customer preferences. We believe that we compete effectively with respect to each of these factors and we evaluate our performance with annual customer surveys. However, to the extent that any of our competitors becomes more successful with respect to any key competitive factor, our business could be materially adversely affected.

Our ability to pass through cost increases can be limited based on competitive market conditions for our products and by the actions of our competitors. In addition, we sell a significant portion of our mill production and converted products pursuant to contracts that provide that prices are either fixed for specified terms or provide for price adjustments based on negotiated terms, including changes in specified paperboard or containerboard index prices. The effect of these contractual provisions generally is to either limit the amount of the increase or decrease or to delay the realization of announced price increases or decreases.

The businesses we operate in have undergone consolidation. Within the packaging products industry, larger customers, with an expanded geographic presence, have tended to seek suppliers who can, because of their broad geographic presence, efficiently and economically supply all or a range of their customers' packaging needs. In addition, our customers continue to demand higher quality products meeting stricter quality control requirements. These market trends could adversely affect our results of operations or, alternatively, benefit our results of operations depending on our competitive position in specific product lines.

Our packaging products compete with packaging made from other materials. Customer shifts away from our products, such as paperboard and containerboard packaging, to packaging made from other materials could adversely affect our results of operations.

Governmental Regulation

Health and Safety Regulations

Our operations are subject to federal, state, local and foreign laws and regulations relating to workplace safety and worker health including OSHA and related regulations. OSHA, among other things, establishes asbestos and noise standards and regulates the use of hazardous chemicals in the workplace. Although we do not use asbestos in manufacturing our products, some of our facilities contain asbestos. For those facilities where asbestos is present, we believe we have properly contained the asbestos and/or we have conducted training of our employees in an effort to ensure that no federal, state or local rules or regulations are violated in the maintenance of our facilities. We do not believe that future compliance with health and safety laws and regulations will have a material adverse effect on our results of operations, financial condition or cash flows.

Environmental Regulation

Environmental compliance requirements are a significant factor affecting our business. We employ manufacturing processes which result in various discharges, emissions and wastes. These processes are subject to numerous federal, state, local and international environmental laws and regulations, as well as the requirements of environmental permits and similar authorizations issued by various governmental authorities.

On January 31, 2013, the EPA published a set of four interrelated final rules establishing national air emissions standards for hazardous air pollutants from industrial, commercial and institutional boilers, commonly known as "Boiler MACT". On January 21, 2015, the EPA proposed various amendments and technical corrections to the January

2013 rule and announced that it would reconsider certain aspects of the rule. As of September 30, 2015, the EPA had not issued a final rulemaking on these reconsideration issues. For our boilers, the Boiler MACT rule currently requires compliance by January 31, 2016, subject to a possible one-year extension. All of our mills that are subject to regulation under Boiler MACT are expected to meet the January 31, 2016 compliance deadline, with the exception of those mills for which we have obtained, or will have obtained, a one-year compliance extension.
We cannot predict with certainty how additional rulemakings or the legal challenges to the rule will impact our Boiler MACT strategies and costs.

In addition to Boiler MACT, we are subject to a number of other federal, state, local and international environmental rules that may impact our business, including the National Ambient Air Quality Standards for nitrogen oxide, sulfur dioxide, fine particulate matter and ozone for facilities in the U.S. We cannot currently predict with certainty how any future changes in environmental laws, regulations and/or enforcement practices will affect our business; however, it is possible that our compliance with new environmental standards may require substantial additional capital expenditures and/or increase operating costs.

Table of Contents

On October 1, 2010, our Hopewell, VA containerboard mill received a NOV from the EPA Region III alleging certain violations of regulations that require treatment of kraft pulping condensates. We strongly disagree with the assertion of the violations in the NOV and are currently engaged in settlement negotiations regarding the matters alleged in the NOV. We have reached an agreement in principle with the Government to resolve the violations alleged in the NOV and are working with the EPA on an administrative order that will contain the agreed upon settlement terms and conditions. We expect to finalize the settlement, based on how it is currently structured, in the first quarter of fiscal 2016 for an amount less than $0.1 million and we do not believe that any fines or compliance obligations required as a condition of settlement will have a significant adverse effect on our results of operations, financial condition or cash flows. We also are involved in various other administrative proceedings relating to environmental matters that arise in the normal course of business. Although the ultimate outcome of such matters cannot be predicted with certainty and we cannot at this time estimate any reasonably possible losses based on available information, management does not believe that the currently expected outcome of any environmental proceedings and claims that are pending or threatened against us will have a material adverse effect on our results of operations, financial condition or cash flows.

CERCLA and Other Remediation Costs

We also face potential liability under federal, state, local and international laws as a result of releases, or threatened releases, of hazardous substances into the environment from various sites owned and operated by third parties at which Company-generated wastes have allegedly been deposited. Generators of hazardous substances sent to off-site disposal locations at which environmental problems exist, as well as the owners of those sites and certain other classes of persons are liable for response costs for the investigation and remediation of such sites under CERCLA and analogous laws. While joint and several liability is authorized under CERCLA, liability is typically shared with other PRPs and costs are commonly allocated according to relative amounts of waste deposited and other factors.

In addition, certain of our current or former locations are being investigated or remediated under various environmental laws and regulations. Based on current facts and assumptions, we currently do not believe that the costs of these projects will have a material adverse effect on our results of operations, financial condition or cash flows. However, the discovery of additional contamination or the imposition of additional obligations at these or other sites in the future could result in additional costs.

On January 26, 2009, Smurfit-Stone and certain of its subsidiaries filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. Smurfit-Stone's Canadian subsidiaries also filed to reorganize in Canada. We believe that matters relating to previously identified third party PRP sites and certain facilities formerly owned or operated by Smurfit-Stone have been or will be satisfied claims in the Smurfit-Stone bankruptcy proceedings. However, we may face additional liability for cleanup activity at sites that existed prior to bankruptcy discharge, but are not currently identified. Some of these liabilities may be satisfied from existing bankruptcy reserves.

We believe that we can assert claims for indemnification pursuant to existing rights we have under settlement and purchase agreements in connection with certain of our existing remediation sites. In addition, we believe that we have insurance coverage, subject to applicable deductibles and policy limits for certain environmental matters. However, there can be no assurance that we will be successful with respect to any claim regarding these insurance or indemnification rights or that, if we are successful, any amounts paid pursuant to the insurance or indemnification rights will be sufficient to cover all our costs and expenses. We also cannot predict with certainty whether we will be required to perform remediation projects at other locations, and it is possible that our remediation requirements and costs could increase materially in the future and exceed current reserves. In addition, we cannot currently assess with certainty the impact that future federal, state or other environmental laws, regulations or enforcement practices will have on our results of operations, financial condition or cash flows.

We estimate that we will invest approximately $115 million for capital expenditures during fiscal 2016 in connection with matters relating to environmental compliance, including continued work on our Boiler MACT projects as well as the continued work to complete our Demopolis, AL bleached paperboard mill project to build a new fluidized bed biomass boiler and purchase of a gas package boiler to provide steam and non-condensable gas incineration backup capability for the mill. The fluidized bed biomass boiler will replace two 1950s power boilers and address the Boiler MACT requirements at the mill. It is possible that our capital expenditure assumptions may change, project completion dates may change, and our projections are subject to change due to items such as the finalization of ongoing engineering and implementation work, the EPA determinations on Boiler MACT implementation issues and the outcomes of pending legal challenges to the rules.

Climate Change

Certain jurisdictions in which we have manufacturing facilities or other investments have taken actions to address climate change. In the U.S., the EPA has issued Clean Air Act permitting regulations applicable to certain facilities that emit GHG. However, on June 23, 2014, the U.S. Supreme Court issued a decision holding that the EPA may not treat GHG emissions as an air pollutant

Table of Contents

for purposes of determining whether a source is a major source required to obtain a PSD or Title V permit. The Supreme Court also said that the EPA could continue to require that PSD permits otherwise required based on emissions of conventional pollutants contain limitations on GHG emissions based on the application of Best Available Control Technology. The EPA is continuing to examine the implications of the Supreme Court's decision, including how the EPA will need to revise its permitting regulations and related impacts to state programs. The EPA also has promulgated a rule requiring facilities that emit 25,000 metric tons or more of carbon dioxide equivalent per year to file an annual report of their emissions.

Additionally, under President Obama's Climate Action Plan, the EPA has been working on a set of interrelated rulemakings aimed at cutting carbon emissions from power plants. On August 3, 2015, the EPA issued a final rule establishing GHG emission guidelines for existing electric utility generating units (known as the "Clean Power Plan"). On the same day, the Agency issued a second rule setting standards of performance for new, modified and reconstructed electric utility generating units. While these rules do not apply directly to the power generation facilities at our mills, they have the potential to increase the cost of purchased electricity for WestRock's manufacturing operations. Due to ongoing litigation and other uncertainties regarding these regulations, their impact on us cannot be quantified with certainty at this time.

In addition to national efforts to regulate climate change, some U.S. states in which WestRock has manufacturing operations are also taking measures to reduce GHG emissions, such as requiring GHG emissions reporting or the development of regional cap-and trade programs. California has enacted a cap-and-trade program that took effect in early 2012, and enforceable compliance obligations began on January 1, 2013. We do not have any manufacturing facilities that are currently subject to the cap-and-trade requirements in California; however, we are continuing to monitor the implementation of this program as well as proposed mandatory GHG reduction efforts in other states.

Several of our international facilities are located in countries that have adopted GHG emissions trading schemes, including certain of our manufacturing locations in the European Union and in Canada. For example, Quebec has become a member of the Western Climate Initiative, which is a collaboration among California and certain Canadian provinces that have joined together to create a cap-and-trade program to reduce GHG emissions. On November 18, 2009, Quebec adopted a target of reducing GHG emissions by 20% below 1990 levels by 2020. In December 2011, Quebec issued a final regulation establishing a regional cap-and-trade program that required reductions in GHG emissions from covered emitters as of January 1, 2013. Our mill in Quebec is subject to these cap-and-trade requirements, although the direct impact of this regulation has not been material to date. Compliance with this program may require expenditures to meet required GHG emission reduction requirements in future years.

The regulation of climate change continues to develop in the areas of the world where we conduct business. We have systems in place for tracking the GHG emissions from our energy-intensive facilities, and we carefully monitor developments in climate change laws, regulations and policies to assess the potential impact of such developments on our operations, financial condition, and disclosure obligations.

Patents and Other Intellectual Property

We hold a substantial number of foreign and domestic trademarks, trademark applications, trade names, patents, patent applications, and licenses relating to our business, our products and the production process. Our patent portfolio consists primarily of utility and design patents relating to our products and manufacturing operations. It also includes exclusive rights to substantial proprietary packaging system technology in the U.S. or other licenses obtained under license from a third party. Our brand name and logo, and certain of our products and services, are protected by domestic and foreign trademark rights. Our patents, trademarks and other intellectual property rights, particularly those relating to our converting operations, are important to our operations as a whole. While, in the aggregate, intellectual property rights are material to our business, the loss of any one or any related group of such rights would not be expected to have a material adverse effect on our business. Our intellectual property has various expiration dates.

Employees

At September 30, 2015, we had approximately 41,400 employees. Of these employees, approximately 29,100 were hourly and approximately 12,300 were salaried. Approximately 14,500 of our hourly employees in the US and Canada are covered by CBAs, which most frequently have four or six year terms. Approximately 1,100 of our employees are working under expired contracts and approximately 3,500 of our employees are covered under CBAs that expire within one year.

While we have experienced isolated work stoppages in the past, we have been able to resolve them and we believe that working relationships with our employees are generally good. While the terms of our CBAs may vary, we believe the material terms of the agreements are customary for the industry, the type of facility, the classification of the employees and the geographic location covered thereby.

Table of Contents

In October 2014, we entered into a master agreement with the USW that applied to substantially all of our legacy RockTenn facilities represented by the USW at that time. The agreement has a six year term and covers a number of specific items, including wages, medical coverage and certain other benefit programs, substance abuse testing and successorship. Individual facilities will continue to have local agreements for subjects not covered by the master agreement and those agreements will continue to have staggered terms. Wage increases specified in the master agreement will not begin until the local facility agreements have been negotiated and ratified. The master agreement covers approximately 54 of our legacy RockTenn U.S. facilities and approximately 7,000 of our employees.

International Operations

Our operations outside the U.S. are conducted through subsidiaries located in Canada, Mexico, South America, Europe and Asia. Sales that were attributable to foreign operations were 13.5%, 12.0% and 13.3% in fiscal 2015, 2014 and 2013, respectively, some of which were transacted in U.S. dollars. For more information about our foreign operations, see “Note 19. Segment Information” of the Notes to Consolidated Financial Statements included herein.

Available Information

Our Internet address is www.westrock.com. Our Internet address is included herein as an inactive textual reference only. The information contained on our website is not incorporated by reference herein and should not be considered part of this report. We file annual, quarterly and current reports, proxy statements and other information with the SEC and we make available free of charge most of our SEC filings through our Internet website as soon as reasonably practicable after filing with the SEC. You may access these SEC filings via the hyperlink that we provide on our website to a third-party SEC filings website. We also make available on our website the charters of our audit committee, our compensation committee, our nominating and corporate governance committee, and our finance committee, as well as the corporate governance guidelines adopted by our board of directors, our Code of Business Conduct for employees, our Code of Business Conduct and Ethics for directors and our Code of Ethical Conduct for CEO and Senior Financial Officers. Any amendments to, or waiver from, any provision of the codes will be posted on the Company's website at the address above. We will also provide copies of these documents, without charge, at the written request of any shareholder of record. Requests for copies should be mailed to: WestRock Company, 504 Thrasher Street, Norcross, Georgia 30071, Attention: Corporate Secretary.

Forward-Looking Information

Statements in this report that do not relate strictly to historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on our current expectations, beliefs, plans or forecasts and use words such as “may”, “will”, “could”, “would”, “anticipate”, “intend”, “estima “project”, “plan”, “believe”, “expect”, “target” and “potential”, or refer to future time periods, and include statements made in t report regarding, among other things: our intention to complete the separation of our specialty chemicals business through a spin-off or other alternative transaction and that we are targeting an approximate March 1, 2016 separation; our belief that buyer-specific synergies are expected to arise after the Combination (e.g., enhanced geographic reach of the combined organization and increased vertical integration and synergistic opportunities) and the assembled work force of MWV; our expectation of achieving a $1.0 billion annualized run rate synergy and performance improvement target, before inflation, to be realized by September 30, 2018; our belief the Combination will combine two industry leaders to create a premier global provider of paper and packaging solutions in consumer and corrugated markets; our belief that should we incur production disruptions for recycled or virgin paperboard or containerboard we would be able to source significant replacement quantities internally or from other suppliers because there are other suppliers that produce the necessary grades of recycled and bleached paperboard and containerboard used in our converting

operations; our estimate for our capital expenditures in fiscal 2016 and that we expect our annual capital investment to continue in a similar range for the next three years, subject to the specialty chemicals separation, as well as amounts and timing of specific projects and plans, including but not limited to in connection with matters relating to environmental compliance; our belief that our strong balance sheet and cash flow provide us the flexibility to continue to invest to sustain and improve our operating performance; our estimation that based on fiscal 2015 pricing, our annual energy expenditure on all energy sources to operate our facilities will be approximately $834 million, including amounts related to facilities acquired in the Combination; our belief that the Combination will combine two industry leaders to create a premier global provider of consumer and corrugated packaging solutions; our belief that the mills acquired in the SP Fiber transaction help balance the fiber mix of our mill system; our belief that the addition of kraft and bag paper from the SP Fiber transaction will diversify our product offering including our ability to serve the increasing demand for lighter weight containerboard and kraft paper; our belief that the SP Fiber transaction is expected to generate significant synergies and be accretive to earnings in the second half of fiscal 2016; our belief that the partnership with Grupo Gondi will help grow our presence in the attractive Mexican market and our expectation to begin operations as a joint venture after we receive regulatory approval from Mexico's Antitrust Authority,
the Comisión Federal de Competencia Económica,

which we expect will take approximately four to six months; our expectation that we will permanently close our Coshocton, OH medium mill in late November, that we expect the closure to reduce our annual operating costs and enable us to avoid maintenance capital while continuing to serve our customers and that as a result of the closure, and that we expect to record an initial charge of approximately $130 million for primarily asset impairments and severance; our belief that the Quebec cap-and-trade program may require expenditures to meet required GHG emission reduction requirements in future years; that requirements also may increase energy costs above the level of general inflation and result in direct compliance and other costs but that compliance with the requirements of the new cap-and-trade program will not have a material adverse effect on our operations or financial condition; the amounts of our anticipated contributions to our qualified and supplemental defined benefit pension plans in fiscal 2016 and the range of contributions in fiscal 2017 through 2020; our expectation of contribution savings of approximately $550 million through 2024 as a result of the merger of MWV and RockTenn's U.S. qualified defined benefit pension and that excluding the aforementioned pension plans, we expect to make future contributions primarily to our foreign pension plans in the coming years in order to ensure that our funding levels remain adequate and meet regulatory requirements; our expectation that our offers to settle obligations of certain of our defined benefit pension plans through lump sum payments to certain eligible former employees who are not currently receiving a monthly benefit will not require us to make additional pension plan contributions; our expectation that buyer-specific synergies will arise after the acquisition of NPG and AGI In-Store (e.g., enhanced reach of the combined organization and increased vertical integration) and their respective assembled work forces; our belief that the acquisitions of AGI In-Store support our strategy to provide a more holistic portfolio of innovative in-store marketing solutions, including "store-within-a-store" displays, and has enhanced cross-selling opportunities and bolster our growing retail presence; our expectation that the goodwill and intangibles from the AGI In-Store transaction will be amortizable for income tax purposes; our belief that the Tacoma Mill is a strategic fit and the mill has improved our ability to satisfy West Coast customers and generate operating efficiencies across our containerboard system; our belief that NPG is a strong strategic fit that has strengthened our displays business and that NPG provides a broad range of display products and services to many of the most recognized retailers and their innovative retail solutions and large-format printing capability expands our customer base and significantly improves our ability to provide retail insights, innovation and connectivity to all of our customers; our expectation that buyer-specific synergies will arise after the acquisition of the Tacoma Mill (e.g., enhanced reach of the combined organization and synergies) and its assembled work force; our expectation that we will continue to make contributions in the coming years to our pension plans in order to ensure that our funding levels remain adequate in light of projected liabilities and to meet the requirements of the Pension Act and other regulations; our belief that certain MEPPs in which we participate have material unfunded vested benefits; although the plan data for fiscal 2015 is not yet available, we would expect to continue to exceed 5% of total plan contributions to certain MEPPs; a current annualized dividend of $1.50 per share on our Common Stock; our target normalized Leverage Ratio (as defined in the Credit Agreement) of 2.25x - 2.50x; our anticipation that we will be able to fund our capital expenditures, interest payments, dividends and stock repurchases, pension payments, working capital needs, note repurchases, restructuring activities, repayments of current portion of long-term debt and other corporate actions for the foreseeable future from cash generated from operations, borrowings under our credit facilities, proceeds from the issuance of debt or equity securities or other additional long-term debt financing, including new or amended facilities; the effect of a hypothetical 10% increase on the prices of various commodities, freight and energy; our belief that there is not a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to estimate allowances; that based on our current projections, we expect to utilize our remaining Alternative Minimum Tax and other U.S. federal credits primarily over the next two years; that we expect to receive increased tax benefits from a greater domestic manufacturer's deduction which has been limited in recent years by federal taxable income after the use of federal net operating losses while foreign net operating losses, state net operating losses and credits will be used over a longer period of time; our expectation that including the estimated impact of book and tax differences, our cash tax payments will be substantially similar to our income tax expense in fiscal 2016, 2017 and 2018; our belief that integration activities will continue for the next two fiscal years; our results of operations, financial condition, cash flows, liquidity or capital resources, including expectations regarding sales growth, income tax rates, our production capacities and our ability to achieve operating efficiencies; the consummation of acquisitions and financial transactions, the effect of these transactions on our business and the valuation of assets acquired in these transactions; our competitive position and competitive conditions; our ability to obtain adequate replacement supplies of raw materials or energy; our relationships with our customers; our relationships with our employees; our plans and objectives for future operations and expansion; our compliance obligations with respect to health and safety laws and environmental laws, the cost of compliance, the timing of these costs, or the impact of any liability under such laws on our results of operations, financial condition or cash flows, and our right to indemnification with respect to any such cost or liability; our belief that the currently expected outcome of any environmental proceeding or claim that is pending or threatened against us will not have a material adverse effect on our results of operations, financial condition or cash flows; the possibility that we may engage in additional restructuring opportunities in the future; our belief that we have properly contained asbestos and/or have trained our employees in an effort to ensure that no rules or regulations are violated in the maintenance of our facilities where asbestos is present; the impact of any gain or loss of a customer’s business; our expectations surrounding credit loss rates; the impact of announced price increases; the scope, costs, timing and impact of any restructuring of our operations and corporate and tax structure including our expectation that the integration of closed facility’s assets and production with other facilities will enable the receiving facilities to better leverage their fixed costs; factors considered in connection with any impairment analysis, the outcome of any such analysis and the anticipated impact of any such analysis on our results of operations, financial condition or cash flows; pension

Table of Contents

and retirement plan obligations, contributions, the factors used to evaluate and estimate such obligations and expenses, the impact of amendments to our pension and retirement plans, the impact of governmental regulations on our results of operations, financial condition or cash flows; pension and retirement plan asset investment strategies; potential liability for outstanding guarantees and indemnities and the potential impact of such liabilities; the impact of any market risks, such as interest rate risk, pension plan risk, foreign currency risk, commodity price risks, energy price risk, rates of return, the risk of investments in derivative instruments, and the risk of counterparty nonperformance, and factors affecting those risks including our increased exposure to foreign currency as a result of the Combination and our expectation that foreign segment income is expected to grow following the Combination; our expectation to continue to operate under environmental permits and similar authorizations from various governmental authorities that regulate discharges, emissions and wastes; the amount of contractual obligations based on variable price provisions and variable timing and the effect of contractual obligations on liquidity and cash flow in future periods; the implementation of accounting standards and the impact of these standards once implemented; factors used to calculate the fair value of financial instruments and other assets and liabilities; factors used to calculate the fair value of options, including expected term and stock price volatility; our assumptions and expectations regarding critical accounting policies and estimates; our recording of net deferred tax assets to the extent we believe such assets are more likely than not to be realized; the Antitrust Litigation and other lawsuits and claims arising out of the conduct of our business; that we will utilize funds from one of our long-term facilities to refinance the 6.375% Wickliffe, KY bond due April 2026 and that the bond will be called on November 30, 2015; our expectation that, except for three mills for which we have obtained a one year extension, all of our mills owned at September 30, 2015 will be in compliance with Boiler MACT by January 31, 2016; our expectation for sales to ramp up during the first half fiscal 2016 with respect to specialty chemicals' new activated carbon plant in China; our expectation that the adoption of the provisions of ASU 2015-07, ASU 2015-04 and ASU 2015-02 will not have a material effect on our consolidated financial statements; our expectation that based on our current stock compensation awards, ASU 2014-12 will not have a material effect on our consolidated financial statements.

With respect to these statements, we have made assumptions regarding, among other things, the results and impacts of the Combination; whether and when the separation of our specialty chemicals business will occur; our ability to effectively integrate the operations of RockTenn and MWV; economic, competitive and market conditions; volumes and price levels of purchases by customers; competitive conditions in our businesses; possible adverse actions of our customers, our competitors and suppliers; labor costs; the amount and timing of capital expenditures, including installation costs, project development and implementation costs, severance and other shutdown costs; restructuring costs; utilization of real property that is subject to the restructurings due to realizable values from the sale of such property; credit availability; volumes and price levels of purchases by customers; raw material and energy costs; and competitive conditions in our businesses.

You should not place undue reliance on any forward-looking statements as such statements involve risks, uncertainties, assumptions and other factors that could cause actual results to differ materially, including the following: the level of demand for our products; our ability to successfully identify and make performance improvements; anticipated returns on our capital investments; our ability to achieve benefits from acquisitions and the timing thereof, including synergies, performance improvements and successful implementation of capital projects; our belief that matters relating to previously identified third party PRP sites and certain formerly owned facilities of Smurfit-Stone have been or will be satisfied claims in the Smurfit-Stone bankruptcy proceedings; the level of demand for our products; our belief that we can assert claims for indemnification pursuant to existing rights we have under settlement and purchase agreements in connection with certain of our existing environmental remediation sites; our belief that we have insurance coverage, subject to applicable deductibles and policy limits for certain environmental matters; our ability to successfully identify and make performance improvements; anticipated returns on our capital investments; uncertainties related to planned mill outages or production disruptions, including associated costs and the length of those outages; the possibility of unplanned mill outages; investment performance, discount rates, return on pension plan assets and expected compensation levels; market risk from changes in, including but not limited to, interest rates and commodity prices; possible increases in energy, raw materials, shipping and capital equipment costs; any reduction in the supply of raw materials; fluctuations in selling prices and volumes; intense competition; the potential loss of certain customers; the timing and impact of AFMC and CBPC; the impact of operational restructuring activities, including the cost and timing of such activities, the size and cost of employment terminations, operational consolidation, capacity utilization, cost reductions and production efficiencies; estimated fair values of assets, and returns from planned asset transactions, and the impact of such factors on earnings; potential liability for outstanding guarantees and indemnities and the potential impact of such liabilities; the impact of economic conditions, including the nature of the current market environment, raw material and energy costs and market trends or factors that affect such trends, such as expected price changes, competitive pricing pressures and cost increases, as well as the impact and continuation of such factors; our results of operations, including operational inefficiencies, costs, sales growth or declines; our desire or ability to continue to repurchase company stock; the timing and impact of customer transitioning, the impact of announced price increases or decreases and the impact of the gain and loss of customers; pension plan contributions and expense, funding requirements and earnings; environmental law liability as well as the impact of related compliance efforts, including the cost of required improvements and the availability of certain indemnification claims; capital expenditures; the cost and other effects of complying with governmental laws and regulations and the timing of such costs; the scope, and timing and outcome of any litigation, including the Antitrust Litigation or other dispute resolutions and the impact of any such litigation or other dispute resolutions on our results of operations, financial condition or cash flows; income tax rates, future deferred tax expense and future cash tax payments; future debt repayment; our ability to fund capital expenditures, interest payments, dividends and stock repurchases, pension payments, working capital needs, note repurchases, repayments of current portion of long term debt and other corporate actions for the foreseeable future from cash generated from operations, borrowings under our credit facilities, proceeds from the issuance of debt or equity securities or other additional long-term debt financing, including new or amended facilities; our estimates and assumptions regarding our contractual obligations and the impact of our contractual obligations on our liquidity and cash flow; the impact of changes in assumptions and estimates underlying accounting policies; the expected impact of implementing new accounting standards; the impact of changes in assumptions and estimates on which we based the design of our system of disclosure controls and procedures; the expected cash tax payments that may change due to changes in taxable income, tax laws or tax rates, capital expenditures or other factors; the occurrence of severe weather or a natural disaster, such as a hurricane, tropical storm, earthquake, tornado, flood, fire, or other unanticipated problems such as labor difficulties, equipment failure or unscheduled maintenance and repair, which could result in operational disruptions of varied duration; adverse changes in general market and industry conditions and other risks, uncertainties and factors discussed in Item 1A. “Risk Factors” and by similar disclosures in any of our subsequent SEC filings. The information contained herein speaks as of the date hereof and we do not have or undertake any obligation to update such information as future events unfold.

Item 1A. RISK FACTORS

We are subject to certain risks and events that, if one or more of them occur, could adversely affect our business, our results of operations, financial condition, cash flows and/or the trading price of our Common Stock. In evaluating us, our business and an investment in our securities, you should consider the following risk factors, in addition to the other information presented in this report, as well as the other reports and registration statements we file from time to time with the SEC. The risks below are not the only ones we face. Additional risks not currently known to us or that we currently deem immaterial could also adversely impact our business in the future.

We May Fail to Realize the Anticipated Benefits of the Combination

The success of the Combination will depend on, among other things, our ability to combine the RockTenn and MWV businesses in a manner that facilitates growth opportunities and realizes anticipated synergies, and achieves the identified projected cost savings and revenue growth trends. On a combined basis, we expect to benefit from operational synergies resulting from the consolidation of capabilities, the elimination of redundancies, as well as greater efficiencies from increased scale and market integration. We have set a $1.0 billion annualized run rate synergy and performance improvement target, before inflation, to be realized by September 30, 2018. We also expect to realize revenue synergies, such as expanded and complementary product offerings and increased geographic reach of the combined businesses. However, we must successfully combine the businesses of RockTenn and MWV in a manner that permits these cost savings and synergies to be realized. In addition, we must achieve the anticipated savings and synergies without adversely affecting current revenues and investments in future growth. If we are not able to successfully achieve these objectives, the anticipated benefits of the Combination may not be realized fully or at all or may take longer to realize than expected.

The Failure to Successfully Integrate Certain Businesses and Operations of RockTenn and MWV in the Expected Time Frame May Adversely Affect Our Future Results

Historically, RockTenn and MWV operated as independent companies. The business currently conducted by WestRock is the combined businesses conducted by RockTenn and MWV prior to the Combination. We may face significant challenges in consolidating certain businesses and functions of RockTenn and MWV, integrating their technologies, organizations, procedures, policies and operations, addressing differences in the business cultures of the two companies and retaining key personnel. The integration may also be complex and time consuming, and require substantial resources and effort. The integration process and other disruptions resulting from the Combination may also disrupt ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect our relationships with employees, suppliers, customers and others with whom RockTenn and MWV had business or other dealings or limit our ability to achieve the anticipated benefits of the Combination. In addition, difficulties in integrating the businesses or regulatory functions of RockTenn and MWV could harm our reputation.

Combining the Businesses of RockTenn and MWV May Be More Difficult, Costly or Time-Consuming than Expected, Which May Adversely Affect Our Results and Negatively Affect the Value of Our Common Stock

If we are not able to successfully combine the businesses of RockTenn and MWV in an efficient, effective and timely manner, the anticipated benefits and cost savings of the Combination may not be realized fully, or at all, or may take longer to realize than expected, and the value of our Common Stock may be affected adversely. An inability to realize the full extent of the anticipated benefits of the Combination, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and our operating results, which may adversely affect the value of our Common Stock. Also, the integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual synergies, if achieved, may be lower than what we expect and may take longer to achieve than anticipated. In addition, the expected contribution savings from merging the U.S. pension plans of the companies may be higher or lower than anticipated. If we are not able to adequately address integration challenges, we may be unable to successfully integrate MWV's and RockTenn's operations or to realize the anticipated benefits of the integration of the two companies.

RockTenn and MWV Have, and WestRock Expects, to Incur Significant Transaction and Integration Costs in Connection with the Combination

RockTenn and MWV have incurred and we expect to incur a number of non-recurring costs associated with the Combination. These costs and expenses include, but are not limited to financial advisory, bank fees, legal, accounting, consulting and other advisory fees and expenses, reorganization and restructuring costs, severance/employee benefit-related expenses, filing fees, printing expenses, and other related charges and integration costs. There are also a large number of processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Combination. While we assumed that a certain level of expenses would be incurred in connection with the Combination, there are many factors beyond our control that could affect the total amount or the timing of the integration and implementation expenses. There may also be additional unanticipated significant costs in connection with the Combination that we may not recoup. These costs and expenses could reduce the benefits and additional income we expect to achieve from the Combination. Although we expect that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

There Can Be No Assurance That the Separation of our Specialty Chemicals Business Will Occur, and Until it Occurs, the Terms of the Separation May Change and We and Our Stockholders May Not Realize the Potential Benefits from the Separation of our Specialty Chemicals Business

We expect to complete the separation of our specialty chemicals business, now called Ingevity, through a spin-off or other alternative transaction. We are targeting an approximate March 1, 2016 separation. However, there can be no assurance of the timeframe in which the separation will occur or that the separation will occur at all. Until the separation occurs, we will have the discretion to determine and change the terms of the separation or determine not to proceed with the separation.

WestRock and its stockholders may not realize the potential benefits expected from the separation of its specialty chemicals business. In addition, we have incurred and will continue to incur significant costs and some negative effects from the separation of the specialty chemicals business, including loss of access to some of the financial, managerial and professional resources from which MWV benefited in the past, and diminished diversification of revenue sources, which may increase volatility of results of operations, cash flows, working capital and financing requirements.

In addition, until the market has fully analyzed our value after the separation of its specialty chemicals business, our Common Stock may experience more market price volatility than usual. It is also possible that the combined market prices of our Common Stock and the common stock of Ingevity immediately after the separation will be more or less than the market prices of our Common Stock immediately before the separation.

We are Exposed to the Risks Related to International Sales and Operations

We predominately operate in domestic U.S. markets, but derive a portion of our total sales from outside the U.S. through international operations or exports to foreign customers. Therefore, we have exposure to risks of operating in many foreign countries, including:

• difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations;
• unexpected changes in political or regulatory environments;
• earnings and cash flows that may be subject to tax withholding requirements or the imposition of tariffs, exchange controls or other restrictions;

• restrictions on, or difficulties and costs associated with, the repatriation of cash from foreign countries to the U.S.;
• political and economic instability;
• import and export restrictions and other trade barriers;
• difficulties in maintaining overseas subsidiaries and international operations;
• difficulties in obtaining approval for significant transactions;
• government limitations on foreign ownership;
• government takeover or nationalization of business;
• government mandated price controls; and
• fluctuations in foreign currency exchange rates.

Any one or more of the above factors could adversely affect our international operations and could significantly affect its results of operations, financial condition and cash flows.

The Future Success of our International Operations Could be Adversely Affected by Violations or Alleged Violations of the FCPA and Similar World-Wide Anti-Bribery Laws.

The FCPA, and similar world-wide anti-bribery laws, prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Our policies mandate compliance with anti-bribery laws, including the FCPA. Our internal control policies and procedures, or those of our vendors, may not adequately protect us from reckless or criminal acts committed or alleged to be committed by our employees, agents, or vendors. Any such allegations could lead to civil or criminal monetary and non-monetary penalties and/or could damage our reputation. There can be no assurance that violations of these laws, or allegations of such violations, would not have a material impact on our results of operations and financial condition.

We May Face Increased Costs and Reduced Supply of Raw Materials and Energy

Costs of recovered paper and virgin fiber, our principal externally sourced raw materials for our mills, and items such as crude tall oil, or “CTO”, sawdust, phosphoric acid, ethyleneamines and lignin for our specialty chemicals operations, are subject to pricing variability due to market and industry conditions. Increasing demand for products packaged in 100% recycled paper, greater demand for U.S. sourced recovered paper by Asian based paper manufacturers, and the shift by manufacturers of virgin paperboard, tissue, newsprint and corrugated packaging to the production of products with some recycled paper content have and may continue to increase demand for recovered paper, which may result in cost increases. Certain published indexes contribute to price setting for some of our raw materials. Future changes in how these indexes are established or maintained could impact pricing. At times, the cost of natural gas, which we use in many of our manufacturing operations, including many of our mills and specialty chemicals operations, and other energy costs (including energy generated by burning natural gas, fuel oil, biomass and coal) have fluctuated significantly. There can be no assurance that we will be able to recoup any past or future increases in the cost of raw materials or energy through price increases for our products. The failure to obtain raw materials or energy at reasonable market prices, or the failure to pass on price increases, could have an adverse effect on our results of operations. Further, a reduction in availability of raw materials or energy sources due to increased demand or other factors could have an adverse effect on our results of operations and financial condition.

We May Experience Pricing Variability

The selling prices in the industries we operate have historically experienced significant fluctuations. Certain published indexes contribute to the setting of selling prices for some of our products. Future changes in how these indexes are established or maintained could impact selling prices. If we are unable to maintain selling prices, that inability may have a material adverse effect on our results of operations and financial condition. We are not able to predict with certainty future market conditions or the selling prices for our products.

Our Earnings are Highly Dependent on Volumes

Our operations generally have high fixed operating cost components and, therefore, our earnings are highly dependent on volumes, which tend to fluctuate. These fluctuations make it difficult to predict our financial results with any degree of certainty. An inability to maintain volumes may have a material adverse effect on our results of operations and financial condition.

Table of Contents

We Face Intense Competition

Our businesses are in industries that are highly competitive, and no single company dominates an industry. Our competitors include large and small, vertically integrated companies and numerous smaller non-integrated companies. We generally compete with companies operating in North America, although we have operations spanning North America, South America, Europe and Asia. Competition from domestic or foreign lower cost manufacturers in the future could negatively impact our sales volumes and pricing. Because all of our businesses operate in highly competitive industry segments, we regularly bid for sales opportunities to customers for new business or for renewal of existing business. The loss of business from our larger customers, or the renewal of business with less favorable terms, may have a significant impact on our results of operations. Further, competitive conditions may prevent us from fully recovering increased costs and may inhibit our ability to pass on cost increases to our customers. Customer shifts away from paperboard and containerboard packaging to packaging from other materials or from products in our specialty chemicals business such as tall oil rosin-based resins in the adhesives and ink markets to hydrocarbon and gum rosin-based products could adversely affect our results of operations. Our mills’ sales volumes may be directly impacted by changes in demand for our packaging products.

We Have Been Dependent on Certain Customers

Each of our segments has certain large customers, the loss of which could have a material adverse effect on the segment’s sales and, depending on the significance of the loss, our results of operations, financial condition or cash flows.

We May Incur Business Disruptions

We take measures to minimize the risks of disruption at our facilities. The occurrence of a natural disaster, such as a hurricane, tropical storm, earthquake, tornado, severe weather, flood, fire, or other unanticipated problems such as labor difficulties, inability to obtain freight services, equipment failure or unscheduled maintenance could cause operational disruptions of varied duration. Disruptions at our suppliers could lead to short term or longer rises in raw material or energy costs and/or reduced availability of materials or energy. These types of disruptions could materially adversely affect our earnings to varying degrees dependent upon the facility, the duration of the disruption, our ability to shift business to another facility or find alternative sources of materials or energy. Any losses due to these events may not be covered by our existing insurance policies or may be subject to certain deductibles.

We May be Adversely Affected by Current Economic and Financial Market Conditions

Our businesses may be affected by a number of factors that are beyond our control such as general economic and business conditions, changes in tax laws or tax rates and conditions in the financial services markets including counterparty risk, insurance carrier risk, rising interest rates, inflation, deflation, fluctuations in the value of local currency versus the U.S. dollar or the impact of a stronger U.S. dollar may negatively impact our ability to compete. Macro-economic challenges, including conditions in financial and capital markets and levels of unemployment, and the ability of the U.S. and other countries to deal with their rising debt levels may continue to put pressure on the economy or lead to changes in tax laws or tax rates. There can be no assurance that changes in tax laws or tax rates will not have a material impact on our future cash taxes, effective tax rate, or deferred tax assets and liabilities. Adverse developments in the U.S. and global economy, including locations such as Europe, Brazil, India and China, could drive an increase or decrease in the demand for our products that could increase or decrease our revenues, increase or decrease our manufacturing costs and ultimately increase or decrease our results of operations, financial condition and cash flows. As a result of negative changes in the economy, customers, vendors or counterparties may experience significant cash flow problems or cause consumers of our products to postpone or refrain from spending in response to adverse economic events or conditions. If customers are not successful in generating sufficient revenue or cash flows or are precluded from securing financing, they may not be able to pay or may delay payment of accounts receivable that are owed to us or we may experience lower sales volumes. We are not able to predict with certainty market conditions, and our business could be materially and adversely affected by these market conditions.

If Interest Rates Increase, our Net Income Could be Negatively Affected

We maintain levels of floating rate debt that we consider prudent based on our cash flows and other metrics. Our floating rate debt exposes us to changes in interest rates. We utilize fixed rate debt and from time to time derivative financial instruments to manage our exposure to interest rate risks. However, there can be no assurance that our financial risk management will be successful in reducing the risks inherent in exposures to interest rate fluctuations. Our interest expense may also be affected by our credit ratings.

Table of Contents

We May be Unable to Successfully Complete and Finance Mergers and Acquisitions

We have completed several mergers and acquisitions in recent years and we have and may continue to seek additional such opportunities. There can be no assurance that we will successfully be able to identify suitable targets, complete and finance the transactions, integrate the target operations into our existing operations, realize the anticipated synergies and business opportunities or expand into new markets. There can also be no assurance that future transactions will not have an adverse effect on our operating results, or that the terms of the debt financing and our increased indebtedness following a transaction, as well as any potential underfunded pension and postretirement liabilities of the acquired operations, may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions. Target operations may not achieve levels of revenues, profitability or productivity comparable with those our existing operations achieve, or otherwise perform as expected. In addition, it is possible that, in connection with mergers and acquisitions, our capital expenditures could be higher than we anticipated and that we may not realize the expected benefits of such capital expenditures. Our business may be affected by a number of factors that are beyond our control such as general economic conditions or business risks associated with macro-economic challenges, including, without limitation, potential turmoil in financial, capital and equity markets and high levels of unemployment. Should these types of conditions and risks occur with sufficient severity, there can be no assurance that such changes would not materially impact the carrying value of our goodwill.

We are Subject to Extensive and Costly Environmental and Other Governmental Regulation

We are subject to various federal, state, local and foreign environmental laws and regulations, including those regulating the discharge, storage, handling and disposal of a variety of substances, the regulation of chemicals used in our operations, as well as other financial and non-financial regulations, including items such as air and water quality, the cleanup of contaminated soil and groundwater and matters related to the health and safety of employees.

We regularly make capital expenditures to maintain compliance with applicable environmental laws and regulations. However, environmental laws and regulations are becoming increasingly stringent. Consequently, our compliance and remediation costs could increase materially. In addition, we cannot currently assess the impact of future changes in governmental regulations, including future emissions standards and climate change initiatives (such as regulations on emissions from certain industrial boilers), and government’s enforcement practices will have on our operations or capital expenditure requirements. Further, we have been identified as a PRP at various third-party disposal sites pursuant to U.S. federal or state statutes. There can be no assurance that any liability we may incur in connection with these or other sites at which we may be identified in the future as a responsible party or in connection with other governmental requirements, including capital investments or business disruptions associated with regulatory compliance, will not be material to our results of operations, financial condition or cash flows. Our operations also consume significant amounts of energy, and we may incur additional indirect costs as a result of changes in costs of energy due to increased climate-related regulations.

Our Specialty Chemicals Business Sales Are Impacted by Factors Such As Adverse Conditions in the Automotive Market, Government Infrastructure Spending and Levels of Energy Exploration

Sales of our automotive carbon products are tied to global automobile production levels. Automotive production in the markets we serve can be affected by macro-economic factors such as interest rates, fuel prices, consumer confidence, employment trends, regulatory and legislative oversight requirements and trade agreements.

A significant portion of our customers’ revenues in our pavement technologies business is derived indirectly from contracts with various foreign and U.S. governmental agencies, and therefore, when government spending is reduced, our customers' need for these products is similarly reduced. While we do not do business directly with governmental agencies, our customers provide paving services to, the governments of various jurisdictions, and we anticipate that revenue either directly or indirectly attributable to such government spending will continue to remain a significant portion of our revenues for this business. Government business is, in general, subject to special risks and challenges, including: delays in funding and uncertainty regarding the allocation of funds to federal, state and local agencies, delays in the expenditures and delays or reductions in other state and local funding dedicated for transportation projects; other government budgetary constraints, cutbacks, delays or reallocation of government funding; long purchase cycles or approval processes; our customers' competitive bidding and qualification requirements; changes in government policies and political agendas; and international conflicts or other military operations that could cause the temporary or permanent diversion of government funding from transportation or other infrastructure projects.

Demand for our oilfield technologies services and products is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies. The level of exploration, development and production activity is directly affected by trends in oil and natural gas prices, which historically have been volatile and are likely to continue to be volatile. During periods of reduced oilfield activity we are likely to experience reduced demand for our oilfield technology products, which may have a significant effect on our results of operations.

Our Capital Expenditures May Not Achieve the Desired Outcome or May Be Achieved at a Higher Cost

We regularly make capital expenditures with respect to our manufacturing facilities. Many of our projects are complex, costly and are implemented over an extended period of time. Consequently, it is possible that our capital expenditures could be higher than we anticipated, we may experience unanticipated business disruptions or we may not achieve the desired benefits from such projects. Should these types of conditions and risks occur with sufficient severity, there can also be no assurance that such conditions would not have an adverse effect upon our operating results.

We May Incur Additional Restructuring Costs

We have restructured portions of our operations from time to time, including in connection with the Combination. It is possible that we may engage in additional restructuring initiatives. Because we are not able to predict with certainty market conditions, including the change in the supply and demand for our products, the loss of large customers, or the selling prices for our products, we also may not be able to predict with certainty when it will be appropriate to undertake restructurings. The costs associated with these activities will vary depending upon the type of facility impacted, with the non-cash cost of a mill closure generally being more significant than that of a converting facility due to the higher level of fixed costs. It is also possible, in connection with these restructuring efforts, that our costs could be higher than we anticipate and that we may not realize the expected benefits.

We May Incur Increased Transportation Costs

We distribute our products primarily by truck and rail, although we also distribute some of our products by cargo ship. Reduced availability of trucks, rail cars or cargo ships could negatively impact our ability to ship our products in a timely manner. There can be no assurance that we will be able to recoup any past or future increases in transportation rates or fuel surcharges through price increases for our products.

Work Stoppages and Other Labor Relations Matters May Have an Adverse Effect on Our Financial Results

A significant number of our union employees are governed by CBAs. Expired contracts are in the process of renegotiation. We may not be able to successfully negotiate new union contracts without work stoppages or labor difficulties or renegotiate without unfavorable terms. If we are unable to successfully renegotiate the terms of any of these agreements or an industry association is unable to successfully negotiate a national agreement when they expire, or if we experience any extended interruption of operations at any of our facilities as a result of strikes or other work stoppages, our results of operations and financial condition could be materially and adversely affected.

We May Incur Increased Employee Benefit Costs, Certain of Our Pension Plans Will Require Additional Cash Contributions and We May Incur Increased Funding Requirements in the Multiemployer Pension Plans in Which We Participate

Employee healthcare costs in recent years have continued to rise. The Patient Protection and Affordable Care Act has resulted in significant healthcare cost increases. Our pension and health care benefits are dependent upon multiple factors resulting from actual plan experience and assumptions of future experience. Following the Combination, WestRock merged MWV's U.S. qualified defined benefit pension plans into the Rock-Tenn Company Consolidated

Pension Plan, and renamed the merged plan the WestRock Company Consolidated Pension Plan. The WestRock Company Consolidated Pension Plan is over funded. Excluding the aforementioned pension plans, we expect to make future contributions to primarily our foreign pension plans in the coming years in order to ensure that our funding levels remain adequate and meet regulatory requirements. The actual required amounts and timing of future cash contributions will be highly sensitive to changes in the applicable discount rates and returns on plan assets, and could also be impacted by future changes in the laws and regulations applicable to plan funding. Our pension plan assets are primarily made up of fixed income, equity and alternative investments. Fluctuations in market performance of these assets and changes in interest rates may result in increased or decreased pension costs in future periods. Changes in assumptions regarding expected long-term rate of return on plan assets, our discount rate, expected compensation levels or mortality could also increase or decrease pension costs. There can be no assurance that such changes, including turmoil in financial and capital markets, will not be material to our results of operations, financial condition or cash flows.

We participate in several MEPPs administered by labor unions that provide retirement benefits to certain union employees in accordance with various CBAs. As one of many participating employers in these plans, we are generally responsible with the other participating employers for any plan underfunding. Our contributions to a particular MEPP are established by the applicable CBAs;

however, our required contributions may increase based on the funded status of a MEPP and legal requirements such as those of the Pension Act, which requires substantially underfunded MEPPs to implement a funding improvement plan or a rehabilitation plan to improve their funded status. We believe that certain of the MEPPs in which we participate have material unfunded vested benefits. Due to uncertainty regarding future factors that could trigger a withdrawal liability, including partial withdrawal liabilities triggered by facility closures, as well as the absence of specific information regarding matters such as the MEPP's current financial situation due in part due to delays in reporting, the potential withdrawal or bankruptcy of other contributing employers, the impact of future plan performance or the success of current and future funding improvement or rehabilitation plans to restore solvency to the plans, we are unable to determine with certainty the amount and timing of any future withdrawal liability, changes in future funding obligations or the impact of increased contributions including those that could be triggered by a mass withdrawal of other employers from a MEPP. There can be no assurance that the impact of increased contributions, future funding obligations or future withdrawal liabilities will not be material to our results of operations, financial condition or cash flows.

We are Subject to Cyber-Security Risks Related to Certain Customer, Employee, Vendor or Other Company Data

We use information technologies to securely manage operations and various business functions. We rely upon various technologies to process, store and report on our business and interact with customers, vendors and employees. Our systems are subject to repeated attempts by third parties to access information or to disrupt our systems. Despite our security design and controls, and those of our third party providers, we could become subject to cyber-attacks which could result in operational disruptions or the misappropriation of sensitive data. There can be no assurance that such disruptions or misappropriations and the resulting repercussions will not be material to our results of operations, financial condition or cash flows.

Our Success Is In Part Dependent On Our Ability to Develop and Successfully Introduce New Products and to Acquire and Retain Intellectual Property Rights

Our ability to develop and successfully market new products and to develop, acquire and retain necessary intellectual property rights is important to our continued success and competitive position. If we were unable to protect our existing intellectual property rights, develop new rights, or if others developed similar or improved technologies, there can be no assurance that such events would not be material to our results of operations, financial condition or cash flows.

The Real Estate Industry is Highly Competitive and Economically Cyclical

We engage in value-added real estate development activities in the Charleston, South Carolina region, including obtaining entitlements and establishing joint ventures and other development-related arrangements. Our ability to execute our plans to realize the greater value associated with our development land holdings may be affected by the following factors, among others:

• general economic conditions, including credit markets and interest rates;
• local real estate market conditions, including competition from sellers of land and real estate developers; and
• impact of federal, state and local laws and regulations affecting land use, land use entitlements, land protection and zoning.

There can be no assurance that the impact of any such factors or our ability to execute such plans will not be material to our results of operations, financial condition or cash flows.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable – there are no unresolved SEC staff comments.

Item 2. PROPERTIES

We operate locations in North America, including the majority of U.S. states, South America, Europe and Asia. We lease our principal executive offices in Richmond, Virginia and we own our principal operating offices in Norcross, Georgia. We believe that our existing production capacity is adequate to serve existing demand for our products and consider our plants and equipment to be in good condition.

Table of Contents

Our corporate and operating facilities as of September 30, 2015 are summarized below:

	Number of Facilities		
Segment	Owned	Leased	Total
Corrugated Packaging	111	37	148
Consumer Packaging	66	32	98
Specialty Chemicals	9	—	9
Land and Development	2	1	3
Corporate and significant regional offices	1	9	10
Total	189	79	268

The table above excludes the Coshocton, OH medium mill that we expect to permanently close in the first quarter of fiscal 2016, and includes the Dublin, GA and Newberg, OR mills acquired on October 1, 2015 as part of the SP Fiber Acquisition.

The tables that follow show our annual production capacity by mill at September 30, 2015 in thousands of tons, except our Corrugated Packaging Mills table excludes the Coshocton, OH medium mill that we expect to permanently close in the first quarter of fiscal 2016 and includes the Dublin, GA and Newberg, OR mills acquired on October 1, 2015 as part of the SP Fiber Acquisition. The Newberg mill is currently indefinitely idled. Although our mill system operating rates may vary from year to year due to changes in market and other factors, our simple average mill system operating rates for the last three years averaged 95%. We own all of our mills. Our fiber sourcing for our mills is approximately 60% virgin and 40% recycled.

Corrugated Packaging Mills

Location of Mill	Linerboard	Medium	White Top Linerboard	Kraft Paper/Bag	Market Pulp	Newsprint	Bleached Paperboard	Total Capacity
Fernandina Beach, FL	930							930
West Point, VA		185	715					900
Stevenson, AL		885						885
Solvay, NY	533	272						805
Hodge, LA	800							800
Florence, SC	683							683
Panama City, FL	336				292			628
Seminole, FL	402	198						600
Dublin, GA	130	130		325				585
Hopewell, VA	527							527
Rigesa, Brazil	330	170						500
Tacoma, WA	90		275	60	60			485
La Tuque, QC			345				131	476
Newberg, OR	70	70		60		235		435
St. Paul, MN		200						200
Morai, India	155	25						180
Uncasville, CT		165						165
Vapi, India	70							70
Total Corrugated Packaging Mill Capacity	5,056	2,300	1,335	445	352	235	131	9,854

Table of Contents

Consumer Packaging Mills

Location of Mill	Bleached Paperboard	Coated Natural Kraft	Coated Recycled Paperboard	Specialty Recycled Paperboard	Market Pulp	Total Capacity
Mahrt, AL		1,066				1,066
Covington, VA	927					927
Evadale, TX	585				125	710
Demopolis, AL	350				100	450
St. Paul, MN			168			168
Battle Creek, MI			160			160
Chattanooga, TN				140		140
Dallas, TX			127			127
Sheldon Springs, VT (Missisquoi Mill)			111			111
Lynchburg, VA				103		103
Stroudsburg, PA			80			80
Eaton, IN				64		64
Aurora, IL				32		32
Total Consumer Packaging Mill Capacity	1,862	1,066	646	339	225	4,138

The production at our Lynchburg, VA mill is gypsum paperboard liner and the paper machine is owned by our Seven Hills joint venture.

At September 30, 2015, we own approximately 80,000 acres of development landholdings in the Charleston, SC region and approximately 135,000 acres of forestlands in Brazil.

Item 3. LEGAL PROCEEDINGS

We are a defendant in a number of lawsuits and claims arising out of the conduct of our business. While the ultimate results of such suits or other proceedings against us cannot be predicted with certainty, management believes the resolution of these other matters will not have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

Additional information is included in “Note 17. Commitments and Contingencies” of the Notes to Consolidated Financial Statements included herein.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II: FINANCIAL INFORMATION

Item 5. MARKET FOR THE REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Our Common Stock trades on the New York Stock Exchange under the symbol “WRK”. From October 1, 2013 through July 1, 2015, the stock that traded was RockTenn Common Stock under the symbol “RKT”. RockTenn was the accounting acquirer in the Combination. On July 2, 2015, shares of our Common Stock began regular-way trading on the NYSE under the ticker symbol “WRK”.

As of October 30, 2015, there were approximately 6,711 stockholders of record of our Common Stock. The number of stockholders of record includes one single stockholder, Cede & Co., for all of the shares of our Common Stock held by our stockholders in individual brokerage accounts maintained at banks, brokers and institutions.

Table of Contents

The table below reflects the market price of our Common Stock beginning on July 2, 2015. For periods prior to July 2, 2015, the table below reflects the market price of RockTenn Common Stock. On August 27, 2014, RockTenn effected a two-for-one stock split of RockTenn Common Stock in the form of a 100% stock dividend to shareholders of record as of August 12, 2014. All share and per share information prior to August 12, 2014 has been retroactively adjusted to reflect the stock split. We recorded the incremental par value of the newly issued shares with the offset to additional paid in capital.

Price Range of Common Stock and Dividends

	Fiscal 2015			Fiscal 2014		
	Market Price			Market Price		
	High	Low	Dividend	High	Low	Dividend
First Quarter	$62.50	$43.32	$0.1875	$55.10	$46.06	$0.175
Second Quarter	$71.47	$59.35	$0.3205	$58.20	$47.52	$0.175
Third Quarter	$66.88	$59.25	$0.3205	$54.27	$47.04	$0.175
Fourth Quarter	$66.40	$48.80	$0.3750	$53.49	$46.70	$0.175

In the first quarter of fiscal 2015, RockTenn increased its dividend from $0.175 to $0.1875 per share. Subsequently, as a result of the Business Combination Agreement, RockTenn increased the per share amount of the dividends it distributed in the second and third fiscal quarter of 2015 to $0.3205 per share to equalize RockTenn and MWV dividend payments. In July and October 2015, our board of directors approved our August and November 2015 quarterly dividends of $0.375 per share, indicating a current annualized dividend of $1.50 per share. During fiscal 2015, we paid aggregate dividends (including those paid by RockTenn prior to the closing of the Combination) on our Common Stock of approximately $1.20 per share and during fiscal 2014 RockTenn paid aggregate dividends of $0.70 per share. For additional dividend information, please see Item 6. “Selected Financial Data”.

Securities Authorized for Issuance Under Equity Compensation Plans

The section under the heading “Executive Compensation Tables” entitled “Equity Compensation Plan Information” in the Proxy Statement for the Annual Meeting of Stockholders to be held on February 2, 2016, which will be filed with the SEC on or before December 31, 2015, is incorporated herein by reference. For additional information concerning our capitalization, see “Note 14. Stockholders’ Equity” of the Notes to Consolidated Financial Statements included herein.

Stock Repurchase Plan

In July 2015, our board of directors authorized a repurchase program of up to 40.0 million shares of our Common Stock, representing approximately 15 percent of our outstanding Common Stock as of July 1, 2015. The shares of our Common Stock may be repurchased over an indefinite period of time at the discretion of management. Subsequent to the authorization in the fourth quarter of fiscal 2015 we repurchased approximately 5.4 million shares of our Common Stock for an aggregate cost of $328.0 million. Separately, as part of the Combination, RockTenn repurchased 10.5 million shares of RockTenn Common Stock for an aggregate cost of $667.8 million. Prior to the closing of the Combination and pursuant to the then existing repurchase plan, in the first quarter of fiscal 2015, RockTenn repurchased 0.2 million shares of RockTenn Common Stock for an aggregate cost of $8.7 million and in fiscal 2014, it repurchased approximately 4.7 million shares for an aggregate cost of $236.3 million. In fiscal 2013, RockTenn did not repurchase any shares of RockTenn Common Stock. As of September 30, 2015, we had remaining authorization under our repurchase program instituted in July 2015, as noted above, to purchase approximately 34.6 million shares of our Common Stock.

24

Table of Contents

The following table presents information with respect to purchases of our Common Stock that we made during the three months ended September 30, 2015:

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2015 through July 31, 2015	—	$—	—	40,000,000
August 1, 2015 through August 31, 2015	3,300,695	60.84	3,300,695	36,699,305
September 1, 2015 through September 30, 2015	2,146,657	59.20	2,146,657	34,552,648
Total	5,447,352		5,447,352	

Item 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our Consolidated Financial Statements and Notes thereto and Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included herein. We derived the consolidated statements of income and consolidated statements of cash flows data for the years ended September 30, 2015, 2014 and 2013, and the consolidated balance sheet data as of September 30, 2015 and 2014 from the Consolidated Financial Statements included herein. We derived the consolidated statements of income and consolidated statements of cash flows data for the years ended September 30, 2012 and 2011, and the consolidated balance sheet data as of September 30, 2013, 2012 and 2011, from audited Rock-Tenn Company Consolidated Financial Statements not included in this report. RockTenn was the accounting acquirer in the Combination, therefore, the historical consolidated financial statements of RockTenn for periods prior to the Combination are considered to be the historical financial statements of WestRock and thus WestRock’s consolidated financial statements for periods from October 1, 2014 through June 30, 2015, and WestRock’s thereafter. The table that follows is consistent with those presentations with the exception of diluted earnings per share attributable to common stockholders, diluted weighted average shares outstanding, dividends per common share and book value per common share that have been adjusted retroactively due to RockTenn’s August 2014 two-for-one stock split.

The Combination was the primary reason for the changes in the selected financial data in fiscal 2015 as compared to prior years due to the size and timing of the transaction. On May 27, 2011, we completed the Smurfit-Stone Acquisition. The Smurfit-Stone Acquisition was the primary reason for the changes in the selected financial data in fiscal 2012 from fiscal 2011 due to the size and timing of the acquisition. Our results of operations shown below may not be indicative of future results.

Table of Contents

	Year Ended September 30,				
	2015	2014	2013	2012	2011
	(In millions, except per share amounts)				
Net sales	$11,381.3	$9,895.1	$9,545.4	$9,207.6	$5,399.6
Pension lump sum settlement and retiree medical curtailment, net [(a)]	$11.5	$47.9	$—	$—	$—
Restructuring and other costs, net	$147.4	$55.6	$78.0	$75.2	$93.3
Net income attributable to common stockholders [(b)]	$507.1	$479.7	$727.3	$249.1	$141.1
Diluted earnings per share attributable to common stockholders	$2.93	$3.29	$4.98	$1.72	$1.38
Diluted weighted average shares outstanding	173.3	146.0	146.1	144.1	100.9
Dividends paid per common share	$1.20	$0.70	$0.525	$0.40	$0.40
Book value per common share	$45.34	$30.76	$29.94	$24.02	$23.92
Total assets	$25,356.8	$11,039.7	$10,733.4	$10,687.1	$10,566.0
Current portion of debt	$74.1	$132.6	$2.9	$261.3	$143.3
Long-term debt due after one year	$5,558.3	$2,852.1	$2,841.9	$3,151.2	$3,302.5
Total debt	$5,632.4	$2,984.7	$2,844.8	$3,412.5	$3,445.8
Total stockholders' equity	$11,651.8	$4,306.8	$4,312.3	$3,405.7	$3,371.6
Net cash provided by operating activities	$1,203.6	$1,151.8	$1,032.5	$656.7	$461.7
Capital expenditures	$585.5	$534.2	$440.4	$452.4	$199.4
Cash (received) paid for purchase of businesses, net of cash acquired	$(3.7)	$474.4	$6.3	$125.6	$1,300.1
Cash received in merger	$265.7	$—	$—	$—	$—
Purchases of common stock	$336.7	$236.3	$—	$—	$—
Purchases of commons stock - merger related	$667.8	$—	$—	$—	$—

(a) In fiscal 2015, we paid lump sum payments to former employees to partially settle obligations of one of our defined benefit pension plans and recorded a non-cash pre-tax charge of $20.0 million, and changes in retiree medical coverage for certain employees covered by the United Steelworkers Union master agreement resulted in the recognition of an