

|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
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|                                                                                                          |                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                           |
| For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u> |                                                                                                                                                                                                                                           |
| A This return/report is for:                                                                             | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                         |
| B This return/report is:                                                                                 | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| C If the plan is a collectively-bargained plan, check here. . . . .                                      | <input checked="" type="checkbox"/>                                                                                                                                                                                                       |
| D Check box if filing under:                                                                             | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                 |

|                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--|
| <b>Part II</b>                                                                                                                                                                                                                                      | <b>Basic Plan Information—enter all requested information</b>                                                                                                                                                                                                                                                                          |                                                                     |                                                             |                                                             |  |
| <b>1a</b> Name of plan<br><u>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN</u>                                                                                                                                                               | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan<br/><u>01/01/2007</u></td> </tr> </table>                        | <b>1b</b> Three-digit plan number (PN) ▶                            | <u>001</u>                                                  | <b>1c</b> Effective date of plan<br><u>01/01/2007</u>       |  |
| <b>1b</b> Three-digit plan number (PN) ▶                                                                                                                                                                                                            | <u>001</u>                                                                                                                                                                                                                                                                                                                             |                                                                     |                                                             |                                                             |  |
| <b>1c</b> Effective date of plan<br><u>01/01/2007</u>                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)<br><br><u>KAPSTONE PAPER AND PACKAGING CORPORATION</u><br><br><u>1101 SKOKIE BLVD STE 300</u><br><u>NORTHBROOK, IL 60062-4124</u> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><b>2b</b> Employer Identification Number (EIN)<br/><u>20-2699372</u></td> </tr> <tr> <td><b>2c</b> Sponsor's telephone number<br/><u>847-239-8809</u></td> </tr> <tr> <td><b>2d</b> Business code (see instructions)<br/><u>322100</u></td> </tr> </table> | <b>2b</b> Employer Identification Number (EIN)<br><u>20-2699372</u> | <b>2c</b> Sponsor's telephone number<br><u>847-239-8809</u> | <b>2d</b> Business code (see instructions)<br><u>322100</u> |  |
| <b>2b</b> Employer Identification Number (EIN)<br><u>20-2699372</u>                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2c</b> Sponsor's telephone number<br><u>847-239-8809</u>                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |
| <b>2d</b> Business code (see instructions)<br><u>322100</u>                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                        |                                                                     |                                                             |                                                             |  |

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

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

|                                                                                                            |                                                   |            |                                                              |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------|--------------------------------------------------------------|
| <b>SIGN HERE</b>                                                                                           | Filed with authorized/valid electronic signature. | 10/10/2014 | JEFFREY ZROBACK                                              |
|                                                                                                            | Signature of plan administrator                   | Date       | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b>                                                                                           | Filed with authorized/valid electronic signature. | 10/10/2014 | JEFFREY ZROBACK                                              |
|                                                                                                            | Signature of employer/plan sponsor                | Date       | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b>                                                                                           |                                                   |            |                                                              |
|                                                                                                            | Signature of DFE                                  | Date       | Enter name of individual signing as DFE                      |
| Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional) |                                                   |            | Preparer's telephone number (optional)                       |

|                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor Name <input type="checkbox"/> Same as Plan Sponsor Address                                                                                                                                                                                                                                                        |  | <b>3b</b> Administrator's EIN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                            |  | <b>3c</b> Administrator's telephone number                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:<br><b>a</b> Sponsor's name                                                                                                                                                                                                          |  | <b>4b</b> EIN<br><br><b>4c</b> PN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                                                                                                                                                                                                                                    |  | <b>5</b> 2884                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).                                                                                                                                                                                                                                                                     |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>a</b> Active participants .....                                                                                                                                                                                                                                                                                                                                                                                         |  | <b>6a</b> 2874                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>b</b> Retired or separated participants receiving benefits .....                                                                                                                                                                                                                                                                                                                                                        |  | <b>6b</b> 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                                                                                                                                                                                                                                                                                          |  | <b>6c</b> 103                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                                                                                                                                                                                                                                                                                                   |  | <b>6d</b> 2978                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits .....                                                                                                                                                                                                                                                                                                                 |  | <b>6e</b> 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                                                                                                                                                                                                                                                                                    |  | <b>6f</b> 2984                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....                                                                                                                                                                                                                                                                            |  | <b>6g</b> 2852                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested .....                                                                                                                                                                                                                                                                                |  | <b>6h</b> 45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....                                                                                                                                                                                                                                                                                        |  | <b>7</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:<br>2E 2F 2G 2J 2K 2R 2S 2T 3H                                                                                                                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:                                                                                                                                                                                                                                                                |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input checked="" type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                   |  | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input checked="" type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                                                                                                         |
| <b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)                                                                                                                                                                                                                                                          |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br>(3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |  | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br>(3) <input checked="" type="checkbox"/> <u>1</u> <b>A</b> (Insurance Information)<br>(4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                           |                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <b>SCHEDULE A</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br><hr/> Department of Labor<br>Employee Benefits Security Administration<br><hr/> Pension Benefit Guaranty Corporation | <b>Insurance Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br><b>► File as an attachment to Form 5500.</b><br><br>► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2). | OMB No. 1210-0110                             |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                           | <b>2013</b>                                   |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                           | <b>This Form is Open to Public Inspection</b> |

For calendar plan year 2013 or fiscal plan year beginning **01/01/2013** and ending **12/31/2013**

|                                                                                                                  |                                                                    |            |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------|
| <b>A</b> Name of plan<br><b>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN</b>                             | <b>B</b> Three-digit plan number (PN) <b>►</b>                     | <b>001</b> |
|                                                                                                                  |                                                                    |            |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><b>KAPSTONE PAPER AND PACKAGING CORPORATION</b> | <b>D</b> Employer Identification Number (EIN)<br><b>20-2699372</b> |            |

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

**1** Coverage Information:

**(a)** Name of insurance carrier

**PRINCIPAL LIFE INSURANCE COMPANY**

| (b) EIN    | (c) NAIC code | (d) Contract or identification number | (e) Approximate number of persons covered at end of policy or contract year | Policy or contract year |            |
|------------|---------------|---------------------------------------|-----------------------------------------------------------------------------|-------------------------|------------|
|            |               |                                       |                                                                             | (f) From                | (g) To     |
| 42-0127290 | 61271         | 518835                                | 2984                                                                        | 01/01/2013              | 12/31/2013 |

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

|                                             |                                      |
|---------------------------------------------|--------------------------------------|
| <b>(a)</b> Total amount of commissions paid | <b>(b)</b> Total amount of fees paid |
| 14808                                       | 50400                                |

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

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

**LOCKTON FINANCIAL ADVISORS LLC**  
**DEPT 999225**  
**PO BOX 219153**  
**KANSAS CITY, MO 64121-9153**

| (b) Amount of sales and base commissions paid | Fees and other commissions paid |                                                                     | (e) Organization code |
|-----------------------------------------------|---------------------------------|---------------------------------------------------------------------|-----------------------|
|                                               | (c) Amount                      | (d) Purpose                                                         |                       |
| 14808                                         | 50400                           | REFERRAL/SERVICE FEE AND PRORATED INCENTIVE, NOT DEDUCTED FROM PLAN | 3                     |

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

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

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

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

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

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| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

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

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

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

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

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

---

| <b>(b)</b> Amount of sales and base commissions paid | Fees and other commissions paid |                    | <b>(e)</b> Organization code |
|------------------------------------------------------|---------------------------------|--------------------|------------------------------|
|                                                      | <b>(c)</b> Amount               | <b>(d)</b> Purpose |                              |
|                                                      |                                 |                    |                              |

**Part II Investment and Annuity Contract Information**

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

|                                                                                                        |          |           |
|--------------------------------------------------------------------------------------------------------|----------|-----------|
| <b>4</b> Current value of plan's interest under this contract in the general account at year end ..... | <b>4</b> | 0         |
| <b>5</b> Current value of plan's interest under this contract in separate accounts at year end .....   | <b>5</b> | 102900827 |

**6 Contracts With Allocated Funds:****a** State the basis of premium rates ▶

|                                                                                                                                                                                                                |           |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--|
| <b>b</b> Premiums paid to carrier .....                                                                                                                                                                        | <b>6b</b> |  |
| <b>c</b> Premiums due but unpaid at the end of the year .....                                                                                                                                                  | <b>6c</b> |  |
| <b>d</b> If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. ....<br>Specify nature of costs ▶ | <b>6d</b> |  |

**e** Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity  
(3) ☐ other (specify) ▶

**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee  
(3) ☐ guaranteed investment (4) ☐ other ▶

|                                                                                                         |              |   |
|---------------------------------------------------------------------------------------------------------|--------------|---|
| <b>b</b> Balance at the end of the previous year .....                                                  | <b>7b</b>    |   |
| <b>c</b> Additions: (1) Contributions deposited during the year .....                                   | <b>7c(1)</b> |   |
| (2) Dividends and credits .....                                                                         | <b>7c(2)</b> |   |
| (3) Interest credited during the year .....                                                             | <b>7c(3)</b> |   |
| (4) Transferred from separate account .....                                                             | <b>7c(4)</b> |   |
| (5) Other (specify below) .....                                                                         | <b>7c(5)</b> |   |
| ▶                                                                                                       |              |   |
| (6) Total additions .....                                                                               | <b>7c(6)</b> |   |
| <b>d</b> Total of balance and additions (add lines <b>7b</b> and <b>7c(6)</b> ) .....                   | <b>7d</b>    |   |
| <b>e</b> Deductions:                                                                                    |              |   |
| (1) Disbursed from fund to pay benefits or purchase annuities during year .....                         | <b>7e(1)</b> |   |
| (2) Administration charge made by carrier .....                                                         | <b>7e(2)</b> |   |
| (3) Transferred to separate account .....                                                               | <b>7e(3)</b> |   |
| (4) Other (specify below) .....                                                                         | <b>7e(4)</b> |   |
| ▶                                                                                                       |              |   |
| (5) Total deductions .....                                                                              | <b>7e(5)</b> |   |
| <b>f</b> Balance at the end of the current year (subtract line <b>7e(5)</b> from line <b>7d</b> ) ..... | <b>7f</b>    | 0 |

**Part III Welfare Benefit Contract Information**

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

**8** Benefit and contract type (check all applicable boxes)

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

**9** Experience-rated contracts:

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

**10** Nonexperience-rated contracts:

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

Specify nature of costs ▶

**Part IV Provision of Information**

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

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

|                                                                                                                                                                                                               |                                                                                                                                                                                                                |                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>SCHEDULE C</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | <b>Service Provider Information</b><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                | <b>2013</b>                                    |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                | <b>This Form is Open to Public Inspection.</b> |

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

|                                                                                                                  |                                                                    |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN</u>                             | <b>B</b> Three-digit plan number (PN) ▶ <u>001</u>                 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>KAPSTONE PAPER AND PACKAGING CORPORATION</u> | <b>D</b> Employer Identification Number (EIN)<br><u>20-2699372</u> |

**Part I Service Provider Information (see instructions)**

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

**1 Information on Persons Receiving Only Eligible Indirect Compensation**

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

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

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation  
PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

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

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

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

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

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

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

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

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

CAPITAL STRATEGIES INVESTMENT GROUP

26-4789150

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 27 99                  | INVESTMENT ADVISOR                                                                                | 0                                                                      | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                            | 39104                                                                                                                                                                           | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                          |

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

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 13 37 50 64            | CONTRACT ADMINISTRATOR                                                                            | 132736                                                                 | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                  | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                            | 2925                                                                                                                                                                            | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                          |

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

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

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

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

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

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

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

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

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

**Part I Service Provider Information (continued)**

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

| (a) Enter service provider name as it appears on line 2 | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect<br>compensation |
|---------------------------------------------------------|-----------------------------------------|----------------------------------------------|
| CAPITAL STRATEGIES INVESTMENT GROUP                     | 27 99                                   | 39104                                        |

| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any<br>formula used to determine the service provider's eligibility<br>for or the amount of the indirect compensation. |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PRINCIPAL LIFE INSURANCE COMPANY<br><br>42-0127290                  | INVESTMENT ADVISORY (PLAN)                                                                                                                                               |

| (a) Enter service provider name as it appears on line 2 | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect<br>compensation |
|---------------------------------------------------------|-----------------------------------------|----------------------------------------------|
| PRINCIPAL LIFE INSURANCE COMPANY                        | 13 37 50 64                             | 2925                                         |

| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any<br>formula used to determine the service provider's eligibility<br>for or the amount of the indirect compensation. |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PERSHING, LLC<br><br>13-2741729                                     | PRINCIPAL SELF DIRECTED BROKERAGE ACCOUNT FEES                                                                                                                           |

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

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

**Part II Service Providers Who Fail or Refuse to Provide Information**

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

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

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

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                                                                                                                                                                               |                                                                                                                                                                                                                              |                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE D</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration | <b>DFE/Participating Plan Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection.</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

|                                                                                                                         |                                                                        |            |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------|
| For calendar plan year 2013 or fiscal plan year beginning <b>01/01/2013</b> and ending <b>12/31/2013</b>                |                                                                        |            |
| <b>A</b> Name of plan<br><b>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN</b>                                    | <b>B</b> Three-digit plan number (PN) <b>►</b>                         | <b>001</b> |
|                                                                                                                         |                                                                        |            |
| <b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500<br><b>KAPSTONE PAPER AND PACKAGING CORPORATION</b> | <b>D</b> Employer Identification Number (EIN)<br><br><b>20-2699372</b> |            |

|                                                                                           |                                                                                                                                                                                  |                                                                                                                    |  |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--|
| <b>Part I</b>                                                                             | <b>Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</b><br>(Complete as many entries as needed to report all interests in DFEs) |                                                                                                                    |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>PRIN INTL EM MKT SEP ACCT-I3</b>        |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>PRINCIPAL LIFE INSURANCE COMPANY</b> |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>c</b> EIN-PN <b>42-0127290-013</b>                                                     | <b>d</b> Entity code <b>P</b>                                                                                                                                                    | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>2649557</b> |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>PRIN U.S. PROPERTY SEP ACCT-R6</b>      |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>PRINCIPAL LIFE INSURANCE COMPANY</b> |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>c</b> EIN-PN <b>42-0127290-027</b>                                                     | <b>d</b> Entity code <b>P</b>                                                                                                                                                    | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>200644</b>  |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>PRIN DIVERSIFIED INTL SA-R6</b>         |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>PRINCIPAL LIFE INSURANCE COMPANY</b> |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>c</b> EIN-PN <b>42-0127290-015</b>                                                     | <b>d</b> Entity code <b>P</b>                                                                                                                                                    | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>1370796</b> |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>PRIN LGCAP S&amp;P 500 INDEX SA-I3</b>  |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>PRINCIPAL LIFE INSURANCE COMPANY</b> |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>c</b> EIN-PN <b>42-0127290-016</b>                                                     | <b>d</b> Entity code <b>P</b>                                                                                                                                                    | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>5678031</b> |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>PRIN MIDCAP VALUE I SA-R6</b>           |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>PRINCIPAL LIFE INSURANCE COMPANY</b> |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>c</b> EIN-PN <b>42-0127290-043</b>                                                     | <b>d</b> Entity code <b>P</b>                                                                                                                                                    | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>2288027</b> |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>PRIN SMCAP S&amp;P 600 INDEX SA-I3</b>  |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>PRINCIPAL LIFE INSURANCE COMPANY</b> |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>c</b> EIN-PN <b>42-0127290-028</b>                                                     | <b>d</b> Entity code <b>P</b>                                                                                                                                                    | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>2979912</b> |  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <b>PRIN MIDCAP S&amp;P 400 IDX SA-I3</b>   |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>b</b> Name of sponsor of entity listed in (a): <b>PRINCIPAL LIFE INSURANCE COMPANY</b> |                                                                                                                                                                                  |                                                                                                                    |  |
| <b>c</b> EIN-PN <b>42-0127290-023</b>                                                     | <b>d</b> Entity code <b>P</b>                                                                                                                                                    | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <b>3387980</b> |  |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP GROWTH III SA-R6**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

|                                |                        |                                                                                                            |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 42-0127290-026 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 917243 |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETM 2010 SEP ACCT-I3**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

|                                |                        |                                                                                                             |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 42-0127290-075 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5506032 |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETM 2020 SEP ACCT-I3**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

|                                |                        |                                                                                                              |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 42-0127290-076 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 33817697 |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETM 2030 SEP ACCT-I3**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

|                                |                        |                                                                                                              |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 42-0127290-077 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 27886121 |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETM 2040 SEP ACCT-I3**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

|                                |                        |                                                                                                              |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 42-0127290-078 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11116594 |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETM 2050 SEP ACCT-I3**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

|                                |                        |                                                                                                             |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 42-0127290-079 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 4302498 |
|--------------------------------|------------------------|-------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETM STR INC SA-I3**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

|                                |                        |                                                                                                            |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 42-0127290-080 | <b>d</b> Entity code P | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 799695 |
|--------------------------------|------------------------|------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL STABLE VALUE SELECT**b** Name of sponsor of entity listed in (a): UNION BOND & TRUST COMPANY

|                                |                        |                                                                                                              |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN 93-6274328-001 | <b>d</b> Entity code C | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 16461587 |
|--------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

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

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

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

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                              |                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Financial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).<br><br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2013</b><br><br><b>This Form is Open to Public Inspection</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

|                                                                                                                  |                                                                            |            |
|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------|
| For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>         |                                                                            |            |
| <b>A</b> Name of plan<br><u>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN</u>                             | <b>B</b> Three-digit plan number (PN) <span style="float: right;">►</span> | <u>001</u> |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>KAPSTONE PAPER AND PACKAGING CORPORATION</u> | <b>D</b> Employer Identification Number (EIN)<br><br><u>20-2699372</u>     |            |

| Part I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Asset and Liability Statement                                                               |                 | (a) Beginning of Year | (b) End of Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>1</b> Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. <b>Round off amounts to the nearest dollar.</b> MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions. |                                                                                             |                 |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Assets</b>                                                                               |                 |                       |                 |
| <b>a</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Total noninterest-bearing cash .....                                                        | <b>1a</b>       |                       |                 |
| <b>b</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Receivables (less allowance for doubtful accounts):                                         |                 |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (1) Employer contributions .....                                                            | <b>1b(1)</b>    | 4678661               | 4186006         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (2) Participant contributions .....                                                         | <b>1b(2)</b>    | 0                     | 332010          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (3) Other .....                                                                             | <b>1b(3)</b>    | 0                     | 0               |
| <b>c</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | General investments:                                                                        |                 |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (1) Interest-bearing cash (include money market accounts & certificates of deposit) .....   | <b>1c(1)</b>    | 0                     | 0               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (2) U.S. Government securities .....                                                        | <b>1c(2)</b>    |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (3) Corporate debt instruments (other than employer securities):                            |                 |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (A) Preferred .....                                                                         | <b>1c(3)(A)</b> |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (B) All other .....                                                                         | <b>1c(3)(B)</b> |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (4) Corporate stocks (other than employer securities):                                      |                 |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (A) Preferred .....                                                                         | <b>1c(4)(A)</b> | 1159                  | 1701            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (B) Common .....                                                                            | <b>1c(4)(B)</b> | 528033                | 1233887         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (5) Partnership/joint venture interests .....                                               | <b>1c(5)</b>    |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (6) Real estate (other than employer real property) .....                                   | <b>1c(6)</b>    |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (7) Loans (other than to participants) .....                                                | <b>1c(7)</b>    |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (8) Participant loans .....                                                                 | <b>1c(8)</b>    | 6540985               | 8766798         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (9) Value of interest in common/collective trusts .....                                     | <b>1c(9)</b>    | 14950449              | 16461587        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (10) Value of interest in pooled separate accounts .....                                    | <b>1c(10)</b>   | 70852771              | 102900827       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (11) Value of interest in master trust investment accounts .....                            | <b>1c(11)</b>   |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (12) Value of interest in 103-12 investment entities .....                                  | <b>1c(12)</b>   |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (13) Value of interest in registered investment companies (e.g., mutual funds) .....        | <b>1c(13)</b>   | 14671261              | 17842348        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (14) Value of funds held in insurance company general account (unallocated contracts) ..... | <b>1c(14)</b>   |                       |                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | (15) Other .....                                                                            | <b>1c(15)</b>   |                       |                 |

**1d** Employer-related investments:

|                                                                      |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 112223319             | 151725164       |

**Liabilities**

|                                                                           |           |   |   |
|---------------------------------------------------------------------------|-----------|---|---|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> | 0 |   |
| <b>h</b> Operating payables .....                                         | <b>1h</b> | 0 |   |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> | 0 |   |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> | 0 |   |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 0 | 0 |

**Net Assets**

|                                                           |           |           |           |
|-----------------------------------------------------------|-----------|-----------|-----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 112223319 | 151725164 |
|-----------------------------------------------------------|-----------|-----------|-----------|

**Part II Income and Expense Statement**

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

**Income****a Contributions:**

|                                                                                                            |                 | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 10968444   |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> | 13017414   |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> | 5176352    |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    | 0          |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 29162210  |

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

|                                                                                                      |                 |        |        |
|------------------------------------------------------------------------------------------------------|-----------------|--------|--------|
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) ..... | <b>2b(1)(A)</b> | 0      |        |
| <b>(B)</b> U.S. Government securities .....                                                          | <b>2b(1)(B)</b> | 0      |        |
| <b>(C)</b> Corporate debt instruments .....                                                          | <b>2b(1)(C)</b> | 0      |        |
| <b>(D)</b> Loans (other than to participants) .....                                                  | <b>2b(1)(D)</b> | 0      |        |
| <b>(E)</b> Participant loans .....                                                                   | <b>2b(1)(E)</b> | 325603 |        |
| <b>(F)</b> Other .....                                                                               | <b>2b(1)(F)</b> | 0      |        |
| <b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                        | <b>2b(1)(G)</b> |        | 325603 |

|                                                                                           |                 |        |        |
|-------------------------------------------------------------------------------------------|-----------------|--------|--------|
| (2) Dividends: <b>(A)</b> Preferred stock .....                                           | <b>2b(2)(A)</b> | 0      |        |
| <b>(B)</b> Common stock .....                                                             | <b>2b(2)(B)</b> | 26637  |        |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                 | <b>2b(2)(C)</b> | 200458 |        |
| <b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> ..... | <b>2b(2)(D)</b> |        | 227095 |

|                 |              |  |   |
|-----------------|--------------|--|---|
| (3) Rents ..... | <b>2b(3)</b> |  | 0 |
|-----------------|--------------|--|---|

|                                                                                           |                 |   |   |
|-------------------------------------------------------------------------------------------|-----------------|---|---|
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                | <b>2b(4)(A)</b> | 0 |   |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                             | <b>2b(4)(B)</b> | 0 |   |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result ..... | <b>2b(4)(C)</b> |   | 0 |

|                                                                                                       |                 |        |        |
|-------------------------------------------------------------------------------------------------------|-----------------|--------|--------|
| (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                    | <b>2b(5)(A)</b> | 0      |        |
| <b>(B)</b> Other .....                                                                                | <b>2b(5)(B)</b> | 259130 |        |
| <b>(C)</b> Total unrealized appreciation of assets.<br>Add lines <b>2b(5)(A)</b> and <b>(B)</b> ..... | <b>2b(5)(C)</b> |        | 259130 |

|                                                                                                |        | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------|--------|------------|-----------|
| (6) Net investment gain (loss) from common/collective trusts.....                              | 2b(6)  |            | -95757    |
| (7) Net investment gain (loss) from pooled separate accounts.....                              | 2b(7)  |            | 15162544  |
| (8) Net investment gain (loss) from master trust investment accounts.....                      | 2b(8)  |            | 0         |
| (9) Net investment gain (loss) from 103-12 investment entities.....                            | 2b(9)  |            | 0         |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)..... | 2b(10) |            | 2514709   |
| c Other income.....                                                                            | 2c     |            | -1214     |
| d Total income. Add all <b>income</b> amounts in column (b) and enter total.....               | 2d     |            | 47554320  |

**Expenses**

|                                                                                     |       |         |         |
|-------------------------------------------------------------------------------------|-------|---------|---------|
| e Benefit payment and payments to provide benefits:                                 |       |         |         |
| (1) Directly to participants or beneficiaries, including direct rollovers.....      | 2e(1) | 7912535 |         |
| (2) To insurance carriers for the provision of benefits.....                        | 2e(2) | 0       |         |
| (3) Other.....                                                                      | 2e(3) | 0       |         |
| (4) Total benefit payments. Add lines 2e(1) through (3).....                        | 2e(4) |         | 7912535 |
| f Corrective distributions (see instructions).....                                  | 2f    |         | 2448    |
| g Certain deemed distributions of participant loans (see instructions).....         | 2g    |         | 0       |
| h Interest expense.....                                                             | 2h    |         | 0       |
| i Administrative expenses: (1) Professional fees.....                               | 2i(1) | 0       |         |
| (2) Contract administrator fees.....                                                | 2i(2) | 137492  |         |
| (3) Investment advisory and management fees.....                                    | 2i(3) | 0       |         |
| (4) Other.....                                                                      | 2i(4) | 0       |         |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                 | 2i(5) |         | 137492  |
| j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | 2j    |         | 8052475 |

**Net Income and Reconciliation**

|                                                         |       |  |          |
|---------------------------------------------------------|-------|--|----------|
| k Net income (loss). Subtract line 2j from line 2d..... | 2k    |  | 39501845 |
| l Transfers of assets:                                  |       |  |          |
| (1) To this plan.....                                   | 2l(1) |  | 0        |
| (2) From this plan.....                                 | 2l(2) |  |          |

**Part III Accountant's Opinion**

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

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

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

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

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

(1) Name: WOLF AND COMPANY LLP

(2) EIN: 36-2985665

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

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

**Part IV Compliance Questions**

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

During the plan year:

**a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

**b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

|    | Yes | No | Amount |
|----|-----|----|--------|
| 4a |     | X  | 0      |
| 4b |     | X  | 0      |

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

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

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

| 5b(1) Name of plan(s) | 5b(2) EIN(s) | 5b(3) PN(s) |
|-----------------------|--------------|-------------|
|                       |              |             |
|                       |              |             |
|                       |              |             |
|                       |              |             |

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

## Part V Trust Information (optional)

|                         |                       |
|-------------------------|-----------------------|
| <b>6a</b> Name of trust | <b>6b</b> Trust's EIN |
|                         |                       |

|                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------|-----|
| <div>SCHEDULE R<br/>(Form 5500)<br/><br/>Department of the Treasury<br/>Internal Revenue Service<br/><br/>Department of Labor<br/>Employee Benefits Security Administration<br/><br/>Pension Benefit Guaranty Corporation</div>                                                                                                                           |  | <div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div> |  | <div>OMB No. 1210-0110</div> <div>2013</div> <div>This Form is Open to Public Inspection.</div> |     |
| For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013                                                                                                                                                                                                                                                                |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| A Name of plan<br>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN                                                                                                                                                                                                                                                                                    |  |                                                                                                                                                                                                                                                                                                 |  | B Three-digit plan number (PN) ▶                                                                | 001 |
| C Plan sponsor's name as shown on line 2a of Form 5500<br>KAPSTONE PAPER AND PACKAGING CORPORATION                                                                                                                                                                                                                                                        |  |                                                                                                                                                                                                                                                                                                 |  | D Employer Identification Number (EIN)<br>20-2699372                                            |     |
| Part I Distributions                                                                                                                                                                                                                                                                                                                                      |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| All references to distributions relate only to payments of benefits during the plan year.                                                                                                                                                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                                                                                                                            |  |                                                                                                                                                                                                                                                                                                 |  | 1                                                                                               | 0   |
| 2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):<br><br>EIN(s): 42-0127290                                                                                                      |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.                                                                                                                                                                                                                                                                                          |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                                                                                                                  |  |                                                                                                                                                                                                                                                                                                 |  | 3                                                                                               |     |
| Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)                                                                                                                                                                             |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A                                                                                                                                                        |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| If the plan is a defined benefit plan, go to line 8.                                                                                                                                                                                                                                                                                                      |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.                                                                                                                                                                                                                                   |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....                                                                                                                                                                                                                    |  |                                                                                                                                                                                                                                                                                                 |  | 6a                                                                                              |     |
| b Enter the amount contributed by the employer to the plan for this plan year.....                                                                                                                                                                                                                                                                        |  |                                                                                                                                                                                                                                                                                                 |  | 6b                                                                                              |     |
| c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) .....                                                                                                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                 |  | 6c                                                                                              |     |
| If you completed line 6c, skip lines 8 and 9.                                                                                                                                                                                                                                                                                                             |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 7 Will the minimum funding amount reported on line 6c be met by the funding deadline?..... <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A                                                                                                                                                                          |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| Part III Amendments                                                                                                                                                                                                                                                                                                                                       |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... <input type="checkbox"/> Increase <input type="checkbox"/> Decrease <input type="checkbox"/> Both <input type="checkbox"/> No         |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.                                                                                                                                                                                                        |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 11 a Does the ESOP hold any preferred stock? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                                                                                               |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                             |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| 12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                 |  |                                                                                                 |     |
| For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                 |  | Schedule R (Form 5500) 2013 v. 130118                                                           |     |

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

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

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

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

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

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

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

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

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

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

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

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

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

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

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

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

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

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

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

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

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

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

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

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

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

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

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

**a** Enter the percentage of plan assets held as:  
 Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%

**b** Provide the average duration of the combined investment-grade and high-yield debt:  
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?  
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): \_\_\_\_\_

September 19, 2014

To the Board of Trustees of  
KapStone Paper and Packaging Corporation 401(k) Plan  
Northbrook, Illinois

We have conducted a DOL limited-scope audit of the financial statements of KapStone Paper and Packaging Corporation 401(k) Plan (the Plan) for the year ended December 31, 2013, and have issued our report thereon dated September 19, 2014. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and have not, expressed an opinion on those financial statements and supplemental schedule taken as a whole. We did, however, audit the form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, in accordance with auditing standards generally accepted in the United States of America and found them to be presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2014. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2013. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There are no accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The only necessary adjustments pertained to reversing out prior year receivables and recording current year receivables.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 19, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

This information is intended solely for the use of the Board of Trustees and management of KapStone Paper and Packaging Corporation 401(k) Plan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Wolf + Company LLP*



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

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

KAPSTONE PAPER AND PACKAGING CORPORATION 401C

EIN 20 2699372  
 PLAN NUMBER 001  
 PLAN YEAR 01/01/2013 TO 12/31/2013

| (A) | (B)<br>Identity of issuer, borrower,<br>lessor or similar party. | (C)<br>Description of investment including maturity date,<br>rate of interest, collateral, par or maturity value. | (D)<br>Cost | (E)<br>Current Value |
|-----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------|----------------------|
|     | Allianz                                                          | Registered Investment Company<br>AllianzGI NFJ Div Value A Fund                                                   | \$ 0.00     | \$ 2,498,259.56      |
|     | American Funds Service Company                                   | Registered Investment Company<br>Am Fds New Persp R4 Fund                                                         | \$ 0.00     | \$ 2,866,796.76      |
|     | AMAZON COM INC                                                   | Corporate Stock - Common<br>AMAZON COM INC                                                                        | \$ 0.00     | \$ 35,492.31         |
|     | AMERICAN AIRLS GROUP INC                                         | Corporate Stock - Common<br>AMERICAN AIRLS GROUP INC COM                                                          | \$ 0.00     | \$ 37,875.00         |
|     | AMERICAN INTL GROUP INC                                          | Corporate Stock - Preferred<br>AMERICAN INTL GROUP INC WT EXP 01/19/21                                            | \$ 0.00     | \$ 1,701.00          |
|     | ARCADIA RES INC                                                  | Corporate Stock - Common<br>ARCADIA RES INC COM                                                                   | \$ 0.00     | \$ 28.70             |
|     | ARCOS DORADOS HOLDINGS INC                                       | Corporate Stock - Common<br>ARCOS DORADOS HLDGS INC SHS CL A ISIN#AVG                                             | \$ 0.00     | \$ 18,180.00         |
|     | BlackRock                                                        | Registered Investment Company<br>BlackRock Cap Appr BR Fund                                                       | \$ 0.00     | \$ 3,544,817.72      |
|     | BENEFITFOCUS INC                                                 | Corporate Stock - Common<br>BENEFITFOCUS INC COM                                                                  | \$ 0.00     | \$ 2,020.90          |
|     | CELL THERAPEUTICS INC                                            | Corporate Stock - Common<br>CELL THERAPEUTICS INC COM NO PAR NEW 201                                              | \$ 0.00     | \$ 955.00            |
|     | CHESAPEAKE ENERGY CORP                                           | Corporate Stock - Common<br>CHESAPEAKE ENERGY CORP                                                                | \$ 0.00     | \$ 8,142.00          |
|     | CLEAN ENERGY FUELS CORP                                          | Corporate Stock - Common<br>CLEAN ENERGY FUELS CORP COM                                                           | \$ 0.00     | \$ 27,820.80         |
|     | COCA COLA CO                                                     | Corporate Stock - Common<br>COCA COLA COMPANY                                                                     | \$ 0.00     | \$ 12,393.00         |
|     | DIANA SHIPPING                                                   | Corporate Stock - Common<br>DIANA SHIPPING INC COM                                                                | \$ 0.00     | \$ 26,580.00         |
|     | DR PEPPER SNAPPLE GROUP INC                                      | Corporate Stock - Common<br>DR PEPPER SNAPPLE GROUP INC COM ISIN#US2                                              | \$ 0.00     | \$ 14,616.00         |

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

KAPSTONE PAPER AND PACKAGING CORPORATION 401C

EIN 20 2699372  
PLAN NUMBER 001  
PLAN YEAR 01/01/2013 TO 12/31/2013

| (A) | (B)<br>Identity of issuer, borrower,<br>lessor or similar party. | (C)<br>Description of investment including maturity date,<br>rate of interest, collateral, par or maturity value. | (D)<br>Cost | (E)<br>Current Value |
|-----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------|----------------------|
|     | DU PONT E I DE NEMOURS & CO                                      | Corporate Stock - Common<br>DU PONT E I DE NEMOURS & CO COM                                                       | \$ 0.00     | \$ 12,994.00         |
|     | DUKE ENERGY CORP NEW                                             | Corporate Stock - Common<br>DUKE ENERGY CORP NEWCOM NEW                                                           | \$ 0.00     | \$ 178,390.85        |
|     | E TRADE FINL CORP                                                | Corporate Stock - Common<br>E TRADE FINL CORP COM NEW                                                             | \$ 0.00     | \$ 5,872.36          |
|     | EXELON CORP                                                      | Corporate Stock - Common<br>EXELON CORP COM                                                                       | \$ 0.00     | \$ 8,217.00          |
|     | Fidelity Investments                                             | Registered Investment Company<br>Fidelity Adv Small Cap A Fund                                                    | \$ 0.00     | \$ 2,084,308.61      |
|     | FACEBOOK INC                                                     | Corporate Stock - Common<br>FACEBOOK INC CL A                                                                     | \$ 0.00     | \$ 10,929.80         |
|     | FEDERATED INVESTORS, INC.                                        | Registered Investment Company<br>FEDERATED CAPITAL RESERVES                                                       | \$ 0.00     | \$ 164,241.37        |
|     | FIRST SOLAR INC                                                  | Corporate Stock - Common<br>FIRST SOLAR INC COM                                                                   | \$ 0.00     | \$ 5,464.00          |
|     | FORD MTR CO DEL                                                  | Corporate Stock - Common<br>FORD MOTOR CO DEL COM PAR                                                             | \$ 0.00     | \$ 19,287.50         |
|     | FREESEAS INC                                                     | Corporate Stock - Common<br>FREESEAS INC SHS PAR NOV 2013 ISIN#MHY26                                              | \$ 0.00     | \$ 1,844.50          |
|     | FUELCELL ENERGY INC                                              | Corporate Stock - Common<br>FUELCELL ENERGY INC COM                                                               | \$ 0.00     | \$ 73,320.00         |
|     | Goldman Sachs                                                    | Registered Investment Company<br>Goldman Sachs Sm Cp Val A Fund                                                   | \$ 0.00     | \$ 1,318,503.98      |
|     | GENERAL ELEC CO                                                  | Corporate Stock - Common<br>GENERAL ELECTRIC CO COM                                                               | \$ 0.00     | \$ 251,569.25        |
|     | GENERAL MILS INC                                                 | Corporate Stock - Common<br>GENERAL MILLS INC COM                                                                 | \$ 0.00     | \$ 14,973.00         |
|     | GEOGLOBAL RES INC                                                | Corporate Stock - Common<br>GEOGLOBAL RES INC COM                                                                 | \$ 0.00     | \$ 758.44            |

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

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

KAPSTONE PAPER AND PACKAGING CORPORATION 401C

EIN 20 2699372  
 PLAN NUMBER 001  
 PLAN YEAR 01/01/2013 TO 12/31/2013

| (A) | (B)<br>Identity of issuer, borrower,<br>lessor or similar party. | (C)<br>Description of investment including maturity date,<br>rate of interest, collateral, par or maturity value. | (D)<br>Cost | (E)<br>Current Value |
|-----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------|----------------------|
|     | GLU MOBILE INC                                                   | Corporate Stock - Common<br>GLU MOBILE INC COM                                                                    | \$ 0.00     | \$ 11,643.00         |
|     | GTX INC DEL                                                      | Corporate Stock - Common<br>GTX INC DEL COM                                                                       | \$ 0.00     | \$ 1,650.00          |
|     | HEWLETT PACKARD CO                                               | Corporate Stock - Common<br>HEWLETT PACKARD CO COM                                                                | \$ 0.00     | \$ 13,990.00         |
|     | HIMAX TECHNOLOGIES INC                                           | Corporate Stock - Common<br>HIMAX TECHNOLOGIES INC SPONS ADR                                                      | \$ 0.00     | \$ 58,840.00         |
|     | HUNTINGTON BANCSHARES INC                                        | Corporate Stock - Common<br>HUNTINGTON BANCSHARES INC                                                             | \$ 0.00     | \$ 28,950.00         |
|     | HYDROGENICS CORP NEW                                             | Corporate Stock - Common<br>HYDROGENICS CORP NEWCOM NEW ISIN#CA44888                                              | \$ 0.00     | \$ 38,300.00         |
|     | IMPAC MTG HLDGS INC                                              | Corporate Stock - Common<br>IMPAC MTG HLDGS INC COM NEW                                                           | \$ 0.00     | \$ 15,727.40         |
|     | INOVIO PHARMACEUTICALS INC                                       | Corporate Stock - Common<br>INOVIO PHARMACEUTICALS INC COM                                                        | \$ 0.00     | \$ 23,200.00         |
|     | INTEL CORP                                                       | Corporate Stock - Common<br>INTEL CORP COM                                                                        | \$ 0.00     | \$ 25,955.00         |
|     | JOHNSON & JOHNSON                                                | Corporate Stock - Common<br>JOHNSON & JOHNSON COM                                                                 | \$ 0.00     | \$ 9,159.00          |
|     | JPMORGAN CHASE & CO                                              | Corporate Stock - Common<br>JP MORGAN CHASE & CO COM ISIN#US46625H10                                              | \$ 0.00     | \$ 4,736.88          |
|     | KRAFT FOODS GROUP INC                                            | Corporate Stock - Common<br>KRAFT FOODS GROUP INC COM                                                             | \$ 0.00     | \$ 5,391.00          |
|     | LEGGETT & PLATT INC                                              | Corporate Stock - Common<br>LEGGETT & PLATT INC                                                                   | \$ 0.00     | \$ 9,282.00          |
|     | MAGNUM HUNTER RES CORP DEL                                       | Corporate Stock - Common<br>MAGNUM HUNTER RES CORP DEL COM                                                        | \$ 0.00     | \$ 14,620.00         |
|     | MONDELEZ INTL INC                                                | Corporate Stock - Common<br>MONDELEZ INTL INC CLA                                                                 | \$ 0.00     | \$ 10,590.00         |

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

KAPSTONE PAPER AND PACKAGING CORPORATION 401C

EIN 20 2699372  
PLAN NUMBER 001  
PLAN YEAR 01/01/2013 TO 12/31/2013

| (A) | (B)<br>Identity of issuer, borrower,<br>lessor or similar party. | (C)<br>Description of investment including maturity date,<br>rate of interest, collateral, par or maturity value. | (D)<br>Cost | (E)<br>Current Value |
|-----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------|----------------------|
|     | NEW YORK MTG TR INC                                              | Corporate Stock - Common<br>NEW YORK MTG TR INC COM PAR                                                           | \$ 0.00     | \$ 27,960.00         |
|     | NORTHERN TIER ENERGY LP                                          | Corporate Stock - Common<br>NORTHERN TIER ENERGYLP COM UNITS REPSTG                                               | \$ 0.00     | \$ 24,600.00         |
|     | NUCOR CORP                                                       | Corporate Stock - Common<br>NUCOR CORP COM                                                                        | \$ 0.00     | \$ 16,014.00         |
|     | ONCOTHYREON INC                                                  | Corporate Stock - Common<br>ONCOTHYREON INC COM                                                                   | \$ 0.00     | \$ 2,640.00          |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin Diversified Intl SA-R6                                                           | \$ 0.00     | \$ 1,370,795.84      |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin Intl Em Mkt Sep Acct-I3                                                          | \$ 0.00     | \$ 2,649,556.98      |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin LgCap S&P 500 Index SA-I3                                                        | \$ 0.00     | \$ 5,678,030.73      |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin LifeTm Str Inc SA-I3                                                             | \$ 0.00     | \$ 799,694.77        |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin LifeTm 2010 Sep Acct-I3                                                          | \$ 0.00     | \$ 5,506,031.92      |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin LifeTm 2020 Sep Acct-I3                                                          | \$ 0.00     | \$ 33,817,697.10     |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin LifeTm 2030 Sep Acct-I3                                                          | \$ 0.00     | \$ 27,886,120.96     |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin LifeTm 2040 Sep Acct-I3                                                          | \$ 0.00     | \$ 11,116,594.32     |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin LifeTm 2050 Sep Acct-I3                                                          | \$ 0.00     | \$ 4,302,497.98      |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin MidCap Growth III SA-R6                                                          | \$ 0.00     | \$ 917,243.25        |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin MidCap S&P 400 Idx SA-I3                                                         | \$ 0.00     | \$ 3,387,980.45      |

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

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

KAPSTONE PAPER AND PACKAGING CORPORATION 401C

EIN 20 2699372  
 PLAN NUMBER 001  
 PLAN YEAR 01/01/2013 TO 12/31/2013

| (A) | (B)<br>Identity of issuer, borrower,<br>lessor or similar party. | (C)<br>Description of investment including maturity date,<br>rate of interest, collateral, par or maturity value. | (D)<br>Cost | (E)<br>Current Value |
|-----|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------|----------------------|
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin MidCap Value I SA-R6                                                             | \$ 0.00     | \$ 2,288,026.57      |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin SmCap S&P 600 Index SA-I3                                                        | \$ 0.00     | \$ 2,979,912.30      |
| *   | Principal Life Insurance Company                                 | Pooled Separate Accounts<br>Prin U.S. Property Sep Acct-R6                                                        | \$ 0.00     | \$ 200,643.87        |
| *   | Union Bond & Trust Company                                       | Common/Collective Trust<br>Principal Stable Value Select                                                          | \$ 0.00     | \$ 16,461,587.00     |
|     | PAYCHEX INC                                                      | Corporate Stock - Common<br>PAYCHEX INC COM                                                                       | \$ 0.00     | \$ 22,765.00         |
|     | PENNEY J C INC                                                   | Corporate Stock - Common<br>PENNEY J C INC                                                                        | \$ 0.00     | \$ 1,143.75          |
|     | PHILIP MORRIS INTL INC                                           | Corporate Stock - Common<br>PHILIP MORRIS INTL INC COM                                                            | \$ 0.00     | \$ 13,069.50         |
|     | PIMCO FDS PAC INVT MGMT SER                                      | Registered Investment Company<br>PIMCO ALL ASSET ALL AUTHORITY FUND CLASS                                         | \$ 0.00     | \$ 70,254.92         |
|     | PIMCO Funds                                                      | Registered Investment Company<br>PIMCO Total Return A Fund                                                        | \$ 0.00     | \$ 5,225,047.81      |
|     | POTASH CORP SASK INC                                             | Corporate Stock - Common<br>POTASH CORP OF SASKATCHEWAN INC COM ISIN                                              | \$ 0.00     | \$ 13,184.00         |
|     | POWERWAVE TECHNOLOGIES INC                                       | Corporate Stock - Common<br>POWERWAVE TECHNOLOGIES INC COMNEW                                                     | \$ 0.00     | \$ 0.44              |
|     | QR ENERGY LP                                                     | Corporate Stock - Common<br>QR ENERGY LP UNIT LTD PARTNERSHIP INT                                                 | \$ 0.00     | \$ 25,680.00         |
|     | RITE AID CORP                                                    | Corporate Stock - Common<br>RITE AID CORP                                                                         | \$ 0.00     | \$ 15,180.00         |
|     | ROYCE FD                                                         | Registered Investment Company<br>ROYCE OPPORTUNITY SELECT FUND INVESTMENT                                         | \$ 0.00     | \$ 70,117.13         |
|     | SOUTHERN CO                                                      | Corporate Stock - Common<br>SOUTHERN CO COM                                                                       | \$ 0.00     | \$ 12,333.00         |

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

KAPSTONE PAPER AND PACKAGING CORPORATION 401(

EIN 20 2699372  
 PLAN NUMBER 001  
 PLAN YEAR 01/01/2013 TO 12/31/2013

[illegible]

**KapStone Paper and  
Packaging Corporation  
401(k) Plan**

**Financial Statements,  
Supplemental Schedule  
and  
Independent Auditor's Report  
For the Year Ended  
December 31, 2013**

**Wolf & Company LLP**  
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
KapStone Paper and Packaging Corporation 401(k) Plan  
Northbrook, Illinois

We were engaged to audit the accompanying financial statements of KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Principal Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2013 and 2012, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

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

Other Matter

The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2013 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedule referred to above.

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

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*Wolf + Company LLP*

Oakbrook Terrace, Illinois  
September 19, 2014

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

|                                                                                                                                                      | December 31,          |                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                                      | <u>2013</u>           | <u>2012</u>           |
| Investments, at fair value:                                                                                                                          |                       |                       |
| Registered investment companies                                                                                                                      | \$ 19,077,937         | \$ 15,200,453         |
| Common/collective trust                                                                                                                              | 16,461,587            | 14,950,449            |
| Pooled separate accounts                                                                                                                             | <u>102,900,826</u>    | <u>70,852,771</u>     |
| Total investments at fair value                                                                                                                      | <u>138,440,350</u>    | <u>101,003,673</u>    |
| Receivables:                                                                                                                                         |                       |                       |
| Participant contributions                                                                                                                            | 332,010               | -                     |
| Employer contributions                                                                                                                               | 4,186,006             | 4,678,661             |
| Notes receivable from participants                                                                                                                   | <u>8,766,798</u>      | <u>6,540,985</u>      |
| Total receivables                                                                                                                                    | <u>13,284,814</u>     | <u>11,219,646</u>     |
| Adjustment from fair value to contract value<br>for interest in common/collective trust relating<br>to fully benefit-responsive investment contracts | <u>(99,637)</u>       | <u>(343,327)</u>      |
| Net assets available for benefits                                                                                                                    | <u>\$ 151,625,527</u> | <u>\$ 111,879,992</u> |

See accompanying notes to financial statements and independent auditor's report.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

|                                                   | For the Year Ended<br>December 31, |                       |
|---------------------------------------------------|------------------------------------|-----------------------|
|                                                   | <u>2013</u>                        | <u>2012</u>           |
| Additions to net assets attributed to:            |                                    |                       |
| Investment income:                                |                                    |                       |
| Dividends                                         | \$ 227,095                         | \$ 237,468            |
| Net appreciation in fair value of investments     | <u>18,083,100</u>                  | <u>9,404,813</u>      |
|                                                   | <u>18,310,195</u>                  | <u>9,642,281</u>      |
| Interest income from participant notes receivable | <u>325,605</u>                     | <u>245,114</u>        |
| Contributions:                                    |                                    |                       |
| Participants                                      | 13,017,414                         | 12,836,413            |
| Employer                                          | 10,968,444                         | 11,625,643            |
| Rollover                                          | <u>5,176,352</u>                   | <u>5,480,592</u>      |
|                                                   | <u>29,162,210</u>                  | <u>29,942,648</u>     |
| Total additions                                   | <u>47,798,010</u>                  | <u>39,830,043</u>     |
| Deductions from net assets attributed to:         |                                    |                       |
| Benefits paid to participants                     | 7,914,983                          | 5,633,983             |
| Administrative expenses                           | <u>137,492</u>                     | <u>164,178</u>        |
| Total deductions                                  | <u>8,052,475</u>                   | <u>5,798,161</u>      |
| Net increase                                      | 39,745,535                         | 34,031,882            |
| Net assets available for benefits:                |                                    |                       |
| Beginning of year                                 | <u>111,879,992</u>                 | <u>77,848,110</u>     |
| End of year                                       | <u>\$ 151,625,527</u>              | <u>\$ 111,879,992</u> |

See accompanying notes to financial statements and independent auditor's report.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

1. Description of Plan

The following description of the KapStone Paper and Packaging Corporation 401(k) Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General – The Plan is a defined contribution plan covering all employees of the KapStone Paper and Packaging Corporation (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended by subsequent legislation. The Plan was adopted on January 1, 2007.

Effective November 1, 2011, the Company acquired U.S. Corrugated, Inc. Former salaried non-bargained hourly, and union employees of U.S. Corrugated, Inc. were added to the Plan.

Effective July 18, 2013, the Company acquired Longview Fibre Paper and Packaging, Inc. Employees of Longview Fibre Paper and Packaging, Inc. will continue to participate in the Longview Fibre Paper and Packaging, Inc. Salaried 401(k) Plan and the Longview Fibre Paper and Packaging, Inc. Union Hourly Employees 401(k) Plan until January 1, 2015, at which time they will merge with the Kapstone Paper and Packaging Corporation 401(k) Plan to create one plan (See Note 10).

Contributions – Participants can contribute up to 100% of annual compensation as defined in the Plan. Roth elective deferral contributions and pre-tax elective deferral contributions are both counted in the maximum deferral limit. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Eligible compensation for any plan year shall not exceed the maximum provided by the Internal Revenue Code. Age 50 and over participants can contribute an additional \$5,500 in 2013 and 2012. A participant's account may include contributions made to another plan and transferred to the Plan as part of a rollover contribution. The Plan currently offers various pooled separate accounts, registered investment companies, and a stable value fund (common/collective trust) as investment options for participants. Additional and discretionary contributions are computed in accordance with the terms of the Plan and may be made at the discretion of the Company.

For salaried and non-bargained hourly employees, the Company may match 100% up to 4% of pay, plus 50% from 5% of pay up to 6% of pay. For Roanoke Rapids Mill and Charleston bargaining employees, the Company may match 100% up to 3% of pay, plus 50% from 4% of pay up to 5% of pay. For Amsterdam, Cedar Rapids, Twin Cities, and Mesquite bargaining employees, the Company may match 50% up to 6% of pay. For Springfield bargaining employees, the Company may match 50% up to 2% of pay, with a match limit of \$500. For Bowling Green bargaining employees, the Company may match 50% up to 6% of pay, with a match limit of \$600.

Participant Accounts – Each participant's account is credited with the participant's contribution and allocations of the Company's contribution, and Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

1. Description of Plan (Cont.)

Payment of Benefits – If a participant retires, the balance of the participant's account is payable at his/her option in either a lump sum or a rollover into a qualified plan or IRA unless the participant's balance in the Plan is less than \$1,000, in which case the participant will receive a lump-sum distribution. If the balance is between \$1,000 and \$5,000, Principal Trust Company automatically establishes an IRA account for the employee. Upon death or termination of a participant, the trustee of the Plan advises the beneficiary or participant of the various methods of distribution of the participant's account available to the participant or his/her beneficiary.

Notes Receivable from Participants – Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The participant must sign a promissory note for the loan. The participant may be granted two loans during any one-year period, and only two loans may be outstanding at a time. The loan period cannot exceed five years, unless the proceeds of the loans are used to purchase a primary residence which shall not exceed fifteen years, and the loans bear interest at rates commensurate with current interest rates used by the lending industry. The interest rates for the outstanding loans range from 4.25% to 9.25% at December 31, 2013.

Vesting – Participants are immediately vested in their contributions plus actual earnings thereon. Except as noted below, all employees are immediately vested in Company matching contributions. Vesting in the matching contribution portion of participant's accounts plus actual earnings for bargaining employees at the Mesquite location is based on years of continuous service as follows:

| <u>Years of<br/>Service</u> | <u>Percentage</u> |
|-----------------------------|-------------------|
| Less than 1                 | 0%                |
| 1                           | 34%               |
| 2                           | 67%               |
| 3 or more                   | 100%              |

Vesting in the matching contribution portion of participant's accounts plus actual earnings for Roanoke Rapids Mill union employees and the additional (RSA) contribution for all salaried/non-bargained hourly employees is based on years of continuous service as follows:

| <u>Years of<br/>Service</u> | <u>Percentage</u> |
|-----------------------------|-------------------|
| Less than 3                 | 0%                |
| 3 or more                   | 100%              |

Forfeitures – Forfeitures are first applied to plan expenses, and any remaining amounts will reduce the earliest employer contributions made after the forfeitures are determined. At December 31, 2013 and 2012, \$78,767 and \$133, respectively, were available for future use and have been allocated to plan assets. Forfeitures of \$37 and \$17,428 were used to reduce administrative expenses in 2013 and 2012, respectively.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Plan have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results may differ from those estimates.

Fully Benefit-Responsive Investment Contract – Investment contracts held by a defined contribution plan are reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust. The statement of net assets available for benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for benefits is prepared on the contract basis. The fair value of the Plan's interest in the funds is based on information reported by the issuer of the common/collective trust at year end. The contract value of the funds represents contributions plus earnings, less participant withdrawals and administrative expenses. The average yield of the underlying investment contracts was 1.28% and 1.64% in 2013 and 2012, respectively. The average yield credited to participants in 2013 and 2012 was 1.24% and 0.88%, respectively.

Investment Valuation and Income Recognition – Investments held in pooled separate accounts are reported at fair value based on quoted market prices of each fund's underlying investments. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan. The Stable Value Fund is valued based on information reported by Principal Trust Company.

The Plan provides for investments that, in general, are exposed to various risks such as interest rates, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the amount reported in the statement of net assets available for benefits.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits – Benefits are recorded when paid.

Administrative Expenses – Certain administrative expenses are paid by the Company on behalf of the Plan. They are not material to the financial statements. Administrative expenses paid by the Plan totaled \$137,492 and \$164,178 for the years ended December 31, 2013 and 2012, respectively. Additionally, certain employees of the Plan provide administrative and trustee services to the Plan and are not reimbursed by the Plan for such services. Certain investment management fees are netted in the net appreciation in fair value of investments.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (Cont.)

Notes Receivable from Participants – Notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest, with no allowance for credit losses, as repayments of principal and interest are received through payroll deductions.

3. Investments

The following investments represent 5% or more of the Plan's net assets at December 31, 2013 and 2012:

|                                                                                                                 | 2013          | 2012          |
|-----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Stable Value Fund (contract value of \$16,361,950 and \$14,607,122 at December 31, 2013 and 2012, respectively) | \$ 16,461,587 | \$ 14,950,449 |
| Principal Lifetime 2020 Fund                                                                                    | 33,817,697    | 24,660,433    |
| Principal Lifetime 2030 Fund                                                                                    | 27,886,121    | 18,780,694    |
| Principal Lifetime 2040 Fund                                                                                    | 11,116,594    | 6,853,363     |
| PIMCO Total Return Fund                                                                                         | *             | 6,557,501     |

\*Denotes investment does not represent 5% or more of Plan's net assets.

During 2013 and 2012, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

|                                 | 2013                 | 2012                |
|---------------------------------|----------------------|---------------------|
| Registered investment companies | \$ 2,773,134         | \$ 1,118,778        |
| Stable Value Fund               | 147,569              | 178,442             |
| Pooled separate accounts        | 15,162,397           | 8,107,593           |
|                                 | <u>\$ 18,083,100</u> | <u>\$ 9,404,813</u> |

4. Fair Value Measurements

Generally accepted accounting principles provide a uniform framework for the definition, measurement and disclosure of fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The financial accounting standards establish a fair value hierarchy which requires a plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The financial accounting standards describe three levels of inputs that may be used to measure fair value:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the plan has the ability to access as of the measurement date.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements (Cont.)

*Level 2:* Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

*Level 3:* Significant unobservable inputs that reflect a plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

The fair value of registered investment companies is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The fair value of participation units held by the Plan in pooled separate accounts is based on their net asset values, as reported by Principal Life Insurance Company and as supported by the unit prices of actual purchase and sale transactions occurring as of or close to the financial statement date.

The pooled separate accounts invest mainly in domestic stocks, mutual funds, and commercial real estate. The fair value of the mutual funds are publicly quoted pricing Level 1 inputs, and the majority of the underlying securities have observable Level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation. While the underlying asset values are quoted prices, the NAV of a separate account is not publicly quoted and therefore contains other observable Level 2 inputs.

The net asset value of the common/collective trust (Stable Value Fund) is based on the market value of its underlying investments. This fund contains synthetic investment contracts comprised of both underlying investment and contractual components which have observable Level 1 and Level 2 pricing inputs, including quoted prices for similar assets in active and non-active markets.

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

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements (Cont.)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2013 and 2012:

|                                     |                       | Fair Value Measurements at<br>Reporting Date Using                                            |                                                           |                                                    |
|-------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                     |                       | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets/<br>Liabilities<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|                                     | Fair Value            |                                                                                               |                                                           |                                                    |
| December 31, 2013:                  |                       |                                                                                               |                                                           |                                                    |
| Registered investment companies:    |                       |                                                                                               |                                                           |                                                    |
| Large U.S. equity funds             | \$ 6,043,078          | \$ 6,043,078                                                                                  | \$ -                                                      | \$ -                                               |
| Small/mid U.S. equity funds         | 3,402,813             | 3,402,813                                                                                     | -                                                         | -                                                  |
| International equity funds          | 2,866,797             | 2,866,797                                                                                     | -                                                         | -                                                  |
| Fixed income funds                  | 5,225,048             | 5,225,048                                                                                     | -                                                         | -                                                  |
| Other                               | 1,540,201             | 1,540,201                                                                                     | -                                                         | -                                                  |
|                                     | <u>19,077,937</u>     | <u>19,077,937</u>                                                                             | <u>-</u>                                                  | <u>-</u>                                           |
| Pooled separate accounts:           |                       |                                                                                               |                                                           |                                                    |
| Large U.S. equity funds (a)         | 5,678,031             | -                                                                                             | 5,678,031                                                 | -                                                  |
| Small/mid U.S. equity funds (b)     | 9,573,162             | -                                                                                             | 9,573,162                                                 | -                                                  |
| International equity funds (c)      | 4,020,353             | -                                                                                             | 4,020,353                                                 | -                                                  |
| Balanced/asset allocation funds (d) | 83,428,637            | -                                                                                             | 83,428,637                                                | -                                                  |
| Fixed income funds (e)              | 200,643               | -                                                                                             | 200,643                                                   | -                                                  |
|                                     | <u>102,900,826</u>    | <u>-</u>                                                                                      | <u>102,900,826</u>                                        | <u>-</u>                                           |
| Common/collective trust:            |                       |                                                                                               |                                                           |                                                    |
| Stable Value Fund (f)               | 16,461,587            | -                                                                                             | 16,461,587                                                | -                                                  |
| Total                               | <u>\$ 138,440,350</u> | <u>\$ 19,077,937</u>                                                                          | <u>\$ 119,362,413</u>                                     | <u>\$ -</u>                                        |

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements (Cont.)

|                                     |                       | Fair Value Measurements at<br>Reporting Date Using                                            |                                                           |                                                    |
|-------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                     |                       | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets/<br>Liabilities<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|                                     | Fair Value            |                                                                                               |                                                           |                                                    |
| December 31, 2012:                  |                       |                                                                                               |                                                           |                                                    |
| Registered investment companies:    |                       |                                                                                               |                                                           |                                                    |
| Large U.S. equity funds             | \$ 4,101,595          | \$ 4,101,595                                                                                  | \$ -                                                      | \$ -                                               |
| Small/mid U.S. equity funds         | 2,060,131             | 2,060,131                                                                                     | -                                                         | -                                                  |
| International equity funds          | 1,789,717             | 1,789,717                                                                                     | -                                                         | -                                                  |
| Fixed income funds                  | 6,557,501             | 6,557,501                                                                                     | -                                                         | -                                                  |
| Other                               | 691,509               | 691,509                                                                                       | -                                                         | -                                                  |
|                                     | <u>15,200,453</u>     | <u>15,200,453</u>                                                                             | <u>-</u>                                                  | <u>-</u>                                           |
| Pooled separate accounts:           |                       |                                                                                               |                                                           |                                                    |
| Large U.S. equity funds (a)         | 3,190,035             | -                                                                                             | 3,190,035                                                 | -                                                  |
| Small/mid U.S. equity funds (b)     | 5,021,369             | -                                                                                             | 5,021,369                                                 | -                                                  |
| International equity funds (c)      | 3,944,340             | -                                                                                             | 3,944,340                                                 | -                                                  |
| Balanced/asset allocation funds (d) | 58,500,059            | -                                                                                             | 58,500,059                                                | -                                                  |
| Fixed income funds (e)              | 196,968               | -                                                                                             | 196,968                                                   | -                                                  |
|                                     | <u>70,852,771</u>     | <u>-</u>                                                                                      | <u>70,852,771</u>                                         | <u>-</u>                                           |
| Common/collective trust:            |                       |                                                                                               |                                                           |                                                    |
| Stable Value Fund (f)               | 14,950,449            | -                                                                                             | 14,950,449                                                | -                                                  |
| Total                               | <u>\$ 101,003,673</u> | <u>\$ 15,200,453</u>                                                                          | <u>\$ 85,803,220</u>                                      | <u>\$ -</u>                                        |

- (a) These pooled separate accounts invest in common stocks of large capitalization companies and can be redeemed daily with no notice period required.
- (b) These pooled separate accounts invest in common stocks of small to mid-sized companies and can be redeemed daily with no notice period required.
- (c) These pooled separate accounts invest in large capitalization companies with their principal place of business outside of the U.S. and can be redeemed daily with no notice period required.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements (Cont.)

- (d) These pooled separate accounts invest in equity, hybrid and fixed income funds according to asset allocation strategies designed for specific investment time horizons and can be redeemed on a daily basis with no notice period required.
- (e) This pooled separate account invests in fixed income securities such as asset backed securities, residential mortgage backed securities, and commercial mortgage backed securities and corporate bonds. The investment can be redeemed on a daily basis with no notice period required.
- (f) This is a common/collective trust (CCT) for which the net asset value (NAV) is based on the market value of its underlying investments which contain synthetic investment contracts. The CCT can be redeemed at NAV as of the measurement date on a daily basis.

5. Information Certified by the Trustee of the Plan

The plan administrator has elected the method of annual reporting compliance permitted by Section 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Principal Trust Company, the trustee of the Plan, has certified to the completeness and accuracy of all investments, at fair value, the adjustment from fair value to contract value for interest in common/collective trust relating to fully benefit-responsive investment contracts, and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2013 and 2012, the schedule of assets (held at end of year) as of December 31, 2013, and the investment income components, and interest income from participant notes receivable reflected in the statements of changes in net assets available for benefits for the years ended December 31, 2013 and 2012.

6. Related Party Transactions

Certain Plan investments are units in pooled separate accounts managed by Principal Life Insurance Company, a related party of Principal Trust Company. Principal Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan during 2013 and 2012 for legal, accounting, and other professional services were rendered primarily by parties-in-interest and were based on customary and reasonable rates for such services.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, all participants would become 100% vested in their employer contributions.

8. Tax Status

The Plan obtained its latest determination letter on November 18, 2013, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code.

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
NOTES TO FINANCIAL STATEMENTS

8. Tax Status (Cont.)

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2010.

9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2013 and 2012 to the Form 5500:

|                                                                                                                                   | <u>2013</u>           | <u>2012</u>           |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Net assets available for benefits per the financial statements                                                                    | \$ 151,625,527        | \$ 111,879,992        |
| Adjustment from fair value to contract value of common/collective trust relating to fully benefit-responsive investment contracts | <u>99,637</u>         | <u>343,327</u>        |
| Net assets available for benefits per the form 5500                                                                               | <u>\$ 151,725,164</u> | <u>\$ 112,223,319</u> |

The following is a reconciliation of the increase in net assets available for benefits per the financial statements for the years ended December 31, 2013 and 2012 to the Form 5500:

|                                                                                                                                                    | <u>2013</u>          | <u>2012</u>          |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Increase in net assets available for benefits per the financial statements                                                                         | \$ 39,745,535        | \$ 34,031,882        |
| Net adjustment from fair value to contract value for interest in common/collective trust relating to fully benefit-responsive investment contracts | <u>(243,690)</u>     | <u>41,940</u>        |
| Increase in net assets available for benefits per the Form 5500                                                                                    | <u>\$ 39,501,845</u> | <u>\$ 34,073,822</u> |

10. Subsequent Events

During 2014, the Pension Committee approved merging of the Longview Fibre Paper and Packaging, Inc. Union Hourly 401(k) Plan, the Longview Fibre Paper and Packaging, Inc. Salaried 401(k) Plan and the KapStone Paper and Packaging Corporation 401(k) Plan into one plan. The merging of these plans is anticipated to occur effective January 1, 2015.

Additionally, during 2014 the Pension Committee elected to use FMR LLC (Fidelity Management and Research) as the record keeper and trustee for the merged defined contribution plans.

Subsequent events have been evaluated through September 19, 2014, the date these financial statements were available for issuance.

**SUPPLEMENTAL SCHEDULE**

KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN  
 EIN: 20-2699372 Plan Number: 001  
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
 December 31, 2013

| (a) | (b)<br>Identity of Issue, Borrower,<br>Lessor, or Similar Party | (c)<br>Description of Investment Including<br>Maturity Date, Rate of Interest,<br>Collateral, Par, or Maturity Value | (d)<br>Cost | (e)<br>Current<br>Value |
|-----|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------|-------------------------|
|     | Morley Financial Services, Inc.                                 | Common/collective trust:<br>Stable Value Fund                                                                        | **          | \$ 16,461,587           |
|     |                                                                 | Pooled separate accounts:                                                                                            |             |                         |
| *   | Principal Life Insurance Company                                | Lifetime 2010 Fund                                                                                                   | **          | 5,506,032               |
| *   | Principal Life Insurance Company                                | Lifetime 2020 Fund                                                                                                   | **          | 33,817,697              |
| *   | Principal Life Insurance Company                                | Lifetime 2030 Fund                                                                                                   | **          | 27,886,121              |
| *   | Principal Life Insurance Company                                | Lifetime 2040 Fund                                                                                                   | **          | 11,116,594              |
| *   | Principal Life Insurance Company                                | Lifetime 2050 Fund                                                                                                   | **          | 4,302,498               |
| *   | Principal Life Insurance Company                                | Lifetime Str Inc Fund                                                                                                | **          | 799,695                 |
| *   | Principal Life Insurance Company                                | Goldman Sachs Asset Mgt Value I Fund                                                                                 | **          | 2,288,027               |
| *   | Principal Life Insurance Company                                | International Emerging Markets Fund                                                                                  | **          | 2,649,557               |
| *   | Principal Life Insurance Company                                | Diversified International Fund                                                                                       | **          | 1,370,796               |
| *   | Principal Life Insurance Company                                | U.S. Property Fund                                                                                                   | **          | 200,643                 |
| *   | Principal Life Insurance Company                                | Large Cap S&P 500 Index Fund                                                                                         | **          | 5,678,031               |
| *   | Principal Life Insurance Company                                | Mid Cap S&P 400 Index Fund                                                                                           | **          | 3,387,980               |
| *   | Principal Life Insurance Company                                | Small Cap S&P 600 Index Fund                                                                                         | **          | 2,979,912               |
| *   | Principal Life Insurance Company                                | Robert Baird/William Blair MidCap Growth III Fund                                                                    | **          | 917,243                 |
|     |                                                                 |                                                                                                                      |             | <u>102,900,826</u>      |
|     |                                                                 | Registered investment companies:                                                                                     |             |                         |
|     | Fidelity Management & Research                                  | Adv Small Cap Fund                                                                                                   | **          | 2,084,309               |
|     | Capital Research and Mgmt Co                                    | New Persp Fund                                                                                                       | **          | 2,866,797               |
| *   | Principal Life Insurance Company                                | Principal Self-Dir Broker Account Fund                                                                               | **          | 1,540,201               |
|     | PIMCO                                                           | Total Return Fund                                                                                                    | **          | 5,225,048               |
|     | Goldman Sachs                                                   | Goldman Sachs Small Cap Value A Fund                                                                                 | **          | 1,318,504               |
|     | BlackRock                                                       | BlackRock Cap Appreciation BR Fund                                                                                   | **          | 3,544,818               |
|     | Allianz Global Inv Fund Mgmt                                    | NFJ Dividend Value Fund                                                                                              | **          | 2,498,260               |
|     |                                                                 |                                                                                                                      |             | <u>19,077,937</u>       |
| *   | Participant loans                                               | Interest rates between 4.25% and 9.25%                                                                               | -           | 8,766,798               |
|     |                                                                 |                                                                                                                      |             | <u>\$ 147,207,148</u>   |

\*Indicates a party-in-interest.

\*\*Costs not required for participant-directed investments.

See independent auditor's report.