

|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| <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 6057(b) and 6058(a) of the Internal Revenue Code (the Code).<br><br><b>► Complete all entries in accordance with the instructions to the Form 5500.</b> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2016</b><br><br><b>This Form is Open to Public Inspection</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|

|                                                                                                          |                                                                                                       |                                                                                                                                                                                                                                                                                                                                            |  |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                       |                                                                                                                                                                                                                                                                                                                                            |  |
| For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u> |                                                                                                       |                                                                                                                                                                                                                                                                                                                                            |  |
| <b>A</b>                                                                                                 | This return/report is for:                                                                            | <input type="checkbox"/> a multiemployer plan <input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)<br><input checked="" type="checkbox"/> a single-employer plan <input type="checkbox"/> a DFE (specify) _____ |  |
| <b>B</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)                                                                                                      |  |
| <b>C</b>                                                                                                 | If the plan is a collectively-bargained plan, check here. . . . . <input checked="" type="checkbox"/> |                                                                                                                                                                                                                                                                                                                                            |  |
| <b>D</b>                                                                                                 | 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</b> —enter all requested information                                                                                                                                                                                                                                                                                                                    |           |                                                           |
| <b>1a</b>      | Name of plan<br><u>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN</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 (employer, if for a single-employer plan)<br>Mailing address (include room, apt., suite no. and street, or P.O. Box)<br>City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)<br><u>KAPSTONE PAPER AND PACKAGING CORPORATION</u><br><br><u>1101 SKOKIE BLVD STE 300</u><br><u>NORTHBROOK, IL 60062-4124</u> | <b>2b</b> | Employer Identification Number (EIN)<br><u>20-2699372</u> |
|                |                                                                                                                                                                                                                                                                                                                                                                                   | <b>2c</b> | Plan 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. | 10/12/2017 | JEFFREY ZROBACK                                              |
|                                                                                                 | <b>Signature of plan administrator</b>            | Date       | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b>                                                                                |                                                   |            |                                                              |
|                                                                                                 | <b>Signature of employer/plan sponsor</b>         | Date       | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b>                                                                                |                                                   |            |                                                              |
|                                                                                                 | <b>Signature of DFE</b>                           | Date       | Enter name of individual signing as DFE                      |
| Preparer's name (including firm name, if applicable) and address (include room or suite number) |                                                   |            | Preparer's telephone number                                  |
|                                                                                                 |                                                   |            |                                                              |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>3b</b> Administrator's EIN<br><br><b>3c</b> Administrator's telephone number<br><br><div style="background-color: #cccccc; height: 40px; width: 100%;"></div>                                                                                                                                                                                                                                                                                                                                                                                                |
| <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> 5228                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).<br><br><b>a(1)</b> Total number of active participants at the beginning of the plan year.....<br><b>a(2)</b> Total number of active participants at the end of the plan year .....<br><br><b>b</b> Retired or separated participants receiving benefits.....<br><b>c</b> Other retired or separated participants entitled to future benefits .....<br><b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> .....<br><b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. ....<br><b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....<br><br><b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....<br><br><b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested ..... | <b>6a(1)</b> 4409<br><b>6a(2)</b> 4446<br><b>6b</b> 45<br><b>6c</b> 831<br><b>6d</b> 5322<br><b>6e</b> 4<br><b>6f</b> 5326<br><b>6g</b> 4994<br><b>6h</b> 150                                                                                                                                                                                                                                                                                                                                                                                                   |
| <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<br><br><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><b>(1)</b> <input checked="" type="checkbox"/> Insurance<br><b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br><b>(3)</b> <input checked="" type="checkbox"/> Trust<br><b>(4)</b> <input type="checkbox"/> General assets of the sponsor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>9b</b> Plan benefit arrangement (check all that apply)<br><b>(1)</b> <input checked="" type="checkbox"/> Insurance<br><b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br><b>(3)</b> <input checked="" type="checkbox"/> Trust<br><b>(4)</b> <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><b>(1)</b> <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br><b>(2)</b> <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br><b>(3)</b> <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>b General Schedules</b><br><b>(1)</b> <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br><b>(2)</b> <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br><b>(3)</b> <input type="checkbox"/> <b>0</b> <b>A</b> (Insurance Information)<br><b>(4)</b> <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br><b>(5)</b> <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br><b>(6)</b> <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |

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

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

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

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

**11c** Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code \_\_\_\_\_

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        |                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| <b>SCHEDULE C</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>Service Provider 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                                           |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | <b>2016</b>                                                 |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | <b>This Form is Open to Public Inspection.</b>              |
| For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016                                                                                                                                |                                                                                                                                                                                                                        |                                                             |
| <b>A</b> Name of plan<br>KAPSTONE PAPER AND PACKAGING CORPORATION 401(K) PLAN                                                                                                                                             |                                                                                                                                                                                                                        | <b>B</b> Three-digit plan number (PN) ▶ 001                 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br>KAPSTONE PAPER AND PACKAGING CORPORATION                                                                                                                 |                                                                                                                                                                                                                        | <b>D</b> Employer Identification Number (EIN)<br>20-2699372 |

|               |                                                        |
|---------------|--------------------------------------------------------|
| <b>Part I</b> | <b>Service Provider Information (see instructions)</b> |
|---------------|--------------------------------------------------------|

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>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
| FIDELITY INV INST OPS CO                                                                                          |
| 04-2647786                                                                                                        |

|                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
|-------------------------------------------------------------------------------------------------------------------|

|                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------|
| <b>(b)</b> Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation |
|-------------------------------------------------------------------------------------------------------------------|

|                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------|
| <b>(b)</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

---

---

**(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

---

---

**(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

---

---

**(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

---

---

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

---

**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)

FID INV INST OPS CO

04-2647756

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><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-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 37 64 65 71                   | RECORDKEEPER                                                                                             | 467438                                                                        | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                         | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>                                                                   | 0                                                                                                                                                                                      | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                 |

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

JEFFREY SLOCUM & ASSOCIATES INC.

41-1567437

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><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-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 27 99                         | INVESTMENT ADVISORY                                                                                      | 56250                                                                         | Yes <input type="checkbox"/> No <input checked="" 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)

GRANT THORNTON LLP

36-6055558

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><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-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 10 50                         | ACCOUNTANT                                                                                               | 17742                                                                         | Yes <input type="checkbox"/> No <input checked="" 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 Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><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-. | <b>(h)</b><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"/>                                            |

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

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><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-. | <b>(h)</b><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"/>                                            |

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

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><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-. | <b>(h)</b><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"/>                                            |

**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 compensation                                                                                                                          |
|-----------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FID INV INST OPS CO INC.                                                          | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation               |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| DOUBLELINE TOTAL RT BOND FD CL N 777 EAST WISCONSIN AVENUE<br>MILWAUKEE, WI 53202 |                                         | 0.15%                                                                                                                                                              |
|                                                                                   |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                           | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                          | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation               |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| DOUBLELINE LOW DURATION CL N 777 EAST WISCONSIN AVENUE<br>MILWAUKEE, WI 53202     |                                         | 0.15%                                                                                                                                                              |
|                                                                                   |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                           | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                          | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation               |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| PFG TACTICAL FUND INVESTOR CLASS 777 108TH AVE NE, STE 2100<br>BELLEVUE, WA 98004 |                                         | 0.10%                                                                                                                                                              |

**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 compensation                                                                                                                          |
|--------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FID INV INST OPS CO INC.                                                             | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                  |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| PFG STRATEGIC CONSERVATIVE INVST 777 108TH AVE NE, STE 2100<br>BELLEVUE, WA 98004    | 0.35%                                   |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                              |                                         | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                             | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                  |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| PFG INTERNATIONAL FUND - INVESTOR C 777 108TH AVE NE, STE 2100<br>BELLEVUE, WA 98004 | 0.10%                                   |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                              |                                         | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                             | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                  |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| PFG EXPLORER FUND INVESTOR CLASS 777 108TH AVE NE, STE 2100<br>BELLEVUE, WA 98004    | 0.10%                                   |                                                                                                                                                                    |

**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 compensation                                                                                                                          |
|--------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FID INV INST OPS CO INC.                                                             | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                  |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| PFG CORE EQUITY FUND - INVESTOR 777 108TH AVE NE, STE 2100<br>BELLEVUE, WA 98004     | 0.40%                                   |                                                                                                                                                                    |
|                                                                                      |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                              | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                             | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                  |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| PACIFIC FINANCIAL DYNAMIC ALLOC INV 777 108TH AVE NE, STE 2100<br>BELLEVUE, WA 98004 | 0.40%                                   |                                                                                                                                                                    |
|                                                                                      |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                              | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                             | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                  |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| PACIFIC FINANC FLEX GRWTH INCOME CL 777 108TH AVE NE, STE 2100<br>BELLEVUE, WA 98004 | 0.40%                                   |                                                                                                                                                                    |

**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 compensation                                                                                                                          |
|---------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FID INV INST OPS CO INC.                                                              | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                   |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| THE OSTERWEIS STRATEGIC INCOME FD 777 E. WISCONSIN AVE, 4TH FL<br>MILWAUKEE, WI 53202 |                                         | 0.40%                                                                                                                                                              |
|                                                                                       |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                               | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                              | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                   |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| BLKRK STR INC OPP IS-BNY MELLON INV PO BOX 9793<br>PROVIDENCE, RI 02940               |                                         | 0.15%                                                                                                                                                              |
|                                                                                       |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                               | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                              | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation                   |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| CORTINA SMCP GRTH I-ALPS FD SER INC                                                   |                                         | 0.15%                                                                                                                                                              |
| 20-3247785                                                                            |                                         |                                                                                                                                                                    |

**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 compensation                                                                                                                          |
|------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FID INV INST OPS CO INC.                                                     | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation          |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| DODGE & COX INTL STK - BOS FIN DATA<br>PO BOX 8480<br>BOSTON, MA 02266       | 0.10%                                   |                                                                                                                                                                    |
|                                                                              |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                      | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                     | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation          |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| DREY RESEARCH GRTH I - DREYFUS TRAN<br>200 PARK AVENUE<br>NEW YORK, NY 10166 | 0.35%                                   |                                                                                                                                                                    |
|                                                                              |                                         |                                                                                                                                                                    |
| (a) Enter service provider name as it appears on line 2                      | (b) Service Codes<br>(see instructions) | (c) Enter amount of indirect compensation                                                                                                                          |
| FID INV INST OPS CO INC.                                                     | 60                                      | 0                                                                                                                                                                  |
| (d) Enter name and EIN (address) of source of indirect compensation          |                                         | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |
| GS SM CAP VALUE INST-GOLDMAN, SACHS<br>13-5108880                            | 0.10%                                   |                                                                                                                                                                    |

**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 compensation |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| FID INV INST OPS CO INC.                                            | 60                                                                                                                                                                 | 0                                         |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
| HARBOR INTL GRTH IS-HARBOR SER GR I<br><br>34-1953399               | 0.10%                                                                                                                                                              |                                           |
| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |
| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |

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

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

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

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

|                    |                     |
|--------------------|---------------------|
| <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><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small> | <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><div style="text-align: center; font-size: 1.2em; font-weight: bold;">2016</div><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

|                                                                                                                         |                                                                                                                                                                                                                                                                  |                                         |            |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------|
| <b>A</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%; padding: 5px;"> <b>B</b> Three-digit plan number (PN) ►             </td> <td style="width:20%; padding: 5px; text-align: center;"> <u>001</u> </td> </tr> </table> | <b>B</b> Three-digit plan number (PN) ► | <u>001</u> |
| <b>B</b> Three-digit plan number (PN) ►                                                                                 | <u>001</u>                                                                                                                                                                                                                                                       |                                         |            |
| <b>C</b> Plan or DFE 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 | <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: <u>VANGUARD TARGET RETIRE INC TRUST</u>    |                               |                                                                                                                     |
| <b>b</b> Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u> |                               |                                                                                                                     |
| <b>c</b> EIN-PN <u>90-6083967-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>4059173</u>  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD TARGET RETIRE 2010 TRUST</u>   |                               |                                                                                                                     |
| <b>b</b> Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u> |                               |                                                                                                                     |
| <b>c</b> EIN-PN <u>90-6083954-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>4138438</u>  |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD TARGET RETIRE 2015 TRUST</u>   |                               |                                                                                                                     |
| <b>b</b> Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u> |                               |                                                                                                                     |
| <b>c</b> EIN-PN <u>90-6083984-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>10453660</u> |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD TARGET RETIRE 2020 TRUST</u>   |                               |                                                                                                                     |
| <b>b</b> Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u> |                               |                                                                                                                     |
| <b>c</b> EIN-PN <u>90-6083982-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>59458772</u> |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD TARGET RETIRE 2025 TRUST</u>   |                               |                                                                                                                     |
| <b>b</b> Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u> |                               |                                                                                                                     |
| <b>c</b> EIN-PN <u>90-6083980-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>25690098</u> |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD TARGET RETIRE 2030 TRUST</u>   |                               |                                                                                                                     |
| <b>b</b> Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u> |                               |                                                                                                                     |
| <b>c</b> EIN-PN <u>90-6083978-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>56216158</u> |
| <b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>VANGUARD TARGET RETIRE 2035 TRUST</u>   |                               |                                                                                                                     |
| <b>b</b> Name of sponsor of entity listed in (a): <u>VANGUARD FIDUCIARY TRUST COMPANY</u> |                               |                                                                                                                     |
| <b>c</b> EIN-PN <u>90-6083976-001</u>                                                     | <b>d</b> Entity code <u>C</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>15077720</u> |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [VANGUARD TARGET RETIRE 2040 TRUST](#)**b** Name of sponsor of entity listed in (a): [VANGUARD FIDUCIARY TRUST COMPANY](#)

|                                                |                                        |                                                                                                                              |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">90-6083974-001</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">21419018</a> |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [VANGUARD TARGET RETIRE 2045 TRUST](#)**b** Name of sponsor of entity listed in (a): [VANGUARD FIDUCIARY TRUST COMPANY](#)

|                                                |                                        |                                                                                                                             |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">90-6083972-001</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">5393352</a> |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [VANGUARD TARGET RETIRE 2050 TRUST](#)**b** Name of sponsor of entity listed in (a): [VANGUARD FIDUCIARY TRUST COMPANY](#)

|                                                |                                        |                                                                                                                              |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">90-6083970-001</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">10060771</a> |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [VANGUARD TARGET RETIRE 2055 TRUST](#)**b** Name of sponsor of entity listed in (a): [VANGUARD FIDUCIARY TRUST COMPANY](#)

|                                                |                                        |                                                                                                                             |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">27-6715091-001</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">2186997</a> |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [VANGUARD TARGET RETIRE 2060 TRUST](#)**b** Name of sponsor of entity listed in (a): [VANGUARD FIDUCIARY TRUST COMPANY](#)

|                                                |                                        |                                                                                                                             |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">45-3799736-001</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">1530273</a> |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [VFTC RETIREMENT SAVINGS TRUST II](#)**b** Name of sponsor of entity listed in (a): [VANGUARD FIDUCIARY TRUST COMPANY](#)

|                                                |                                        |                                                                                                                              |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">23-2186884-023</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">40499939</a> |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [NT COLL S&P 500 INDEX FUND-DC-NON L](#)**b** Name of sponsor of entity listed in (a): [NORTHERN TRUST GLOBAL INVESTMENT](#)

|                                                |                                        |                                                                                                                              |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">45-6138589-002</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">43492670</a> |
|------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE: [DIVERSIFIED REAL ASSET CIT](#)**b** Name of sponsor of entity listed in (a): [PRINCIPAL TRUST COMPANY](#)

|                                                |                                        |                                                                                                                             |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <a href="#">46-0743367-001</a> | <b>d</b> Entity code <a href="#">C</a> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <a href="#">1167989</a> |
|------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|

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

|                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                              |                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Internal Revenue Service</small><br><small>Department of Labor</small><br><small>Employee Benefits Security Administration</small><br><small>Pension Benefit Guaranty Corporation</small> | <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> | <small>OMB No. 1210-0110</small><br><br><b>2016</b><br><br><b>This Form is Open to Public Inspection</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|

|                                                                                                                  |                                                                    |            |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------|
| For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</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) ►                            | <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> |            |

|               |                                      |
|---------------|--------------------------------------|
| <b>Part I</b> | <b>Asset and Liability Statement</b> |
|---------------|--------------------------------------|

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

| Assets                                                                                            |                 | (a) Beginning of Year | (b) End of Year |
|---------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>a</b> Total noninterest-bearing cash .....                                                     | <b>1a</b>       |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                      |                 |                       |                 |
| <b>(1)</b> Employer contributions.....                                                            | <b>1b(1)</b>    | 6030388               | 117809          |
| <b>(2)</b> Participant contributions .....                                                        | <b>1b(2)</b>    |                       |                 |
| <b>(3)</b> Other.....                                                                             | <b>1b(3)</b>    |                       |                 |
| <b>c</b> General investments:                                                                     |                 |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit).....   | <b>1c(1)</b>    |                       |                 |
| <b>(2)</b> U.S. Government securities .....                                                       | <b>1c(2)</b>    |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                           |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                        | <b>1c(3)(A)</b> |                       |                 |
| <b>(B)</b> All other.....                                                                         | <b>1c(3)(B)</b> |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                     |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                        | <b>1c(4)(A)</b> |                       |                 |
| <b>(B)</b> Common.....                                                                            | <b>1c(4)(B)</b> | 1835851               | 2948807         |
| <b>(5)</b> Partnership/joint venture interests .....                                              | <b>1c(5)</b>    |                       |                 |
| <b>(6)</b> Real estate (other than employer real property).....                                   | <b>1c(6)</b>    |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                               | <b>1c(7)</b>    |                       |                 |
| <b>(8)</b> Participant loans.....                                                                 | <b>1c(8)</b>    | 14506457              | 15217496        |
| <b>(9)</b> Value of interest in common/collective trusts .....                                    | <b>1c(9)</b>    | 283427177             | 300845027       |
| <b>(10)</b> Value of interest in pooled separate accounts .....                                   | <b>1c(10)</b>   |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                           | <b>1c(11)</b>   |                       |                 |
| <b>(12)</b> Value of interest in 103-12 investment entities.....                                  | <b>1c(12)</b>   |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....        | <b>1c(13)</b>   | 61676336              | 62950735        |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts)..... | <b>1c(14)</b>   |                       |                 |
| <b>(15)</b> Other .....                                                                           | <b>1c(15)</b>   |                       |                 |

| <b>1d</b> 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>    | 367476209             | 382079874       |

**Liabilities**

|                                                                           |           |       |   |
|---------------------------------------------------------------------------|-----------|-------|---|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |       |   |
| <b>h</b> Operating payables .....                                         | <b>1h</b> |       |   |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |       |   |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> | 22672 | 0 |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 22672 | 0 |

**Net Assets**

|                                                           |           |           |           |
|-----------------------------------------------------------|-----------|-----------|-----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 367453537 | 382079874 |
|-----------------------------------------------------------|-----------|-----------|-----------|

**Part II Income and Expense Statement**

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

**Income**

|                                                                                                            |                 | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>a Contributions:</b>                                                                                    |                 |            |           |
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 7626813    |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> | 23965099   |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> | 3536645    |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (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>    |            | 35128557  |
| <b>b Earnings on investments:</b>                                                                          |                 |            |           |
| (1) Interest:                                                                                              |                 |            |           |
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....       | <b>2b(1)(A)</b> |            |           |
| <b>(B)</b> U.S. Government securities .....                                                                | <b>2b(1)(B)</b> |            |           |
| <b>(C)</b> Corporate debt instruments .....                                                                | <b>2b(1)(C)</b> |            |           |
| <b>(D)</b> Loans (other than to participants) .....                                                        | <b>2b(1)(D)</b> |            |           |
| <b>(E)</b> Participant loans .....                                                                         | <b>2b(1)(E)</b> | 603835     |           |
| <b>(F)</b> Other .....                                                                                     | <b>2b(1)(F)</b> |            |           |
| <b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                              | <b>2b(1)(G)</b> |            | 603835    |
| (2) Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |            |           |
| <b>(B)</b> Common stock .....                                                                              | <b>2b(2)(B)</b> | 32823      |           |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                                  | <b>2b(2)(C)</b> | 3100440    |           |
| <b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....                  | <b>2b(2)(D)</b> |            | 3133263   |
| (3) Rents .....                                                                                            | <b>2b(3)</b>    |            |           |
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> | 2181576    |           |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                                              | <b>2b(4)(B)</b> | 2126183    |           |
| <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> |            | 55393     |
| (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                         | <b>2b(5)(A)</b> |            |           |
| <b>(B)</b> Other .....                                                                                     | <b>2b(5)(B)</b> | -100399    |           |
| <b>(C)</b> Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....         | <b>2b(5)(C)</b> |            | -100399   |

|                                                                                                |        | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------|--------|------------|-----------|
| (6) Net investment gain (loss) from common/collective trusts .....                             | 2b(6)  |            | 21068245  |
| (7) Net investment gain (loss) from pooled separate accounts .....                             | 2b(7)  |            |           |
| (8) Net investment gain (loss) from master trust investment accounts .....                     | 2b(8)  |            |           |
| (9) Net investment gain (loss) from 103-12 investment entities .....                           | 2b(9)  |            |           |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)..... | 2b(10) |            | 3102730   |
| c Other income.....                                                                            | 2c     |            |           |
| d Total income. Add all <b>income</b> amounts in column (b) and enter total.....               | 2d     |            | 62991624  |

**Expenses**

|                                                                                      |       |          |          |
|--------------------------------------------------------------------------------------|-------|----------|----------|
| e Benefit payment and payments to provide benefits:                                  |       |          |          |
| (1) Directly to participants or beneficiaries, including direct rollovers .....      | 2e(1) | 47697019 |          |
| (2) To insurance carriers for the provision of benefits .....                        | 2e(2) |          |          |
| (3) Other .....                                                                      | 2e(3) |          |          |
| (4) Total benefit payments. Add lines 2e(1) through (3).....                         | 2e(4) |          | 47697019 |
| f Corrective distributions (see instructions) .....                                  | 2f    |          | 4983     |
| g Certain deemed distributions of participant loans (see instructions) .....         | 2g    |          | 130245   |
| h Interest expense.....                                                              | 2h    |          |          |
| i Administrative expenses: (1) Professional fees.....                                | 2i(1) | 17742    |          |
| (2) Contract administrator fees.....                                                 | 2i(2) |          |          |
| (3) Investment advisory and management fees.....                                     | 2i(3) | 56250    |          |
| (4) Other .....                                                                      | 2i(4) | 459048   |          |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                  | 2i(5) |          | 533040   |
| j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total ..... | 2j    |          | 48365287 |

**Net Income and Reconciliation**

|                                                          |       |  |          |
|----------------------------------------------------------|-------|--|----------|
| k Net income (loss). Subtract line 2j from line 2d ..... | 2k    |  | 14626337 |
| l Transfers of assets:                                   |       |  |          |
| (1) To this plan.....                                    | 2l(1) |  |          |
| (2) From this plan.....                                  | 2l(2) |  |          |

**Part III Accountant's Opinion**

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ 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: GRANT THORNTON

(2) EIN: 36-6055558

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

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

**Part IV Compliance Questions**

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

During the plan year:

**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  |        |
| 4b |     | X  |        |

|                                                                                                                                                                                                                               |           | 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.) .....                                          | <b>4c</b> |     | X  |          |
| <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.) .....                               | <b>4d</b> |     | X  |          |
| <b>e</b> Was this plan covered by a fidelity bond? .....                                                                                                                                                                      | <b>4e</b> | 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? .....                                                                                       | <b>4f</b> |     | 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? .....                                                    | <b>4g</b> |     | 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? .....                                          | <b>4h</b> |     | 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.) .....                                                                | <b>4i</b> | 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.) ..... | <b>4j</b> |     | 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? .....                                                           | <b>4k</b> |     | X  |          |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                            | <b>4l</b> |     | X  |          |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....                                                                                                  | <b>4m</b> | 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. ....                                      | <b>4n</b> | X   |    |          |
| <b>o</b> Defined Benefit Plan or Money Purchase Pension Plan Only:<br>Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service? .....                           | <b>4o</b> |     |    |          |

**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  
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year ..... (See instructions.)

## Part V Trust Information

|                                        |                                                     |
|----------------------------------------|-----------------------------------------------------|
| <b>6a</b> Name of trust                | <b>6b</b> Trust's EIN                               |
| <b>6c</b> Name of trustee or custodian | <b>6d</b> Trustee's or custodian's telephone number |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                             |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</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>Retirement Plan Information</b><br><br>This schedule is required to be filed under sections 104 and 4065 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>2016</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

|                                                                                                                  |                                                                    |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <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) ▶<br><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> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

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

|                                                                                                                                                                                                                                                                    |          |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions .....                                                                                                                             | <b>1</b> | <u>0</u> |
| <b>2</b> 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): <u>04-6568107</u> |          |          |
| Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.                                                                                                                                                                                                   |          |          |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year .....                                                                                                                                   | <b>3</b> |          |

|                |                                                                                                                                                                               |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (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.) |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                             |                              |                             |                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>4</b> 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.                                                                                                                                                                                                                                                                                                        |                              |                             |                              |
| <b>5</b> 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 _____<br>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule. |                              |                             |                              |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....                                                                                                                                                                                                              | <b>6a</b>                    |                             |                              |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....                                                                                                                                                                                                                                                                  | <b>6b</b>                    |                             |                              |
| <b>c</b> 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) .....                                                                                                                                                                                                            | <b>6c</b>                    |                             |                              |
| If you completed line 6c, skip lines 8 and 9.                                                                                                                                                                                                                                                                                                               |                              |                             |                              |
| <b>7</b> 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 |
| <b>8</b> 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 |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                   |                                   |                               |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| <b>9</b> 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 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (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. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                              |                              |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> 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 |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                    | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</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 |
| <b>12</b> 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, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016  
v. 160205

**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): \_\_\_\_\_

|           |                                                                                                                                                                                                                                                      |            |  |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>14</b> | 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> |  |
| <b>15</b> | 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> |  |
| <b>16</b> | 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> |  |
| <b>17</b> | 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. .... <input type="checkbox"/> |            |  |

|                |                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------|
| <b>Part VI</b> | <b>Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans</b> |
|----------------|---------------------------------------------------------------------------------------------------|

|           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>18</b> | 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 .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>19</b> | If the total number of participants is 1,000 or more, complete lines (a) through (c)<br><b>a</b> Enter the percentage of plan assets held as:<br>Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%<br><b>b</b> Provide the average duration of the combined investment-grade and high-yield debt:<br><input type="checkbox"/> 0-3 years <input type="checkbox"/> 3-6 years <input type="checkbox"/> 6-9 years <input type="checkbox"/> 9-12 years <input type="checkbox"/> 12-15 years <input type="checkbox"/> 15-18 years <input type="checkbox"/> 18-21 years <input type="checkbox"/> 21 years or more<br><b>c</b> What duration measure was used to calculate line 19(b)?<br><input type="checkbox"/> Effective duration <input type="checkbox"/> Macaulay duration <input type="checkbox"/> Modified duration <input type="checkbox"/> Other (specify): _____ |

|                 |                                 |
|-----------------|---------------------------------|
| <b>Part VII</b> | <b>IRS Compliance Questions</b> |
|-----------------|---------------------------------|

|                                                                                                                                                                                                                             |                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>20a</b> Is the plan a 401(k) plan? If "No," skip b .....                                                                                                                                                                 | <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                          |
| <b>20b</b> How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply: .....                                                        | <input type="checkbox"/> Design-based safe harbor <input type="checkbox"/> "Prior year" ADP test<br><input type="checkbox"/> "Current year" ADP test <input type="checkbox"/> N/A |
| <b>21a</b> What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply: .....                                                                            | <input type="checkbox"/> Ratio percentage test <input type="checkbox"/> Average benefit test <input type="checkbox"/> N/A                                                         |
| <b>21b</b> Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules? ..... | <input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                          |
| <b>22a</b> If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter   /   /   and the serial number   .      |                                                                                                                                                                                   |
| <b>22b</b> If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter   /   /   .                                     |                                                                                                                                                                                   |



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

Financial Statements and Report of Independent Certified Public Accountants  
December 31, 2016 and 2015

**KapStone Paper and Packaging Corporation**  
**Defined Contribution Retirement Plan**

**FINANCIAL STATEMENTS TABLE OF CONTENTS**

---

|                                                                               | <b>Page</b> |
|-------------------------------------------------------------------------------|-------------|
| Report of Independent Certified Public Accountants .....                      | 3           |
| <b>FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 AND 2015</b>                  |             |
| Statements of Net Assets Available for Benefits .....                         | 5           |
| Statements of Changes in Net Assets Available for Benefits .....              | 6           |
| Notes to Financial Statements .....                                           | 7           |
| <b>Supplemental Schedules</b>                                                 |             |
| Form 5500 Schedule H, Line 4i – Schedule of Assets (Held at End of Year)..... | 18          |



## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Participants and Administrator of  
KapStone Paper and Packaging Corporation 401(k) Plan

Grant Thornton LLP  
520 Pike Street, Suite 2800  
Seattle, WA 98101  
T 206.623.1121  
F 206.374.2906  
[www.GrantThornton.com](http://www.GrantThornton.com)

### **Report on the financial statements**

We were engaged to audit the accompanying financial statements of KapStone Paper and Packaging Corporation 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years ended December 31, 2016 and 2015, 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 certified information described in Note 4, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the certifying entity meets the requirements of 29 CFR 2520.103-8. The Plan administrator obtained a certification from this entity as of December 31, 2016 and 2015, and for the years then ended, stating that the certified information provided to the Plan administrator is complete and accurate.

### **Disclaimer of opinion**

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



#### Supplementary information

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2016 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

#### **Report on form and content in compliance with DOL rules and regulations**

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the certified information described in Note 4, 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.

Grant Thornton LLP

Seattle, Washington  
October 12, 2017

KapStone Paper and Packaging Corporation.  
401(k) Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,

|                                          | <b>2016</b>           | <b>2015</b>           |
|------------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                            |                       |                       |
| Investments:                             |                       |                       |
| Mutual funds                             | \$ 62,950,735         | \$ 61,676,336         |
| Common or collective trusts              | 300,845,027           | 283,427,177           |
| Self-directed brokerage accounts         | 2,948,807             | 1,835,851             |
| Total investments                        | 366,744,569           | 346,939,364           |
| Receivables:                             |                       |                       |
| Participant contributions                | -                     | -                     |
| Employer contributions                   | 117,809               | 6,030,388             |
| Notes receivable from participants       | 15,217,496            | 14,506,457            |
| Total receivables                        | 15,335,305            | 20,536,845            |
| Total assets                             | 382,079,874           | 367,476,209           |
| <b>Liabilities</b>                       |                       |                       |
| Excess contributions due to participants | -                     | 22,672                |
| Net assets available for benefits        | <u>\$ 382,079,874</u> | <u>\$ 367,453,537</u> |

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

KapStone Paper and Packaging Corporation  
401(k) Plan

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31,

|                                                              | <b>2016</b>           | <b>2015</b>           |
|--------------------------------------------------------------|-----------------------|-----------------------|
| <b>Additions:</b>                                            |                       |                       |
| Investment income (expense):                                 |                       |                       |
| Net appreciation (depreciation) in fair value of investments | \$ 24,125,968         | \$ (5,506,463)        |
| Dividends and interest                                       | 3,133,263             | 3,392,541             |
| Net investment income (expense)                              | 27,259,231            | (2,113,922)           |
| Interest income on notes receivable from participants        | 603,836               | 547,514               |
| <b>Contributions:</b>                                        |                       |                       |
| Participants                                                 | 23,965,099            | 24,412,350            |
| Employer                                                     | 7,626,813             | 20,161,152            |
| Rollovers                                                    | 3,536,645             | 3,236,723             |
| Transfers into the Plan due to merger                        | -                     | 181,469,475           |
| Total contributions                                          | 35,128,557            | 229,279,700           |
| Total additions                                              | 62,991,624            | 227,713,292           |
| <b>Deductions:</b>                                           |                       |                       |
| Benefits paid to participants                                | 47,702,002            | 33,449,228            |
| Administrative expenses                                      | 533,040               | 441,905               |
| Deemed distributions                                         | 130,245               | 4,334                 |
| Total deductions                                             | 48,365,287            | 33,895,467            |
| Increase in net assets                                       | 14,626,337            | 193,817,825           |
| Net assets available for benefits                            |                       |                       |
| Beginning of year                                            | 367,453,537           | 173,635,712           |
| End of year                                                  | <u>\$ 382,079,874</u> | <u>\$ 367,453,537</u> |

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

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 1 – Plan Description**

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

**General**

The Plan is a defined contribution plan covering all eligible employees of 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. The Plan was adopted on January 1, 2007.

Each employee shall become a participant of the Plan upon meeting eligibility for non-elective employer contributions or upon meeting eligibility for elective employee contributions. If an employee election is received prior to the date automatic enrollment would otherwise be effective, the employee shall become a participant as soon as administratively possible, generally on the first day of the first payroll period that begins after the date the election is received. If an eligible employee does not complete an election, he or she will automatically be enrolled in the Plan after 30 days of eligibility and become a participant in the Plan as soon as administratively possible unless he or she or opts out of the Plan's automatic enrollment feature. Automatic enrollment generally starts no later than 45 days from an employee's eligibility date.

Effective July 18, 2013, the Company acquired Longview Fibre Paper and Packaging, Inc. ("Longview"). Employees of Longview continued 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 through December 31, 2014, at which time the plans merged into the KapStone Paper and Packaging Corporation 401(k) Plan. On January 1, 2015, \$82,196,773 and \$99,272,702 in assets transferred from 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, respectively.

Effective January 1, 2015, the Plan changed its record keeper and trustee to Fidelity Management Trust Company ("Fidelity").

Effective July 1, 2016, the Company acquired Central Florida Box Corporation ("CFB"). Employees of CFB participated in the Central Florida Box Corporation 401(k) Profit Sharing Plan and Trust through December 31, 2016. Effective January 1, 2017, employees of CFB became eligible to participate in the KapStone Paper and Packaging Corporation 401(k) Plan. On February 16, 2017 the plans merged and \$838,216 in assets were transferred from the Central Florida Box Corporation 401(k) Profit Sharing Plan and Trust to the KapStone Paper and Packaging Corporation 401(k) Plan. This transfer will be reflected in the 2017 Plan financial statements.

**Investment of Plan Assets**

Upon enrollment in the Plan, a participant may direct contributions in whole percentage increments into the following:

Stock Investments

- Legal & General S&P 500 Collective Investment Trust Fund Class A
- Legal & General MSCI EAFE Collective Investment Trust Fund Class A
- Northern Trust Russell 2000 Index Fund – DC – Non-Lending – Tier Two
- Goldman Sachs Small Cap Value Fund Institutional
- American Funds New Perspective Fund Class R-6
- DFA Emerging Markets Core Equity Portfolio Institutional Class
- Dodge & Cox International Stock Fund
- Harbor International Growth Fund Institutional Class

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 1 – Plan Description (continued)**

Blended Fund Investments

- Principal Diversified Real Asset CIT Tier 1
- Vanguard Target Retirement 2010 Trust II
- Vanguard Target Retirement 2015 Trust II
- Vanguard Target Retirement 2020 Trust II
- Vanguard Target Retirement 2025 Trust II
- Vanguard Target Retirement 2030 Trust II
- Vanguard Target Retirement 2035 Trust II
- Vanguard Target Retirement 2040 Trust II
- Vanguard Target Retirement 2045 Trust II
- Vanguard Target Retirement 2050 Trust II
- Vanguard Target Retirement 2055 Trust II
- Vanguard Target Retirement 2060 Trust II
- Vanguard Target Retirement Income Trust II

Bond Investments

- Vanguard Retirement Savings Trust II
- BlackRock Strategic Income Opportunities Portfolio Institutional Shares
- Metropolitan West Total Return Bond Fund Class 1
- Northern Trust Aggregate Bond Index Fund – Non-Lending – Tier Two

Participants have the option of having self-directed brokerage accounts for which they may choose to buy common stock and/or mutual funds.

**Contributions**

Each year, participants may contribute up to 100 percent of their eligible compensation as contributions, as defined by the Plan. Participants may also deposit amounts representing distributions from other qualified plans. Participants direct the investment of their contributions into various investment options offered by the Plan. Unless directed otherwise, contributions are invested by default in the Vanguard Target Retirement Trust fund for the year nearest the year in which the participant will attain age 65. Contributions are subject to limitations established in the Internal Revenue Code (“IRC”) Section 415(c). Additionally, the Tax Reform Act of 1986 (as amended) limits annual amounts deferred by participants under all combined pre-tax and Roth 401k deferral arrangements to \$18,000 for taxable year 2016. In accordance with the Economic Growth and Tax Relief Reconciliation Act of 2001 (as amended), participants age 50 and over are eligible to contribute an additional \$6,000 for the 2016 tax year. The Company may make matching contributions and non-elective Retirement Savings Account (“RSA”) contributions as follows:

- For salaried and non-bargained hourly employees, the Company may match 100% of the first 4% plus 50% of the next 4% of employee contributions (up to 6% of eligible compensation) and an RSA of 3% of base pay, with certain grandfathered employees receiving an additional 1% or 2% through the 2019 plan year. Effective March 11, 2016 the Company suspended the match and RSA for salaried and non-bargained hourly employees.
- For Roanoke Rapids and Mesquite bargaining employees, the Company may match 100% of the first 3% plus 50% of the next 3% of employee contributions (up to 4.5% of eligible compensation).
- For Charleston bargaining employees, the Company may match 100% of the first 3% plus 50% of the next 2% of employee contributions (up to 4% of eligible compensation).
- For Amsterdam, Bowling Green and Twin Cities bargaining employees, the Company may match 50% of the first 6% of employee contributions (up to 3% of eligible compensation).

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 1 – Plan Description (continued)**

- For Cedar Rapids bargaining employees, the Company may match 50% of the first 6% of employee contributions (up to 3% of eligible compensation) and an additional RSA of \$0.10 per hour, up to 40 hours per week.
- For Springfield bargaining employees, the Company may match 50% of the first 4% of employee contributions with an annual match limit of \$900.
- For Longview bargaining employees, the Company may match 100% of the first 3% of employee contributions (up to 3% of eligible compensation) and an additional RSA of 3% of salary.
- For Seattle bargaining employees, the Company may match 40% of the first 4% of employee contributions (up to 1.6% of eligible compensation) and an additional RSA of 3% of salary for those employees hired prior to January 1, 2011 and 2% of salary for those employees hired after January 1, 2011.
- For Oakland, Twin Falls and Yakima bargaining employees, the Company may match 50% of the first 100% of employee contributions with an annual match limit of \$800.

**Participant Accounts**

Each participant's account is credited with the participant's contribution, the Company's contributions and investment earnings, as well as charged with an allocation of administrative expenses. Allocations are based on the value of a participant's account balance. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting**

Participants are immediately and fully vested in their contributions, including 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 service as follows:

**Years of Service Percentage**

|                  |      |
|------------------|------|
| Less than 1 year | 0%   |
| 1 to 2 years     | 34%  |
| 2 to 3 years     | 67%  |
| 3 or more years  | 100% |

Vesting in the matching portions of participant's accounts, including earnings thereon, for bargaining employees at the Roanoke Rapids, Longview, Seattle, Oakland, Twin Falls and Yakima locations and the RSA for bargaining employees at the Longview, Seattle, Twin Falls and Yakima locations and all salaried and non-bargained hourly employees is based on years of service as follows:

**Years of Service Percentage**

|                   |      |
|-------------------|------|
| Less than 3 years | 0%   |
| 3 or more years   | 100% |

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

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 1 – Plan Description (continued)**

If a participant who is not fully vested terminates employment and returns to service after a break of five years or more, the value of the Company's unvested contributions credited to the participant's account prior to termination of employment is permanently forfeited. A participant who terminates employment, but returns to service after a break in service of less than five years, may be entitled to restoration of the forfeited balance. Reinstated amounts will be invested in the participant's current investment elections, if available, or in the Plan default fund.

**Notes Receivable from Participants**

Participants may borrow from their account a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance. 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. The loans are secured by the balance in the participant's account and bear interest at rates that are commensurate with current interest rates used by the lending industry. The interest rates for outstanding loans range from 3.25% to 8.25% at December 31, 2016. Principal and interest are paid ratably through payroll deductions.

**Payment of Benefits**

Upon termination a participant may defer receipt of the distribution until a later date, unless the vested account balance is \$5,000 or less. If the vested Account balance is \$1,000 or less, the account balance will be distributed as a lump sum distribution. For account balances greater than \$1,000 but not greater than \$5,000, a Fidelity IRA will be established on the participant's behalf. The participant may elect to rollover the balance to another plan or to take a full distribution regardless of the amount. A lump-sum withdrawal may also be made by an active employee upon attainment of age 59-1/2 or in the event of hardship. Withdrawal requests for financial hardship are limited to the amount of a participant's fully vested account balance.

**Forfeited Accounts**

As of December 31, 2016 and 2015, the Plan had amounts totaling \$41,977 and \$89,788 respectively, representing forfeited, non-vested amounts resulting from employee terminations. These amounts were allocated back into the Plan subsequent to employee termination, and will be used to restore accounts of rehired former participants, pay Plan fees and expenses, or to reduce future matching contributions.

**Fees and Expenses**

The Plan provides that the administrative costs and expenses of the Plan, including trustee and management fees, are paid through revenue sharing, participants' accounts, the forfeitures account, and by the Company. Fees for participant loans are paid by the participants receiving the loans.

**Note 2 – Summary of Accounting Policies**

**Basis of Accounting**

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

Investment contracts held by a defined contribution plan are required to be 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.

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 2 – Summary of Accounting Policies (continued)**

The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts.

**Use of Estimates**

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

**Investment Valuation and Income Recognition**

Except for the Plan's investments in common or collective trusts, investments and changes in net assets are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted market prices are used to value investments. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. The net appreciation in the fair value of investments consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments held by the Plan. See Note 7 for further discussion of fair value measurements.

Investments in common or collective trusts ("CCTs") are stated at net asset value ("NAV"), used as a practical expedient to estimate fair value. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

**Notes Receivable from Participants**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 or 2015. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

**Recent Accounting Pronouncements**

In July 2015, the Financial Accounting Standards Board ("FASB") issue Accounting Standards Update ("ASU") 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient*. This three-part standard simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early application permitted. Management adopted the provisions of this standard in the current year. The adoption had no effect on the Plan's change in net assets available for benefits or net assets available for benefits previously reported. However, related disclosures have been updated to reflect the requirements in Parts I-III of the ASU, as applicable.

**Note 3 – Risks and Uncertainties**

The Plan provides investment options in various combinations of investment securities. Investment securities are exposed to various risks including, but not limited to, interest rates, market conditions and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the financial statements.

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 4 – Certified Information**

The Plan Administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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

- Investments and notes receivable from participants, as shown in the statements of net assets available for benefits as of December 31, 2016 and 2015.
- Net investment income (expense) and interest income on notes receivable from participants, as shown in the statements of changes in net assets available for benefits for the year ended December 31, 2016 and 2015.
- Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2016.

The Plan's independent certified public accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

**Note 5 – Related Party Transactions**

Certain Plan investments are shares in self-directed brokerage accounts managed by Fidelity Management Trust Company (the "Trustee"). Fidelity Management Trust Company is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Fees paid to the Trustee by the Plan were \$467,438 for the year ended December 31, 2016.

**Note 6 – Plan Termination**

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

**Note 7 – Fair Value Measurements**

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

|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable for the asset or liability;</li><li>• inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 7 – Fair Value Measurements (continued)**

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

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

*Common or collective trusts:* Valued at the NAV of units of a collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investment held by the fund less its liabilities. This practice expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

*Self-directed brokerage accounts:* Comprised of various types of investments. The fair value of registered investment companies and publicly traded preferred and common stocks held by the Plan are determined by obtaining quoted prices on nationally recognized securities exchanges.

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

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 7 – Fair Value Measurements (continued)**

The following tables sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015:

| 2016                                   |                      |             |             |                       |
|----------------------------------------|----------------------|-------------|-------------|-----------------------|
| Asset                                  | Level 1              | Level 2     | Level 3     | Total                 |
| Mutual funds:                          |                      |             |             |                       |
| Bond funds                             | \$ 11,439,418        | \$ -        | \$ -        | \$ 11,439,418         |
| Domestic stock funds                   | 38,992,025           | -           | -           | 38,992,025            |
| International stock funds              | 12,519,292           | -           | -           | 12,519,292            |
| Total mutual funds                     | 62,950,735           | -           | -           | 62,950,735            |
| Self-directed brokerage accounts:      |                      |             |             |                       |
| Common stock                           | 1,579,646            | -           | -           | 1,579,646             |
| Interest bearing cash                  | 1,000,728            | -           | -           | 1,000,728             |
| Fidelity funds                         | 200,691              | -           | -           | 200,691               |
| External funds                         | 106,347              | -           | -           | 106,347               |
| Unit                                   | 52,915               | -           | -           | 52,915                |
| Option                                 | 4,042                | -           | -           | 4,042                 |
| Non interest bearing cash              | 4,438                | -           | -           | 4,438                 |
| Total self-directed brokerage accounts | 2,948,807            | -           | -           | 2,948,807             |
| Total                                  | <u>\$ 65,899,542</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,899,542</u>  |
| Investments measured at NAV            |                      |             |             | <u>300,845,027</u>    |
| Total investments at fair value        |                      |             |             | <u>\$ 366,744,569</u> |

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 7 – Fair Value Measurements (continued)**

| 2015                                   |                      |             |             |                       |
|----------------------------------------|----------------------|-------------|-------------|-----------------------|
| Asset                                  | Level 1              | Level 2     | Level 3     | Total                 |
| Mutual funds:                          |                      |             |             |                       |
| Bond funds                             | \$ 11,706,749        | \$ -        | \$ -        | \$ 11,706,749         |
| Domestic stock funds                   | 36,822,681           | -           | -           | 36,822,681            |
| International stock funds              | 13,146,906           | -           | -           | 13,146,906            |
| Total mutual funds                     | 61,676,336           | -           | -           | 61,676,336            |
| Self-directed brokerage accounts:      |                      |             |             |                       |
| Common stock                           | 1,095,788            | -           | -           | 1,095,788             |
| Interest bearing cash                  | 414,570              | -           | -           | 414,570               |
| Fidelity funds                         | 134,274              | -           | -           | 134,274               |
| External funds                         | 119,583              | -           | -           | 119,583               |
| Unit                                   | 29,636               | -           | -           | 29,636                |
| Non interest bearing cash              | 42,000               | -           | -           | 42,000                |
| Total self-directed brokerage accounts | 1,835,851            | -           | -           | 1,835,851             |
| Total                                  | <u>\$ 63,512,187</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 63,512,187</u>  |
| Investments measured at NAV            |                      |             |             | 283,427,177           |
| Total investments at fair value        |                      |             |             | <u>\$ 346,939,364</u> |

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2016 and 2015, respectively.

| Year                   | Fair Value    | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|------------------------|---------------|----------------------|----------------------|--------------------------|
| December 31, 2016      |               |                      |                      |                          |
| Collective trust funds | \$300,845,027 | None                 | Daily                | None                     |
| December 31, 2015      |               |                      |                      |                          |
| Collective trust funds | \$283,427,177 | None                 | Daily                | None                     |

**Note 8 – Tax Status**

The Internal Revenue Service (“IRS”) has determined and informed the Company by letter dated September 6, 2012 that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

The Company identified operational errors that occurred during 2016, due to the incorrect application of deferral rate changes and payroll transfers. If left uncorrected, these errors could potentially adversely affect the tax qualification of the Plan. However, the Company intends to correct these errors under the IRS’s Employee Plans Compliance Resolution System and maintain the qualified status of the Plan. The Company is working with its outside advisors to properly remediate the errors. The correction of the errors is not expected to be material to the Plan.

KapStone Paper and Packaging Corporation  
401(k) Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**Note 8 – Tax Status (continued)**

Accounting principles generally accepted in the United States of America required 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 be sustained upon examination by the IRS. As of December 31, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan complies with established examination cycles as established by the IRS.

**Note 9 – Plan Amendments**

Amendments effective for the year ending December 31, 2016 were incorporated in the Plan description in Note 1.

**Note 10 – Subsequent Events**

Subsequent events have been evaluated through October 12, 2017, the date of the independent certified public accountant report noting no additional matters that require disclosure or adjustment to the financial statements, except as described below.

Effective January 1, 2017 for salaried and non-bargained hourly employees, the Company reinstated the match of 100% of the first 4% plus 50% of the next 4% of employee contributions (up to 6% of eligible compensation) and an RSA of 3% of base pay, with certain grandfathered employees receiving an additional 1% or 2% through the 2019 plan year.

Effective January 1, 2017 the Amsterdam Union Employees are eligible to receive an RSA after 90 days of service. The RSA will equal \$26.00 per month, be paid on a per paycheck basis, and be immediately 100% vested.

Effective January 1, 2017 the Springfield Union Employees are eligible to receive an RSA after 90 days of service. The RSA will equal \$90.71 per month, be paid on a per paycheck basis, and be immediately 100% vested.

Effective January 1, 2017 the Yakima and Twin Falls Union Employees are eligible to receive an RSA after 90 days of service. The RSA will be between 2.00% and 3.50% of salary based on years of service and will be immediately vested for those employees hired prior to January 1, 2017 and will have a three (3) year cliff vesting for those employees hired on, or after, January 1, 2017.

Effective June 1, 2017 the Charleston Union Employees that are considered non-grandfathered, or those grandfathered opting out of the Pension plan, are eligible to receive an RSA with no waiting period. The RSA will be between 2.5% and 6.0% of salary based on years of service and will be 100% vested after 3 years of service.

Effective June 1, 2017 for Seattle Union Employees, the Company may match 50% of the first 6% of employee contributions and the RSA was changed to 3% of salary regardless of hire date.

Effective September 1, 2017 the Roanoke Rapids Union Employees that are considered non-grandfathered, or those grandfathered opting out of the Pension plan, are eligible to receive an annual RSA between 2.5% and 6% of their salary based on years of service with a minimum and maximum salary threshold. Those employees are immediately eligible to participate in the RSA which has a three (3) year cliff vesting schedule. In addition, non-grandfathered employees that are still employed by the company every December 31 for the next three (3) years will also receive a transitional credit of \$1,000 to be deposited into their 401k account in January of 2018, 2019 and 2020.

## SUPPLEMENTAL SCHEDULES

KapStone Paper and Packaging Corporation  
401(k) Plan

FORM 5500 SCHEDULE H, LINE 4i - SCHEDULE OF ASSET (HELD AT YEAR END)

December 31, 2016

| (a) | (b)                                                          | (c)                                                                                                      | (d)  | (e)                   |
|-----|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------|-----------------------|
|     | Identity of Issue, Borrower,<br>Lessor or Similar Party      | Description of Investment Including Maturity Date,<br>Rate of Interest Collateral, Par or Maturity Value | Cost | Current Value         |
|     | Mutual Funds                                                 | DFA Emerging Markets Core Equity Portfolio<br>Institutional Class                                        | **   | \$ 2,913,174          |
|     | Mutual Funds                                                 | Harbor International Growth Fund Institutional Class                                                     | **   | 2,776,861             |
|     | Mutual Funds                                                 | Cortina Small Cap Growth Fund                                                                            | **   | 8,892,937             |
|     | Mutual Funds                                                 | Vanguard Windsor II Fund Admiral Shares                                                                  | **   | 8,000,666             |
|     | Mutual Funds                                                 | Dodge & Cox International Stock Fund                                                                     | **   | 1,837,657             |
|     | Mutual Funds                                                 | Goldman Sachs Small Cap Value Fund Institutional                                                         | **   | 12,768,003            |
|     | Mutual Funds                                                 | American Funds New Perspective Fund Class R-6                                                            | **   | 4,991,600             |
|     | Mutual Funds                                                 | Janus Flexible Bond Fund Class N                                                                         | **   | 10,801,730            |
|     | Mutual Funds                                                 | Blackrock Strategic Income Opportunities Portfolio<br>Institutional Shares                               | **   | 637,687               |
|     | Mutual Funds                                                 | Dreyfus Research Growth Fund, Inc. Class 1                                                               | **   | 9,330,420             |
|     | Total Mutual Funds                                           |                                                                                                          |      | 62,950,735            |
|     | Common or Collective Trust                                   | Northern Trust S&P 500 Index Fund                                                                        | **   | 43,492,670            |
|     | Common or Collective Trust                                   | Principal Diversified Real Asset CIT Tier 1                                                              | **   | 1,167,989             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement Income Trust II                                                               | **   | 4,059,173             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2010 Trust II                                                                 | **   | 4,138,438             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2015 Trust II                                                                 | **   | 10,453,660            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2020 Trust II                                                                 | **   | 59,458,772            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2025 Trust II                                                                 | **   | 25,690,098            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2030 Trust II                                                                 | **   | 56,216,157            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2035 Trust II                                                                 | **   | 15,077,720            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2040 Trust II                                                                 | **   | 21,419,018            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2045 Trust II                                                                 | **   | 5,393,352             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2050 Trust II                                                                 | **   | 10,060,771            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2055 Trust II                                                                 | **   | 2,186,997             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2060 Trust II                                                                 | **   | 1,530,273             |
|     | Common or Collective Trust                                   | Vanguard® Retirement Savings Trust II                                                                    | **   | 40,499,939            |
|     | Total Common or Collective Trust                             |                                                                                                          |      | 300,845,027           |
|     | * Self-directed brokerage accounts                           |                                                                                                          |      | 2,948,807             |
|     | * Notes receivable from participants 3.25% to 8.25% interest |                                                                                                          |      | 15,217,496            |
|     |                                                              |                                                                                                          |      | <u>\$ 381,962,065</u> |

\* Party in interest

\*\* Cost information for participant directed investment is not required.

KapStone Paper and Packaging Corporation  
401(k) Plan

FORM 5500 SCHEDULE H, LINE 4i - SCHEDULE OF ASSET (HELD AT YEAR END)

December 31, 2016

| (a) | (b)                                                          | (c)                                                                                                      | (d)  | (e)                   |
|-----|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------|-----------------------|
|     | Identity of Issue, Borrower,<br>Lessor or Similar Party      | Description of Investment Including Maturity Date,<br>Rate of Interest Collateral, Par or Maturity Value | Cost | Current Value         |
|     | Mutual Funds                                                 | DFA Emerging Markets Core Equity Portfolio<br>Institutional Class                                        | **   | \$ 2,913,174          |
|     | Mutual Funds                                                 | Harbor International Growth Fund Institutional Class                                                     | **   | 2,776,861             |
|     | Mutual Funds                                                 | Cortina Small Cap Growth Fund                                                                            | **   | 8,892,937             |
|     | Mutual Funds                                                 | Vanguard Windsor II Fund Admiral Shares                                                                  | **   | 8,000,666             |
|     | Mutual Funds                                                 | Dodge & Cox International Stock Fund                                                                     | **   | 1,837,657             |
|     | Mutual Funds                                                 | Goldman Sachs Small Cap Value Fund Institutional                                                         | **   | 12,768,003            |
|     | Mutual Funds                                                 | American Funds New Perspective Fund Class R-6                                                            | **   | 4,991,600             |
|     | Mutual Funds                                                 | Janus Flexible Bond Fund Class N                                                                         | **   | 10,801,730            |
|     | Mutual Funds                                                 | Blackrock Strategic Income Opportunities Portfolio<br>Institutional Shares                               | **   | 637,687               |
|     | Mutual Funds                                                 | Dreyfus Research Growth Fund, Inc. Class 1                                                               | **   | 9,330,420             |
|     | Total Mutual Funds                                           |                                                                                                          |      | 62,950,735            |
|     | Common or Collective Trust                                   | Northern Trust S&P 500 Index Fund                                                                        | **   | 43,492,670            |
|     | Common or Collective Trust                                   | Principal Diversified Real Asset CIT Tier 1                                                              | **   | 1,167,989             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement Income Trust II                                                               | **   | 4,059,173             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2010 Trust II                                                                 | **   | 4,138,438             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2015 Trust II                                                                 | **   | 10,453,660            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2020 Trust II                                                                 | **   | 59,458,772            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2025 Trust II                                                                 | **   | 25,690,098            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2030 Trust II                                                                 | **   | 56,216,157            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2035 Trust II                                                                 | **   | 15,077,720            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2040 Trust II                                                                 | **   | 21,419,018            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2045 Trust II                                                                 | **   | 5,393,352             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2050 Trust II                                                                 | **   | 10,060,771            |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2055 Trust II                                                                 | **   | 2,186,997             |
|     | Common or Collective Trust                                   | Vanguard Target Retirement 2060 Trust II                                                                 | **   | 1,530,273             |
|     | Common or Collective Trust                                   | Vanguard® Retirement Savings Trust II                                                                    | **   | 40,499,939            |
|     | Total Common or Collective Trust                             |                                                                                                          |      | 300,845,027           |
|     | * Self-directed brokerage accounts                           |                                                                                                          |      | 2,948,807             |
|     | * Notes receivable from participants 3.25% to 8.25% interest |                                                                                                          |      | 15,217,496            |
|     |                                                              |                                                                                                          |      | <u>\$ 381,962,065</u> |

\* Party in interest

\*\* Cost information for participant directed investment is not required.